



104TH ANNUAL GENERAL MEETING

**ADDRESS BY MD & CEO,
SHRI. PRALAY MONDAL**

TUESDAY | AUGUST 26, 2025

Address by Sri. Pralay Mondal, MD&CEO, at the 104th Annual General Meeting of the shareholders of CSB Bank Ltd. on Tuesday, August 26, 2025, at 11:00 A.M. IST through Video Conferencing ("VC")

Dear Shareholders,

Good morning to you all.

I am honoured to extend a warm welcome to all of you to the 104th Annual General Meeting coming on the eve of Ganesh Chaturthi. On an earlier occasion, I spoke at length about the SBS 2030 journey embarked upon by your bank and how we intend to position ourselves as a mid-sized bank in due course of time. I am pleased to share the glimpses of our SBS 2030 journey, the progress we have made, the financial performance for the last fiscal and the priorities for FY 26.

Our Annual Report for the financial year 2024-2025 has been already made available to you and I trust you have had the opportunity to review its content.

SBS2030 Vision:

We embarked on the Sustain, Build, Scale -SBS- journey in March 2022 with a vision of becoming a mid-sized full service new age private sector bank by FY 2030. The entire SBS 2030 rests on five strong strategic pillars viz. Governance, Human Capital, Technology, Customer Service and Compliance. We are making steady progress driven by clear strategic direction and sound execution which is enabling us to translate each milestone into a tangible achievement. The initial Sustain and Build phase which extends till FY 26, focussed on reinforcing the trust and stability that we accumulated over a century. During this phase, we have been strengthening our capabilities, systems, processes and other critical enablers to build a future ready organisation poised for scalable growth.

We will discuss this in detail, a little later.

Macroeconomic and Banking Landscape:

Before we delve into the performance of your bank over the last financial year, I would like to briefly touch upon the macroeconomic and banking landscape in which we operate.

The global environment continues to be uncertain. While financial market volatility and geopolitical uncertainties have subsided, trade negotiation challenges emerged afresh and continue to persist. Global growth is projected at 3.0 percent for 2025 and 3.1 percent in 2026. Though USA has announced new tariffs, the uncertainty surrounding individual negotiations is impacting currencies, rates, and commodity prices and global growth remains muted. However, global growth could be boosted if trade negotiations lead to a predictable framework and to a reduction in tariffs.

On the domestic front, India continues to be one of the fastest-growing major economies in the world economy and is outperforming global peers. Domestic growth remains resilient aided by private consumption and fixed investments. A steady monsoon is supporting the agriculture activity. Service sector activities are also robust. A significant economic development in 2025 was the drop in inflation and the inflation being below its target, the Reserve Bank of India decided to keep the repo rate unchanged at 5.50 percent in its policy review in August. RBI has already cut repo rate by one hundred basis points earlier in 2025 and is awaiting developments in growth and inflation trends for the necessary interventions. Mid-August also saw S&P Global upgrade India's sovereign credit rating from BBB- to BBB, citing resilience in growth and fiscal consolidation as key factors. This upgrade is expected to lower borrowing costs and attract more investment. As GST reforms is on the anvil, it is expected to improve the sentiments further and aid growth momentum on the targeted levels.

Growth Outlook:

The economic outlook for India remains positive, with a steady monsoon, lower inflation, rising capacity utilization, and favorable financial conditions all contributing to robust domestic economic activity. Foreign exchange reserves and improvements in the current account add to the country's economic stability. However, we shall remain vigilant regarding potential impact arising from global trade tensions and a widening trade deficit.

Monetary, regulatory, and fiscal policies remain aligned with the growth objectives, with the RBI projecting a real GDP growth rate of 6.5% for FY 2026 and CPI inflation expectation at 3.1% in FY 2026.

Performance Highlights:

As detailed in our Annual Report, your bank's performance over the last fiscal year remained robust despite being in the midst of a major technological overhaul. Our growth trajectory has exceeded the industry average, with key financial indicators showing stability and strength during FY 2025.

I would like to highlight some of the key performance metrics for the fiscal year 2025:

Profitability:

- Strong operating performance with an operating profit of ₹910 crore, with a 17% YoY growth.
- Total Income grew by 30% over FY 24, reaching ₹4,569 crore.
- ROA stood at 1.53% for FY 25, surpassing the industry average of 1.4%.
- NIM could be sustained above 4 at 4.13% despite the higher interest costs and adverse liquidity conditions. Industry average is at 3.5%.
- Cost of Deposits was recorded at 6.15%, with Yield on Advances at 11.11%.

- The ratio of Non-Interest Income to Total Income improved to 21.27% from 16.64% in the previous fiscal year.
- Cost to Income ratio stood at 62.82%.

Business:

- Total business reached ₹68703 crore, marking a 27% YoY growth.
- Deposits grew by 24% YoY, outpacing the industry growth of around 10%.
- CASA ratio stood at 24.19%.
- Gross advances grew by 30%, compared to the industry growth rate of around 12%.
- The Gold Loan portfolio exhibited a robust YoY growth of 35%.

Capital/Liquidity:

- Strong capital base with a CRAR of 22.46%, significantly above the industry average of 17.30%. Adequate headroom for future growth is there.
- A lower proportion of Risk-Weighted Assets at 40.68%, compared to the industry average.
- Leverage ratio of 8.38%.
- Comfortable liquidity, with an average LCR of 124% and NSFR of 121%

Asset Quality:

- Stable Ratios
- GNPA stood at ₹498 crore, or 1.57%.
- NNPA was ₹164 crore, or 0.52%.
- PCR was maintained at 83.71% with PWO & 67.19% without PWO.

Shareholder Return:

- EPS improved to ₹34.23, up from ₹32.67 in FY 24.
- Book Value per Share is standing at ₹249.
- ROE of 15.44%, compared to the industry average of 13.60%.

We remain optimistic about our ability to maintain and improve upon this performance in the upcoming fiscal year.

Moving to the Scale Phase:

As we approach the Scale phase, we are gearing up to commence this critical phase in FY 2027, underpinned by a solid technological foundation and a future-ready mindset. Let me now highlight several key aspects that will empower us to scale effectively and with excellence.

State of the Art Technology:

Our IT strategy focusses on building a futuristic modular, resilient & agile technology infrastructure to deliver exceptional customer experience through Digital & AI solutions. This transformation, which includes migrating to a new core system and rolling out over fifty surround systems, has brought us closer to the Scale phase. The successful migration to the Oracle Flexcube Core has significantly enhanced our ability to provide customized solutions, innovative products and a seamless digital experience for our customers. This will open up immense opportunities for your bank in building a profitable customer franchise which is key to this transformation.

Strong Distribution Network:

Our extensive distribution network offers strategic and operational advantages ensuring last-mile connectivity and service delivery. As on 31.03.2025, we have a total of 1620 touchpoints comprising of 829 branches and 791 ATMs. Gold loans being our key portfolio and a touch and feel kind of a business, our branches have a key role to play. Since past few years, we have been expanding to the west and north which is helping us to build the franchise while reducing the concentration risk. Our branches will complement our new and revamped digital channels, giving flexibility and seamless omnichannel options for customers. Last year we have added fifty-six branches. We plan to continue this branch network expansion, adding approximately 60-80 branches annually, eventually aiming for one hundred or more branches per year as we go along.

Verticalisation:

The verticalisation implemented in your bank is helping us to have a customer centric model delivering more relevant and value-added solutions across segments. On the liability side, we have verticals like CASA, NR, Digital, TASC, Liability Sales etc. On the advance side we have four major verticals viz, Gold loans, Retail other than Gold, MSME and Corporate, with further sub segments. All the verticals have started contributing to the topline growth and momentum will go up once scale phase starts. This will also help us in achieving a more balanced business mix by FY 2030. Verticals have been formed in the support functions as well to bring in more expertise and focus. The assurance functions viz Risk, Audit and Compliance have been strengthened and technologically supported towards enabling better decision making and improved performance, thus ensuring effective regulatory compliance, operational soundness and fraud prevention.

Comprehensive Product and Service Delivery:

Our new technological framework allows us to introduce a broader array of products and services to meet the diverse needs of our customers. Products such as premium banking, cash management, supply chain solutions, derivatives, and factoring are already in development, enabled by the enhanced core system. This will transform your bank into a one-stop financial services provider, driving customer loyalty and cross-selling opportunities.

Strong Funding Structure:

Despite challenges in liquidity and funding management in the past fiscal year, we successfully navigated these hurdles by maintaining all regulatory ratios and keeping sufficient buffers. We managed our funding through a balanced mix of CASA, retail term deposits, bulk deposits and borrowings, including foreign currency borrowings. This stable, diverse, cost efficient and sustainable approach will enable us to comfortably support scalable and efficient growth. Once the franchise is built and the products including retail assets are rolled out, the customer acquisition run rate with higher wallet share will improve and this will further enhance our funding capabilities.

Leadership and Governance:

Our Board of Directors comprises of experienced professionals with varied expertise, and they play a critical role in driving and monitoring the transformation journey thus ensuring an ethical, customer centric transformation with sustainable value creation.

The leadership team, supported by the expertise and strategic foresight of the board, has been instrumental in navigating challenges and seizing emerging opportunities, ensuring alignment across functions and driving the right execution.

Board and the leadership team together will drive a seamless and impactful scale journey.

Rating:

CRISIL & India Ratings have reaffirmed rating of our instruments with a stable/positive outlook respectively.

Commitment to ESG:

Our commitment to Environmental, Social, and Governance (ESG) principles remains at the core of our strategic vision. We are actively involved in financing projects aligned with climate risks, renewable energy, and sustainability. This responsible banking approach ensures that our capital deployment contributes positively to both the environment and society. We will be guided by the ESG policies in scale phase, reaffirming our commitment to sustainable development.

Conclusion:

As we near the completion of the Build phase, we remain focused on establishing all the capabilities necessary for scaling your bank into a respected mid-sized institution by 2030. With your continued support and trust, we are confident that we will be successful in achieving this.

I extend my sincere gratitude to our valued shareholders and customers for your trust and continued patronage. I also thank the Board of Directors for their invaluable guidance and mentoring. Additionally, I would like to acknowledge the regulatory bodies, including the RBI, SEBI, Stock Exchanges, and the Central and State Governments, for their ongoing support and cooperation.

I would like to acknowledge our leadership team and staff for their commitment and determination, which have been instrumental in helping your bank achieve significant milestones. Their continuous efforts and enthusiasm provide me with great confidence and reassurance as we move forward with this vision.

Thank you.

Thrissur | August 26, 2025

**Pralay Mondal
Managing Director & CEO**