



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

**Certificate on financial, statistical and related information, and Operational Disclosures in the Offer Document  
(covering Key Performance Indicators (“KPIs”) and circle-ups of such KPIs in the Offer Documents)**

Date: **February 01, 2024**  
To:

**The Board of Directors**  
**Capital Small Finance Bank Limited**  
MIDAS Corporate Park  
3rd Floor, 37, G.T. Road  
Jalandhar 144 001  
Punjab, India

**Nuvama Wealth Management Limited**  
**(Formerly known as Edelweiss Securities Limited)**  
801 - 804, Wing A, Building No 3,  
Inspire BKC, G Block  
Bandra Kurla Complex, Bandra East  
Mumbai, Maharashtra – 400 051

**DAM Capital Advisors Limited**  
One BKC, Tower C,  
15<sup>th</sup> Floor, Unit No. 1511,  
Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051  
Maharashtra, India

**Equirus Capital Private Limited**  
1201, C Wing, Marathon Futurex,  
N.M. Joshi Marg, Lower Parel  
Mumbai 400 013,  
Maharashtra, India

(Nuvama Wealth Management Limited, DAM Capital Advisors Limited and Equirus Capital Private Limited are appointed in relation to the Offer and are collectively referred to as the “**Book Running Lead Managers**” or “**BRLMs**” in relation to the Offer)

**Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the “Equity Shares”) of Capital Small Finance Bank Limited (the “Bank”) comprising a fresh issue of the Equity Shares by the Bank (the “Fresh Issue”) and an offer for sale of Equity Shares by certain existing shareholders of the Bank (the “Offer for Sale”, and together with the Fresh Issue, the “Offer”)**

1. This certificate is issued in accordance with the terms of the Engagement Letter executed with the Bank dated **July 20, 2023**.
2. We, **V.P. Bhalla & Associates**, Chartered Accountants, are the independent chartered accountant to the Bank and have been engaged to perform certain procedures with respect to certain identified key performance indicators of the

---

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**  
**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**  
**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**  
**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

Bank (“KPI”) and certify certain disclosures ( the “Statement”) as per **Annexure A** made in the Bank’s red herring prospectus (the “RHP”) for the Offer.

3. **Management Responsibility of the Statement**

The preparation of the Statement is the responsibility of the Management of the Bank including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation.

The Management of the Bank is also responsible for ensuring that the Bank complies with all the relevant requirements of the SEBI and for providing all relevant information in respect of the Statement which will form part of the red herring prospectus/ prospectus of the Bank in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

4. We have carried out our work on the basis of Restated Financial Statements and other documents, and information made available to us by the Bank, which has formed substantial basis for this certification.

We have examined the; (a) Restated Financial Statements of the Bank for the six months ended September 30, 2023 and financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, and the examination report thereon, of the Bank for the Relevant Periods and the audit report thereon issued by the statutory auditors of the Bank, namely, **M/s T R Chadha and Co LLP** (Chartered Accountants); and (b) relevant records, correspondence with regulatory/statutory authority and registers of the Bank, including but not limited to, statutory records, minutes of the meetings of the board of directors of the Bank, minutes of annual general meeting and extra-ordinary general meetings of the Bank, relevant statutory registers, documents, records maintained by the Bank, information and explanations presented to us. We have also performed the procedures enumerated below with respect to the operational KPIs of the Bank for the six-months period ended September 30, 2023 and financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, (the “Periods”), as set forth in the accompanying **Annexure A**.

We have read and verified the items/statements identified by the Bank in the RHP, extracts of which are included in Annexure A and have performed the following procedures including procedures indicated in Annexure B, which were applied as indicated by the corresponding letters explained below and assigned a tick mark against all figures/ numbers/ percentages circled up in Annexure A that we have found to be in agreement with the results of the procedures mentioned above.

Certain amounts (currency. value or percentages) shown in the various tables and paragraphs included in the RHP have been rounded off or truncated as deemed appropriate by the Bank.]

1. On the basis of above procedure, we certify and confirm that the information set forth in **Annexure A**, which is also reproduced in the RHP are true, fair, and that such information/ numbers have been correctly reflected in the RHP provided to us for confirmation and nothing has come to our attention that caused us to believe that the information contained in **Annexure A** was not accurate, valid and complete.
2. We confirm that we are a member of the Institute of Chartered Accountants of India with firm membership number **006105N**, and hold a peer review certificate of firm bearing number **014858** dated **13/01/2023** that is valid until **31/01/2027**. We confirm that we are an independent accounting firm and are in no way connected with the Bank. We further confirm that we are not related in any manner to the promoters or directors of the Bank, or otherwise interested in the formation of management of the Bank.
3. We confirm that the information in this certificate read in its entirety is true, fair, correct and accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**

**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**

**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**

**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

4. We hereby confirm that while providing this report we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.
10. This certificate may be relied upon by the BRLMs and the legal counsels in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the updated draft red herring prospectus, red herring prospectus and the prospectus and other offering materials, as required (“Offer Documents”), in connection with the Offer.
11. We undertake to update you of any change in the above-mentioned position on obtaining or becoming aware of any relevant information, until the Equity shares of the Bank issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock exchanges, pursuant to the Offer. All capitalized terms used herein and not specifically defined shall have the meaning ascribed to them in the Offer Documents.
1. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.
13. We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

**For V.P. Bhalla & Associates**  
ICAI Firm Registration No: 006105N

CA. Mridul Mogla  
Partner  
Membership No. 564999  
Peer Review Certificate No. 014858  
UDIN: 24564999BKFESX3437

CC:

**J. Sagar Associates**  
Vakils House,  
18 Sprott Road  
Ballard Estate,

---

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**  
**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**  
**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**  
**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

**Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.**

**PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0**

---

Mumbai 400 001

**Cyril Amarchand Mangaldas**  
Level 1 & 2 Max Towers  
C-001/A, Sector 16B  
Noida – 201 301  
Uttar Pradesh

---

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**  
**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**  
**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**  
**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

**Annexure A**

[Circled-up extracts of RHP attached herewith]

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
<b>Operations</b>					
Banking outlets	173	165	170	161	158
No. of States (including UTs)	6	6	6	5	5
Total Business (Sum of Deposits and Advances)	1,28,662.23	1,13,773.23	120,678.88	107,350.62	89,840.57
Business per branch	750.22	698.00	729.18	673.04	583.38
Total Deposits (₹ in million)	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Total Deposits Growth (%) (3 Year CAGR)	13.40%	14.62%	13.84%	18.14%	22.35%
Deposits Per Branch	408.18	379.42	396.41	379.08	339.03
Gross loan portfolio	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87
Gross Loan Portfolio Growth (3 Year CAGR)	19.49%	19.52%	18.31%	21.58%	26.63%
Total Disbursements	10,084.08	10,230.23	19,906.71	18,426.27	13,450.77
Gross Loan Portfolio/Branch	342.04	318.57	332.77	293.96	244.35
<b>Gross loan portfolio – Product Mix</b>					
Agriculture	22,669.26	19,916.76	21,374.52	17,807.45	14,232.11
MSME & Trading	11,533.61	11,295.51	11,204.61	10,926.22	9,730.45
Mortgage	15,288.06	13,166.55	14,344.80	11,284.49	8,096.45
Others	9,168.44	7,548.46	8,148.74	6,868.87	5,570.86
<b>Gross loan portfolio - Product Mix (%)</b>					
Agriculture	38.65%	38.36%	38.81%	37.98%	37.82%
MSME & Trading	19.66%	21.75%	20.35%	23.30%	25.86%
Mortgage	26.06%	25.36%	26.05%	24.07%	21.52%
Others	15.63%	14.53%	14.80%	14.65%	14.80%
Secured Advances as % of Total Advances	99.85%	99.76%	99.82%	99.70%	99.39%
Direct MFI Exposure as a % of Total Advances	-	-	-	-	-
Total Borrowings	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20
Ratio of Deposits to Borrowings	92:8	89:11	90:10	92:8	89:11
Average Credit/Deposit Ratio	79.61%	77.55%	77.96%	70.63%	67.51%
CASA Ratio (%)	37.76%	41.56%	41.88%	42.16%	40.08%
Retail Deposit % in Total Deposits	93.59%	97.92%	97.90%	97.37%	97.60%
Liquidity Coverage Ratio	246.13%	186.70%	214.98%	229.19%	441.49%
Total Employees	1838	1721	1808	1644	1614
Gross Loan Portfolio/Employee	32.18	30.86	31.91	28.78	23.09
Business/Employee	70.58	67.62	69.92	65.90	55.12
<b>Capital</b>					
Net Worth <sup>1</sup>	7,117.58	5,565.12	6,106.10	5,157.81	4,507.90
Total Capital Ratio (CRAR) (%)	20.72%	18.61%	18.87%	18.63%	19.80%

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**

**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**

**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**

**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

Tier 1 Capital Ratio	15.26%	13.00%	13.69%	13.21%	14.27%
RWD - Risk Weighted Density <sup>2</sup>	53.01%	53.14%	52.69%	50.94%	46.72%
<b>Asset Quality</b>					
Gross NPA (%) - Outstanding	2.73%	2.60%	2.77%	2.50%	2.08%
Gross NPA (%) - 3 Years Average	2.55%	2.22%	2.49%	2.16%	1.76%
Net NPA (%)	1.36%	1.35%	1.36%	1.36%	1.13%
Write Offs %	-	-	-	-	-
SMA 2 %	2.29%	1.85%	1.50%	1.37%	2.92%
Provision Coverage Ratio	50.96%	48.62%	51.48%	46.02%	46.14%
Standard Restructured Advances (%)	1.46%	2.24%	1.75%	2.71%	2.23%
<b>Profitability</b>					
Net Profit (₹ in million)	543.91	410.92	935.96	625.69	407.84
PPOP	753.84	672.49	1487.04	1132.14	714.86
Yield on Advances (%) <sup>3</sup>	5.55%	5.29%	10.76%	10.89%	11.26%
Cost of Deposits (%) <sup>4</sup>	2.72%	2.43%	4.90%	5.02%	5.68%
Cost of Funds (%) <sup>5</sup>	2.84%	2.52%	5.11%	5.20%	5.83%
Net Interest Margin (%) <sup>6</sup>	2.02%	2.03%	4.19%	3.74%	3.36%
Interest Spread (%) <sup>7</sup>	2.83%	2.86%	5.86%	5.87%	5.58%
Credit Cost Ratio (%) <sup>8</sup>	0.04%	0.17%	0.32%	0.42%	0.30%
Operating Expenses to Total Average Assets (%) <sup>9</sup>	1.47%	1.43%	2.90%	2.87%	2.93%
Cost to Income Ratio (%) <sup>10</sup>	62.35%	61.23%	59.97%	63.42%	70.76%
Return on Total Average Assets (%) <sup>11</sup>	0.64%	0.55%	1.22%	0.92%	0.69%
Return on Average Advances (%) <sup>12</sup>	0.99%	0.86%	1.89%	1.56%	1.23%
Return on Average Equity (%) <sup>13</sup>	8.23%	7.66%	16.62%	12.95%	9.51%

Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar

Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241

Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana

Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.

PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0

**Annexure B**

**Indicative list of procedure carried for key performance indicators**

- a. Compared the statistics identified to a schedule prepared and derived by the management of the Bank from data compiled/extracted by them.
- b. Review financial data from MIS reports shared by the Management;
- c. Review numbers from MIS prepared by the finance department of the Bank.
- d. Review from abstract of ledgers from books of accounts of the Bank.
- e. Review of various reports maintained by the Bank for tracking performances/ numbers;
- f. Review of the returns filed with the Reserve Bank of India (“RBI”);
- g. Other information that we have deemed to be necessary for the stated purpose and conducted such tests and procedures deemed necessary for the purpose of expressing a view on the financial information and other details as stated in this certificate;
- h. Compared the details relating to presence of Branches and ATMs in each state with the MIS records, RBI returns and agreed the details in the RHP;
- i. Compared the categories of loans and percentages with the books of records and MIS reports shared by the management and agreed the percentage and numbers in the RHP;
- j. Compared the retail deposits (including CASA figures) with the Restated Financial Statements for the six months ended September 30, 2023 and years ended March 31, 2023, March 31, 2022 and March 31, 2021 and agreed the percentage and numbers in the RHP;
- k. Compared the details relating to States, rural, urban and semi-urban (including districts) advances and deposits with the books of records of Branch wise MIS shared by the management and agreed the percentage and numbers in the RHP;
- l. Compared the details relating to sector wise advances with the priority sector advances (as defined by the Government and the RBI) with the books of records of Branch wise MIS shared by the management and agreed the percentage and numbers in the RHP;
- m. Compared the details relating to customers in the States, rural, semi-urban and urban with MIS report provided by the management and agreed the percentage and numbers in the RHP;
- n. Compared the details relating to CRR, SLR and net demand and time liability with the records provided by the management and agreed the percentage and numbers in the RHP;
- o. Compared the number of employees and the total number of employees and agreed the numbers in the RHP as per the data provided by HR Software of the Bank to ensure that count is properly captured.
- p. Compared the figures and percentages relating to asset liability gap and interest sensitivity analysis and workings provided by the management and agreed the percentage and numbers in the RHP;
- q. Compared the details relating to consolidation of gross NPA percentage and classification of NPA identified to a corresponding percentage as per the working prepared-based on Non Performing Advances (NPA) Dump, which

**Head Office: – 652/2, Model Town Jalandhar 144003, Behind Rana Hospital Jalandhar**

**Office Ph. No.: - (O)-0181-4010464 (M)- 09023161241**

**Ludhiana Office – 1997-Maharaj Nagar, Opp Circuit House Ludhiana**

**Delhi Office: - WZ-409 E, Janak Park, Hari Nagar, New Delhi-110064, E- Mail: - auditvpb@gmail.com**



**V. P. BHALLA & ASSOCIATES**  
Chartered Accountants

**Admn. Off. :- 652/2, Model Town,  
Behind Rana Hospital, Jalandhar.**

**PAN: AAAFV6361M  
GSTIN :03AAAFV6361M1Z0**

contains the details of Customer wise data of NPA, Branch and Region, Provision thereon ,Provided by the MIS Department of the Bank as at and for the period indicated, included in the RHP for the period indicated and found such percentage to be in agreement; NPA and Provision as per the NPA dump is agreed with Financial statements of the Bank.

- r. Compared the details relating to disbursements with workings prepared by the management included in the RHP for the period indicated and found such percentage to be in agreement;
- s. Compared the indebtedness of the Bank with the loan terms and rate at which the borrowing was made with the sanction terms and working prepared by the management and found such percentage and amount to be in agreement with the RHP;
- t. Compared the details relating to yield and cost with the workings provided by the management based on outstanding balances and interest income/ expense, which is agreed with the trial balance and other books of account of the Bank and agreed with the percentage in the RHP.
- u. Compared the details regarding investment portfolio corresponding to investment in different types of securities and residual maturity profile and agreed with the percentage and numbers in the RHP; and

Compared the amount identified to a schedule prepared by the officials of the Bank from its accounting and other relevant records for the period indicated and found such amount to be in agreement. We (a) compared the amounts on the schedule to the corresponding amounts appearing in the accounting records and other relevant records and found such amounts to be in agreement and (b) determined that schedule was mathematically correct (after giving effect to rounding from crores to millions, if applicable). However, we make no comment with respect to classification of items included on the schedule and with respect to reasons given for the changes between periods.