



103RD ANNUAL GENERAL MEETING

**ADDRESS BY CHAIRPERSON,
SMT.BHAMA KRISHNAMURTHY**

FRIDAY | AUGUST 23, 2024

Address by Chairperson Smt. Bhama Krishnamurthy, at the 103rd Annual General Meeting of the shareholders of CSB Bank Ltd. at 11.00 a.m. on Friday, August 23, 2024, through video Conferencing

Dear Shareholders,

Very Good Morning to all of you.

A hearty welcome to all of you to the 103rd Annual General Meeting of our Bank. It is with great pride and privilege that I address all of you today in the backdrop of the remarkable and consistent journey of performance of your Bank during FY 2023-24. We very much appreciate your generous support that has led us to extend our steady performance, and on behalf of the Board of Directors of CSB Bank, I thank you for taking time from your hectic schedules to join us for this meeting. I am also delighted to extend a special welcome to those of you who have become shareholders of the Bank since the last Annual General Meeting held on August 8, 2023.

The financial year 2023-24 has been a year of compelling sagas of navigating macro complexities, however, your Bank emerged stronger and extended its consistent performance and continued its transformation process. Our commitment to progress has remained unwavering, even amidst uncertainty across the environment in which it operates. We are now progressing towards the 'mission to become a mid-sized bank by 2030' through our 'SBS 2030 strategy'—'Sustain, Build, Scale' a comprehensive roadmap that embodies our commitment to excellence and growth.

The broader economic landscape has been challenging, and the ongoing geopolitical events have become a pressing concern for economies worldwide. This has resulted in increased global environment volatility and increased inflationary pressures, creating a perfect storm of headwinds that continued to unsettle economies worldwide. Central banks worldwide, continued with hawkish monetary policy statements to curb inflation, leading to a subdued progress in major economies. Amidst this uncertainty, India stands out as a beacon of growth, emerging as one of the fastest-growing large economies worldwide. In FY 2023-24, India demonstrated remarkable resilience with a growth rate of 8.2%, the highest among major global economies. Looking forward to FY 2024-25, the Indian economy is projected to grow at around 7.3%, which, despite being slightly lower than the previous year's rate, remains significantly higher than many developing economies. This domestic resilience underscores India's ability to withstand challenges.

Indian financial markets and banking conditions remain stable, with credit growth consistently around 16% and deposit growth increasing from 12% to 14%, narrowing the gap between the two. The Indian banking sector is experiencing a robust recovery, driven by transformative government reforms, rising consumer demand, improved asset quality, and technological advancements.

Government reforms have significantly improved credit discipline, promoted responsible lending practices, and enhanced governance standards. These initiatives have not only increased the

profitability of Indian banking system but also ensured its sustained growth and robust capitalization. The adoption of advanced technologies and compliance frameworks is laying a solid foundation for future expansion. As the regulatory landscape evolves, the emphasis on strong governance and risk management is reshaping the industry, fostering long-term stability and resilience. This stability is crucial as the sector navigates global geopolitical tensions and economic shifts, positioning itself to seize emerging opportunities in the years to come. Taking note of global environment volatility and increased inflationary pressures, Monetary Policy Committee (MPC) has decided to keep the repo rate unchanged at 6.5% for the ninth consecutive time, but has maintained the policy stance of 'withdrawal of accommodation' to steer inflation towards the target while supporting growth.

Our financial performance for the year ended March 31, 2024 has been robust and consistent. Total business grew significantly, with deposits increased by ₹5,213 crores to ₹29,719 crores from ₹24,506 and Gross advances increased by ₹3,730 crores to ₹24,572 crores from ₹20,842 crores. The total Operating Profit of the Bank increased by ₹ 73 crore to ₹ 780 crore from ₹ 707 crore and Net Profit increased by ₹ 20 crore to ₹ 567 crore from ₹ 547 crore. The net interest margin remained robust, exceeding 5%, which is one of the best in the industry.

Our capital adequacy ratio stood at 24.47%, compared to 27.10% the previous year. Gross NPAs increased by 21 basis points to 1.47% and net NPAs rose by 16 basis points to 0.51%.

Bank's Earnings Per Share improved to Rs. 32.67 from Rs. 31.55 in the previous financial year and Book Value per share increased to Rs. 209 from Rs. 185. However, Return on Assets stood at 1.79 % and Return on Equity at 17.37 % against 2.06% and 20.35 %, respectively. We are wholeheartedly dedicated to reinforcing in our strength in achieving sustainable growth.

Our decision to integrate Environmental, Social, and Governance (ESG) principles into our core operations reflects our commitment to sustainable development. We aim to create long-term value through environmental stewardship, social responsibility, and robust governance framework. We continue to focus our CSR initiatives on empowering communities through education, healthcare, and gender equality, and we allocate a dedicated budget to expand our outreach and support especially vulnerable groups.

We take immense pride in our robust governance structure, guided by our experienced Board of Directors and a strong compliance team. Our unwavering commitment to transparency, integrity, and regulatory compliance enhances our reputation and fosters stakeholder trust, distinguishing us as a reliable entity in the industry.

In alignment with our growth ambitions, we are making substantial investments in upgrading our technological infrastructure, including the implementation of a new Oracle-based core banking platform. This advanced solution will enhance our digital delivery and set new benchmarks in service delivery. Our commitment to omnichannel banking ensures seamless access to services through online, mobile, and in-person channels, enhancing customer experience and driving growth.

Looking ahead, we are set to enter the 'Scale' phase of our SBS 2030 strategy, aiming to become a mid-sized bank by 2030. The foundation we have built will support rapid expansion and sustainable growth. Our ongoing investments in leadership, talent, and distribution of products/services are in align with our SBS 2030 strategy, highlighting our commitment to growth and development.

We are proud of our dynamic and very professional team under the leadership of Mr. Pralay Mondal, Managing Director & CEO and confident that this team drives innovation and enriches our corporate culture, providing clear direction and ensuring agility in responding to market demands, thereby securing our continued growth and success to achieve the strategy in 2030. In conclusion, on behalf of the Board, I would like to express my heartfelt gratitude to all our valued customers, shareholders, dedicated associates, trusted partners, and well-wishers for your unwavering support and loyalty. We are deeply thankful to the regulatory bodies, including the RBI, SEBI, and Stock Exchanges, as well as the Central and State Governments, for their invaluable guidance and support. Special appreciation goes to our senior management team for their exceptional execution capabilities, and to every member of our staff for their dedication, hard work, and determination. Your efforts have brought us to a period of great pride and fulfilment.

I request all of you to continue to be integral part of this remarkable journey of SBS-2030.

As you may be aware, this is my last address as the Chairperson of the Bank as my term as Independent Director and Non-Executive Chairperson ends on September 27, 2028. I would like to thank all my colleagues on the Board, the senior management team, every member of our CSB family, the shareholders, and all well-wishers for the cooperation and support extended to me during my tenure. It has been an honour to be the Chairperson of this esteemed institution, which has weathered all the storms over a century of existence and is in the process of positioning itself as a mid-sized bank by 2030. I was fortunate to experience the highs and lows of this institution. Among the highs, I always remember the acquisition of a 51 % stake in the Bank by FIH Mauritius Investments Ltd, a very successful IPO followed by the listing of shares on Indian bourses, and the reporting of consistent and highest ever profits, and now poised with a mission of becoming a mid-sized bank by 2030.

Thank you all.

Bengaluru | August 23, 2024

**Bhama Krishnamurthy,
Chairperson**