

Building for Scale



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Disclaimer

Statements in this report that describe the Bank’s objectives, projections, estimates, expectations or predictions of the future may be ‘forward-looking statements’ within the meaning of the applicable securities laws and regulations. The Bank cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include cyclical demand in the Bank’s principal markets, changes in Government and RBI regulations, economic developments within the countries in which the Bank conducts business, and other factors relating to the Bank’s operations, such as litigation, labour negotiations and fiscal regimes.

HIGHLIGHTS FY 2023

₹1,334 Crore
Net Interest Income
▲ 16%

5.48%
NIM
▲ 21 BPS

57.12%
Cost to Income Ratio
vs 56.17%*

20.35%
Return on Equity
vs 21.28%*

₹547 Crore
PAT
▲ 19%

₹9,701 Crore
Gold Loan
▲ 48%

2.1 Million
Customers

48.99
Net Promoter Score

703
Branches
▲ 100

31%
Gender Diversity

₹6,332 Crore
Corporate Loans
▲ 16%

₹6.72 Crore
CSR Spent

▲ Y-O-Y
* Previous year

Building for Scale

CSB Bank is embarking on an ambitious journey as part of its SBS 2030 (Sustain, Build, Scale) strategy to transform it into a full-service new-age bank. Currently, in the Sustain & Build Phase, your Bank plans to expand its operations pan-India. CSB is also enhancing its product suite across all segments, establishing a new-age technology platform to leapfrog its digital offering, re-engineer its processes and strengthen the risk management framework.

Partnerships will be the key to scaling the Bank, and your Bank will leverage its enhanced technology platform to create long-term sustainable and mutually beneficial relationships with partners and other stakeholders, keeping customers at the centre of everything.

We see exciting times ahead for your Bank as we enter the “building for scale phase”, guided by the ambitious SBS 2030 (Sustain, Build, Scale) strategy. We aim to transform the Bank into full-service new age private Bank through pan-India expansion and offering an enhanced product suite across all customer segments. The Bank also perceives partnerships as an important tool for long-term sustainability and shared success.

At the heart of our growth strategy lies our commitment to customer-centricity. The Bank is creating a solid foundation for sustainable growth by putting customers first.

With a strong focus on innovation, collaboration, and a customer-first approach, we are confident that your Bank will thrive in the years to come. Join us on this exciting journey as we build a brighter future together.

ABOUT THE BANK

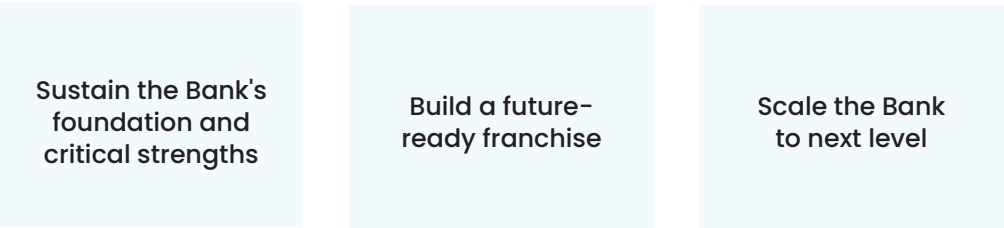
Transforming Into a New-Age Full-Service Private Bank

Established in 1920, your Bank has grown from strength to strength, adapting to social, political and economic changes during the journey. From our first presence in Kerala and early presence in South India, we are now aiming to become a Bank with a pan-India presence, with a special focus on North and West India. We are an old private bank that is transforming into a full-service new-age private bank with technological innovation, a wide product and services portfolio and sustainable growth.



CSB endeavours to be a leading Bank striving to excel in bringing products that satisfy the needs of targeted client segments, backed by excellent service – through our branches and technology driven initiatives in a compliant and regulated manner. For our employees, we want to create a culture of pride – driven by performance and productivity that should eventually result in sustainable growth in business and deliver superior returns to our Shareholders.

SBS 2030
Sustain Build Scale 2030 (SBS 2030) is an ambitious three-pronged strategy that your Bank has embarked upon.



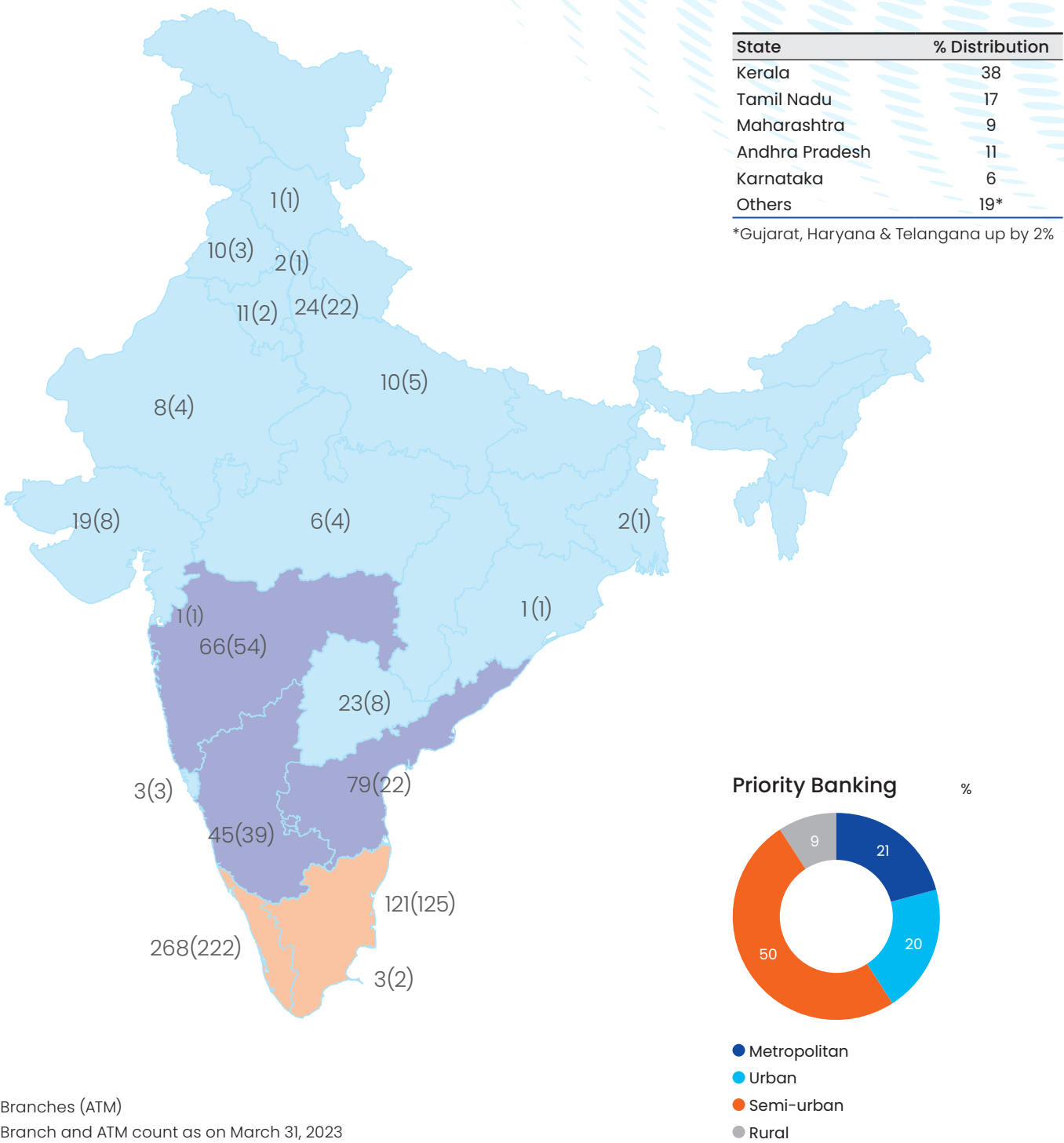
STRATEGIC PRIORITIES



BUILDING PAN-INDIA PRESENCE

From a Bank predominately centred in one state, we are gradually spreading our wings in different parts of the country with the aim of reaching a substantial pan-India presence over the next few years.

BRANCH NETWORK



BUSINESS REVIEW

Four Segments To Achieve Growth

Your Bank operates four major segments – Retail banking, SME banking, Corporate banking and Treasury.



Retail Banking

We cater to domestic as well as NRI customers under this segment offering a plethora of products and services to meet customer requirements.

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 tie-ups with major money transfer agents, which enhances its capability to provide inward remittance services to customers and strengthens its NRI business.

₹2,966 crore

Retail loans for FY23

▲ 30%

SME Banking

With a close to 30% share in GDP, 50% in exports and employment generation of close to one crore, the SME sector is not only the backbone of the Indian economy but also acts as a catalyst in bringing about socio-economic transformation. Taking cognisance of the importance of SMEs, at CSB, we offer a range of tailor-made solutions to help SMEs access banking services and engage fundamentally with us for credit, deposit, transaction and advisory services.

We also undertake structured financing in discussion with our customers. Facilities are custom-made to suit customer-specific needs and are adjusted based on performance vis-à-vis projections.



₹2,491 crore

SME loans for FY23

▲ 2%



Corporate Banking

The corporate banking group at CSB caters to the needs of corporate entities and provides a wide range of commercial banking products and services to corporates.

Your Bank has also set up a centralised corporate banking team to work with other banks that arrange syndicated loans.

₹6,332 crore

Corporate loans for FY23

▲ 16%

Treasury Operations

Bank's treasury operations primarily consist of statutory reserves management, asset liability management, liquidity management, investment and trading in fixed-income securities, and money market instruments and foreign exchange operations. Treasury operations include trading and investments in various instruments, including Government and corporate debt instruments, equity and mutual funds.

Investment and trades in commercial papers, bonds and debentures, mutual funds, alternate investment funds, pass-through certificates, certificates of deposits and equity to manage short-term surplus liquidity and to further optimise yield and generate profits thereon.



₹5,993 crore

Treasury investment portfolio

Held To Maturity 78.46%

Available For Sale 21.54%

OUR STRENGTHS

Powering Ahead

We are a century-young organisation. We have enjoyed the trust and confidence of people for over a century and now metamorphosing into a new-age private bank by implementing strategic changes in our business model, including aggressive expansion through physical mode to improve the customer base. We have seven bancassurance tie-ups with industry leaders, which is helping us to improve our fee-based income.

We have a strong marquee investor promoter, FIH Mauritius Investments Ltd., a Fairfax wholly-owned subsidiary, who has infused significant capital and holds nearly 50% of the Bank's equity capital, and also have a strong professional management team in place that will be able to build the Bank to scale, which is evident from our performance in the last couple of years.

GROWTH

We had another year of strong growth in deposit as well as advances.

21%
Deposit Growth

31%
Advances Growth (Net)

16%
CASA Growth

PROFITABILITY

All the profitability parameters, including the net interest income and net interest margin showed growth.

20.35%
RoE

5.48%
NIM
▲ 21 BPS

2.06%
RoA
▲ 16 BPS

CAPITAL

Our balance sheet remains stronger than ever with a strong CRAR and Tier 1 ratio.

27.10%
CRAR
▲ 21 BPS

25.87%
Tier I
▲ 152 BPS

₹185
BVPS
▲ ₹32

ASSET QUALITY

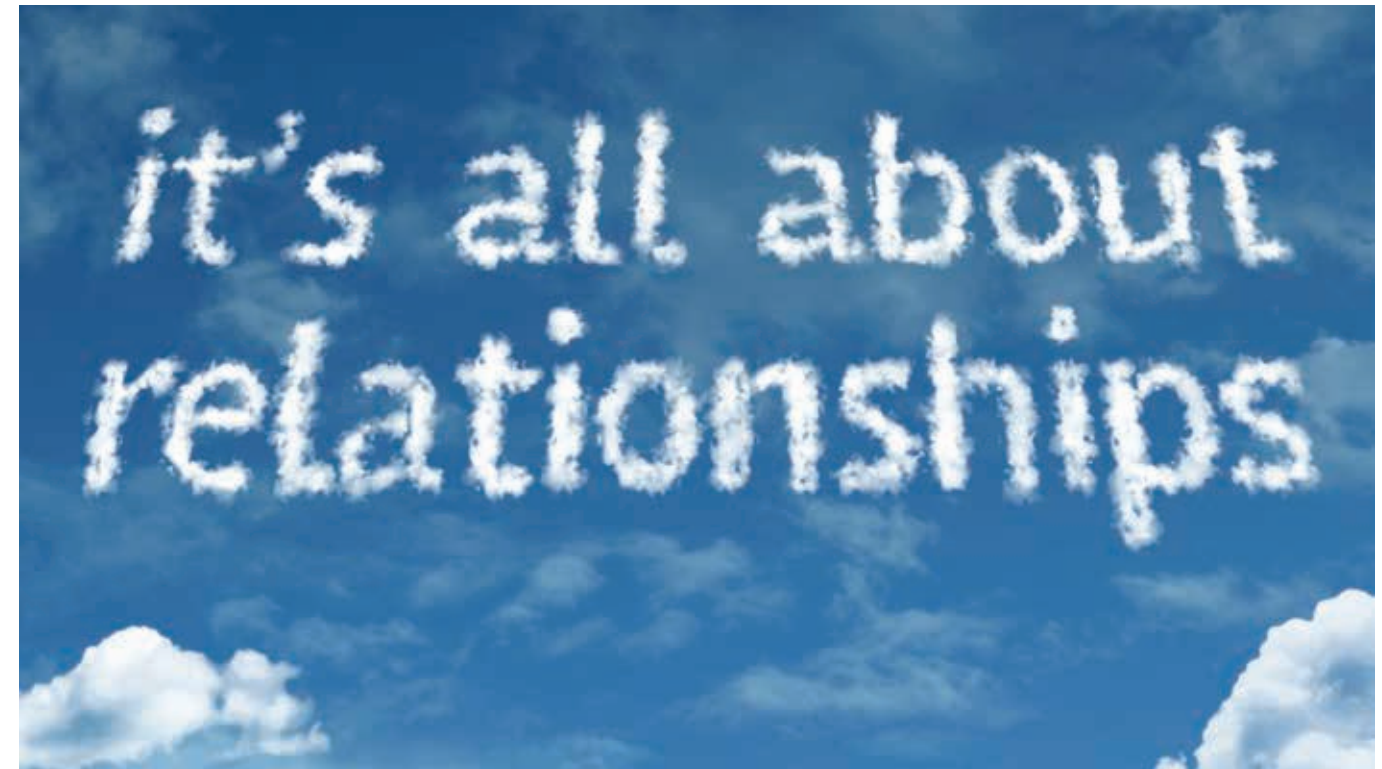
We have achieved continuous improvement in asset quality and expect to keep the same going ahead.

1.26%
GNPA
vs 1.81%*

0.35%
NNPA
vs 0.68%*

92.11%
PCR (including Prudential Write Off)
vs 89.65%*

* Previous year



MESSAGE FROM CHAIRPERSON

From Turnaround to Benchmark Performance – Setting New Standards



Dear Shareholders,

It's with immense pleasure that I am addressing you for the first time, as we had another excellent year – this was the year with the highest profits in the history of the Bank, supported by all-around progress on operational as well as financial performance parameters. Given the fears about inflation and slowing growth in the country and the consequential challenges faced across the Board, this is a commendable achievement. Thanks to government policies and a prudent regulator, we at CSB continue to be resilient, like the banking sector in the country. We have come a long way from starting our transformation in 2016-17 and turning around in 2020 to become a benchmark performer in FY 2023 compared to the growth of banks in similar categories and beyond. We aim to become a new-age private sector bank riding on our SBS 2030 (Sustain, Build, Scale) strategy. In line with the strategy, we endeavour to focus on sustaining our ongoing pursuit of excellence and growth in the coming years.

Macro-Economic Conditions

The aftermath of COVID-19 pandemic, followed by China's zero-COVID policy, especially in the context of the outbreak of the Omicron variant of COVID-19 and the geopolitical tensions in general, and in particular, the outbreak of the Russia-Ukraine conflict in February 2022, led to unprecedented inflation in the world economy. Most Central banks in the world responded by tightening monetary policy by increasing interest

rates, which resulted in a slowdown in the major economies. In the global headwinds, thanks to the policies of the Government of India and prudent regulations and responses by the Reserve Bank of India (RBI), India remained a bright spot. The RBI was also compelled to raise policy rates multiple times to contain inflation, as well as to protect the currency as the dollar rose against most currencies in the world. However, the inflation in India seems to have largely stabilised, and in fact, the RBI paused the rate hike in its MPC meeting held in April for the first time since raising the rate and decided to continue the pause on the rate hike in its last MPC meeting held in June as well while continuing to maintain a cautious stance as India's inflation rate has moved down to 4.25% in May 2023, a 25-month low. India's GDP growth for FY23 stood at 7.2%, and the Central Bank is confident of 6.5% growth for FY24 on the back of firm investments and rapid stride in digital transformation.

The Government's increased outlay on infrastructure – ₹10 trillion as per the budget, continued focus on MSMEs and impetus to the manufacturing sector, along with specific policies like the Production Linked Incentive (PLI) scheme, are leading to strong growth in the industry, as seen in corporate earnings and demand for credit. Inflation led to a higher demand for working capital credit. Strong consumer confidence, especially in urban India, resulted in higher demand for housing loans, and personal loans. The banking industry witnessed a robust credit growth of 15% y-o-y in FY23, the highest growth since FY12.

Our Performance

We achieved an excellent performance during the year gone by. A few performance indicators that I would like to highlight are the 16% growth in Net Interest Income from ₹1153.30 Crore in the corresponding previous financial year to ₹1333.85 Crore and 19.38% growth in Profit After Tax from ₹458.49 Crore in the corresponding previous financial year to ₹547.36 Crore. Earnings per Share improved to C 31.55 y-o-y (19.38%) from ₹26.43 in the previous financial year. Return on Assets improved to 2.06%, which is up by 15 bps. Return on Equity has marginally declined to 20.35% from 21.28% in the previous year. Even though there was pressure on the cost of funds on account of the increasing interest rate environment, Net Interest Margin improved to an all-time high of 5.48%, up by 21 bps in the year following an

increase in the credit deposit ratio and transmission of higher interest rates to the advance customers. Gross Non-Performing Asset (GNPA) and Net Non-Performing Asset ratios further improved to 1.26% and 0.35% as of March 31, 2023, as against 1.81% and 0.68% in the previous year.

Way Forward

We have come a long way since our turnaround, thanks to the sheer resolve and perseverance of your Bank's leadership. As we move to the build phase from the sustain phase, our key focus areas are product diversification, customer acquisition, increasing branch distribution and tech stack improvement. As we expand, we will continue our focus on opening more branches in the central and northern parts of the country. We would continue to attract more customers by adding more verticals, services and products to our portfolio. We have adopted the path of aggressively investing in digital to "build for scale". The exponential surge in digital banking users serves as a tangible testament to the success of our digital strategies, enthraling us to forge ahead on digital initiatives on the horizon of our SBS-2030. Today, we compete with banks as well as fintech, but we would continue to explore the partnership route to grow our fee income. All with the quest of enhancing our customer experience and satisfaction.

Over the mid-term, as we take efforts to become a mid-sized bank, we will focus on technology, profitability, asset quality and human strategy. Our endeavour is to continuously strengthen the Bank's balance sheet. With our SBS 2030 (Sustain, Build, Scale) strategy, we aim at sustaining strong foundations and critical strengths, building the future highway through investments in technology, digital infrastructure, people, leadership, products and processes, and scaling to the next level of growth and excellence. The main pillars of the strategy are growth with a strong corporate governance culture in the Bank supported by audit, compliance, risk management, and vigilance functions.

Governance, Social and Environmental

Our esteemed Bank upholds a resilient governance structure fortified by an experienced Board. We firmly believe that our robust corporate governance culture plays a pivotal role in cultivating and nurturing investor confidence. Adhering to the highest standards, we consistently embrace best practices in corporate governance, exemplifying an unwavering commitment to transparency, integrity, and regulatory compliance.

We at CSB wholeheartedly embrace the ESG (Environment, Social and Governance)

principles, seamlessly integrating them into our business operations.

Our CSR programmes are dedicated to empowering society by investing in educational, healthcare and gender equality programmes that benefit vulnerable groups, exemplifying our unwavering commitment to social causes and the betterment of our community. We have utilised our budget entirely for the said selective activities. Our aim is to expand our community outreach through thoughtfully devised CSR initiatives, fostering a more inclusive environment for the well-being and advancement of vulnerable communities at local and national levels.

Our Leadership

We are diligently building a robust leadership framework that is primed for the future under the proficient leadership of Mr. Pralay Mondal, who possesses an extensive 30+ years of invaluable banking experience. With the recent induction at the senior management level and a few more in the offing, our ongoing leadership transition programme that started in 2022 is steadily approaching its culmination. I have full confidence in the capabilities of this team and strongly believe that the team will scale up our operations and successfully deliver on our vision of SBS 2030, positioning us as a mid-sized Bank with a pan-India presence, catering to a comprehensive range of services to customers.

Concluding Remarks

I would like to express my heartfelt gratitude to all our valued customers, dedicated associates, trusted partners, and well-wishers for their unwavering support and loyalty. We are deeply grateful to regulatory bodies such as RBI, SEBI, and Stock Exchanges, as well as the Central Government and State Governments for their invaluable guidance and support throughout our journey. I extend a special appreciation to our senior management team for their exceptional execution capabilities leading to our success. I would also like to acknowledge and honour every member of our staff for their dedication, hard work and determination. It is them who have propelled us forward, unlocking a period of pride and fulfilment for the Bank.

Warm regards

Bhama Krishnamurthy
Chairperson

MESSAGE FROM MD & CEO

Forging a Robust Foundation for an Ambitious Journey Ahead



How We Performed

Even in the backdrop of global headwinds and hawkish RBI policy actions in a row, we continued to meet the stakeholder expectations, in terms of both top-line and bottom-line. Most of the financial indicators like NIM, CRAR, RoA, NPA ratios etc. have shown further improvement during the year.

Operating Profit this fiscal year is ₹707 crore as against ₹614 crore in the previous financial year, up by 15% y-o-y. We could register a record net profit of ₹547 crore; up by 19% y-o-y; backed by a 25% business growth; 31% net loan book growth, and 21% deposit growth. We were able to grow faster than the average industry growth trends in both deposits and advances. Despite lower treasury and PSLC income contributions, the operating profit recorded a growth of 15%, supported by growth in NII and other income.

The yield on advances marginally declined to 10.92% from 11.21%, while the cost of deposits went up by 7 bps to 4.38%. Return on Assets and Return on Equity improved to 2.06% and 20.35%, respectively. Earnings per share improved to ₹31.55 y-o-y (19%) from ₹26.43 and book value per share to ₹185 (up by 21%) from ₹153. Net Interest Income is at ₹1,334 crore, which grew by 16% over FY22. Net Interest Margin improved to an all-time high of 5.48% and is up by 21 bps. Non-interest income is at ₹316 crore which is up by 28%. Our gross advances and deposits registered handsome gains on a year-on-year basis, backed by contributions from all the business verticals. Our total deposits stood at ₹24,506 crore with an increase of 21% y-o-y, and CASA book is at ₹7,886 crore, up by 16%. Our net advances increased by 31% to ₹20,651 crore. The Bank continues to improve its asset quality. The Gross NPA percentage has improved by 55 bps to 1.26% during the financial year. The Net NPA percentage of 0.35% has improved by 33 bps over the previous FY. PCR continues to be above 90%.

In line with our branch expansion plan, we have opened 100 new branches during the financial year, 45% of them in the North and the West, to enhance our

pan-India coverage. Thus, we opened 100 branches for the third consecutive year in a row, with a 70% increase in the number of branches from 411 to 703 since FY20. We launched the BSQIG department (Branch Service Quality & Index Group) with service quality as a top focus, as it is the most important part of onboarding quality and valued customers.

Prevailing Economic Backdrop

The Central banks of major economies in the world are continuing with tightening measures to rein in the inflation that has been ruling above-average levels, though it has started to cool down gradually. The Western world is also facing the collapse of a few banks, but the regulators are reacting with alacrity to contain the damages. India seems resilient and one of the few countries where inflation seems to have come under control. RBI paused a rate hike in recent policy meetings; however, its actions going ahead will be decided by the global economic scenario and the trajectory of inflation in the future. We remain optimistic about the compounding growth trajectory of Indian GDP, and banks and the financial sector will have a responsible role to play in this growth journey.

Looking Ahead

Your Bank, against the backdrop of challenging economic conditions, would focus on continuing its ongoing pursuit of excellence and growth. As we enter FY 24, the second year of "SBS 2030", it is very crucial from an investment and execution perspective. The next two years will see maximum investment in technology to build our systems to scale. We will also continue with the geographic expansion plans to add 100 more branches during the current FY. We employed 2,200 people in the last fiscal, an increase of 46% over the previous year. We will be adding a similar number this fiscal. We are building a sales acquisition arm with an eye on increasing new customer acquisition, a base for building our full-service franchise ahead.

As we progress, the business verticals will be benefitted from the improved support structure, which will particularly help in the full-fledged offtake of the retail verticals. With key enablers viz. business

verticals, systems and processes, products and policies, HR structure etc. all falling in place, we will be aggressively pursuing the key agenda of SBS 2030, which underlines the build-up of a quality customer franchise. The Right Product, Right Processes, Right Team and Right Distribution will help us accelerate growth in the coming years. In our first year of the SBS journey, we could sustain our core strengths and initiate the Build phase, too. We are looking at FY25 as the launching pad to take off on all avenues as a true full-service franchise.

We will also have an enhanced focus on Environment, Social and Governance (ESG) for value creation across our stakeholders. We are steadily progressing in setting up an ESG framework in the Bank. At the organisational level, we are creating awareness among the employees and customers in adopting practices that maximise resource efficiencies ensuring a better experience. As a banker, we remain firm on the social commitments and governance structure for a better world.

I assure you and all our stakeholders that CSB Bank is emerging as a significant player in India's banking sector. I take this opportunity to place my gratitude to all our customers, shareholders, employees and regulators for their valuable contribution and thank the Board for guiding the Bank to our Vision of SBS 2030. With the continued patronage from all the stakeholders, we aspire to achieve the milestones set under this vision well ahead of 2030.

Warm Regards,

Pralay Mondal
MD & CEO

Dear Shareholders,

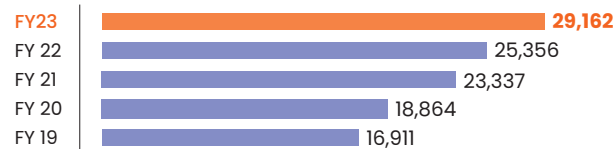
I write to you with the satisfaction of completing the financial year 2022-23 on a positive note, and more importantly, setting our eye firmly on SBS 2030 vision by initiating and laying the foundation to achieve clear milestones along the way. The theme of SBS 2030 (Sustain, Build, Scale) aims at sustaining the century-long strong foundation, retaining critical strengths, building a future-ready franchise, and scaling the bank for the next level of growth and excellence. We will achieve this by implementing best-in-class technology, leveraging loyal partnerships, acquiring quality customers across our business verticals and creating a customer focus mindset among our employees to deliver best-in-class products and services. In our first year of SBS 2030, the vision has fared well on the expected lines, and this good start gives us comfort to pursue this journey with more confidence. Since the beginning of our turnaround journey in FY20, we have scaled new heights year after year and now envision ourselves in the Build phase of our SBS journey.

KEY PERFORMANCE INDICATORS

Strong Performance

CSB Bank came out with its best-ever performance for FY23, noting a healthy improvement in all major parameters, including profitability, CASA ratio, non-performing assets and margins.

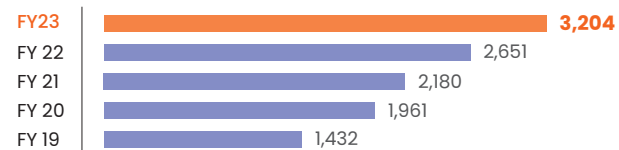
Total Assets (₹ in crore)



▲ 15%

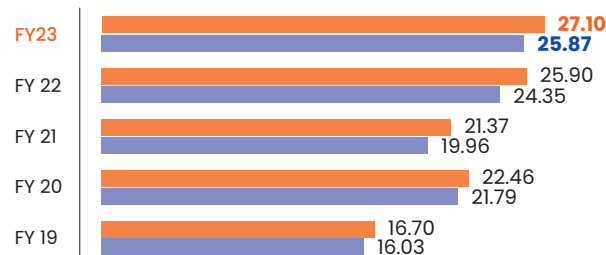
BALANCE SHEET

Capital & Reserves and Surplus (₹ in crore)



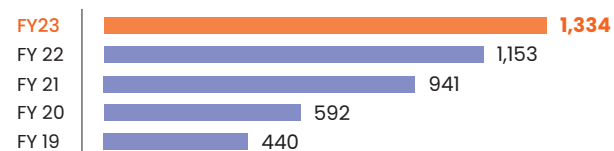
▲ 21%

CRAR AND TIER 1 (%)



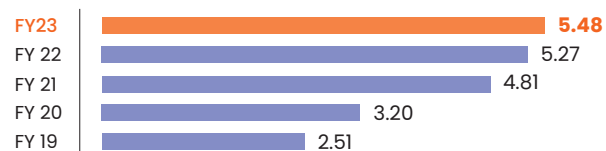
PROFIT AND LOSS

Net Interest Income (₹ in crore)

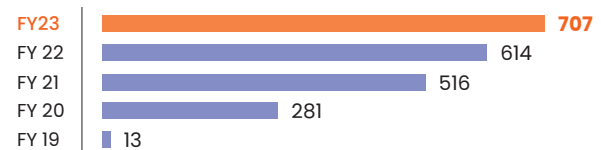


▲ 16%

Net Interest Margin (%)

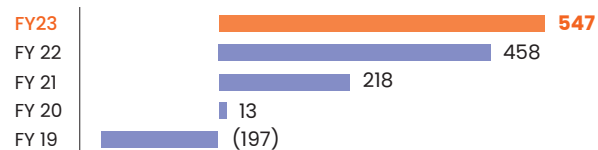


Operating Profit (₹ in crore)



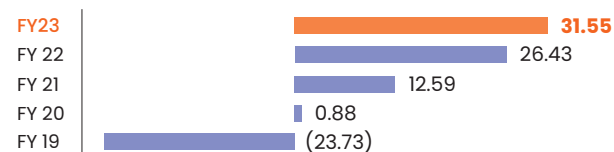
▲ 15%

Net Profit (₹ in crore)



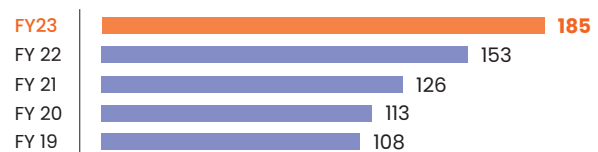
▲ 19%

Earnings Per Share (Basic) (₹)



▲ 19%

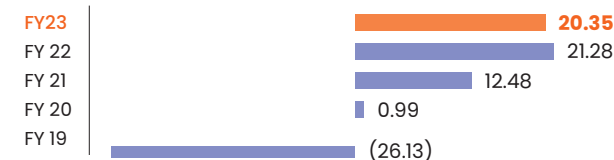
Book Value Per Share (₹)



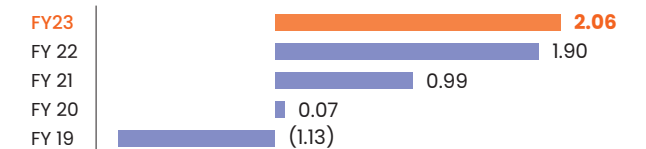
▲ 21%

KEY RATIOS

RoE (%)



RoA (%)



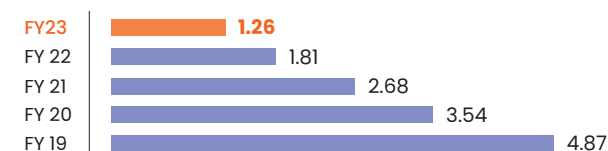
Cost to Income Ratio (%)



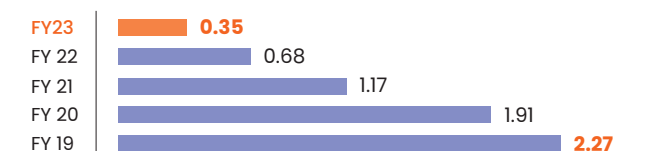
Provision Coverage Ratio (%)



Gross NPA (%)

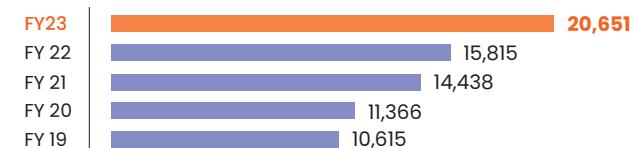


Net NPA (%)



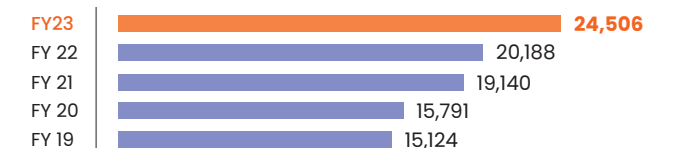
OPERATIONAL

Total Advances (₹ in crore)



▲ 31%

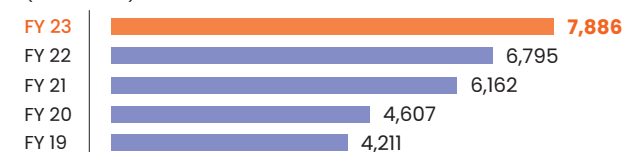
Total Deposits (₹ in crore)



▲ 21%

Current Account and Savings Account Deposits (CASA)

(₹ in crore)



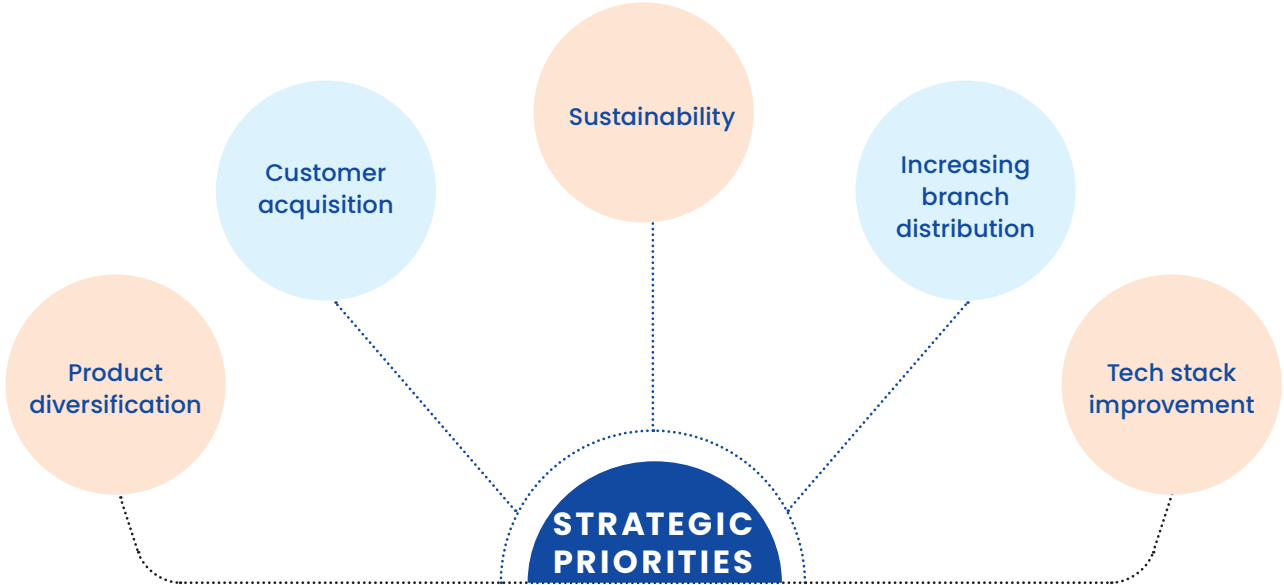
▲ 16%

▲ Y-O-Y

STRATEGIC PRIORITIES

Leading to Build and Scale

Our leadership team has carefully chosen strategic priorities that will support our SBS strategy and enable the transformation into a full-service new-age Bank. We are optimally placed to build to scale and achieve our targets.



Strategy	Aim	Progress FY22-23	Outlook FY23-24
Product diversification We aim to get many products out to meet the diversified needs of our customers.	Revamp tech architecture to build scale	The most significant product launch this year was our Credit Card Business.	To complete the retail product bouquet
Customer acquisition We have huge repeat business from customers (90% of FDs are renewed). We are rapidly building an ecosystem to attract more and more mid- to premium-segment customers. We will be adding customer acquisition as a separate sales vertical.	Aggressive customer acquisition	3.5 lakh new customers were added. We developed a lead management system to capture leads in both assets as well as liability portfolios and in branches as well as on the field.	The focus will be on gaining customers in the premium segment. For customer acquisition, we have partnered with several fintechs, which will help us in acquiring the right type of customers
Sustainability The Bank has always supported CSR projects and initiatives that align with its deep-rooted commitment towards ESG principles. With a strong emphasis on sustainability, the Bank seamlessly integrates eco-friendly practices into its corporate social responsibility initiatives, promoting positive environmental impact while delivering financial services. Throughout the years, the Bank has made significant contributions to meaningful causes related to healthcare, education etc.	To make CSR a key business process for the sustainable development of society and to maintain excellence in environmental, social and governance systems.	The Bank has successfully utilised the whole of the CSR budget of ₹6.72 Crore for the FY 2022-23 earmarked pursuant to the provisions of the Companies Act, 2013, for the purpose of undertaking various CSR activities, especially in the areas of education, healthcare/ sanitation and gender equality, in line with the CSR annual action plan of the Bank. In upholding the commitment to ESG principles, the Bank has ensured that the CSR initiatives encompass sustainability, promoting both environmental and social well-being.	The Bank is committed to continuing its focus towards sustainable development and responsible banking through its CSR activities with a clear understanding that the Bank has a key role in improving the environmental, social and governance standards of the nation.
Increasing branch distribution Branch distribution is a critical aspect of building a large customer franchise. We are expanding in the North and the West of India to widen our footprints.	Expand branches by 15% every year	100 branches were added, taking the total number of branches as of March 31, 2023, to 703 out of which 28% branches are non-South India branches. This number stood at 21% last year.	100 more branches will be added
Tech stack improvement We are in the process of revamping our tech architecture and are investing aggressively in the same for the next 12-18 months.	Revamp tech architecture to build scale	We implemented a digital lending system during the year. We have automated various manual processes like operations workflow.	To cater to the needs of business and growth, we have planned a state of art – reliable, scalable and resilient data centre in Mumbai.

CUSTOMER CENTRICITY WITH TECHNOLOGICAL PROWESS

Customer First Culture

In order to become a new-age private bank, our main focus area is customer centricity. We are helping our customers meet their aspirations by offering new, innovative products and services. We are aggressively investing in technology, to offer them a better User Experience/Interface.

Some of our initiatives are:

We are targeting to increase customers in the premium category where service is of utmost importance. For our HNI customers, we offer segment products like Zenith, Elite, Prime, High variant in the current account and more.

Specific products for trade finance customers like Smart Trade forex CA, and Pro Trade forex CA.

Introduction of Non Callable Fixed Deposits.

Launch and revamp new products such as Credit Card, Personal Loans, and more.

Our NPS score is 48.99.
A score above 20 indicates great service to customers.



CSB has a strong presence in rural and semi-urban areas. Bank has deployed a handful of specialized Relationship Managers and Agricultural Officers to cater to the needs of our valued farmer clients at their doorsteps. This has resulted in strong momentum in enhancing the exposure to Agriculture and Priority sector.

₹1,419 Crore
Agriculture and MFI growth
▲ 33%

71.42%
vs 40% Priority sector lending as prescribed by RBI

Priority sector advance in FY 2022-23 as a portion of adjusted net bank credit

CSB focuses on 'inclusive growth' in the rural and semi-urban segments. We have created key partnerships to develop viable business models to provide access to finance to bottom-of-the-pyramid customers. We have developed sustainable livelihood programmes to provide financial and non-financial services through business correspondents. It promotes socio-economic development at the grass root level through community-based approach, through Self Help Groups and Joint Liability Groups.

The Bank also lends to women borrowers through micro-lending programmes. It has reached out to more than a lakh families through this initiative across geographies.



₹474 Crore
Micro Finance Business under Business Correspondents

▲ 58%

1,89,000
Women borrowers through micro-lending programme through business correspondents



CSB also participates in Pradhan Mantri Jan Dhan Yojana (PMJDY) and social security schemes like PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana), PMSBY (Pradhan Mantri Suraksha Bima Yojana), and APY (Atal Pension Yojana)

The Bank has 57 Rural Branches and 7 FLCCs to strengthen financial literacy activities at the field level.

Adopting Digital Way of Life

We introduced technological enhancements like a Lead Management system, Loan origination system and robust deduplication logic to create a better customer onboarding journey, and enhanced focus on Customer service through the creation of a specialised Service Quality Team. CSB Bank has been offering a secured, convenient, and cost-effective 24*7 banking facility through its wide range of digital products and services; thereby boosting digital transactions, customer brand recall and stickiness.

▲ Y-o-Y

Digital – Always Open

Digital banking has revolutionized the financial landscape in the country offering the “always open” experience to customers who can carry transactions from anywhere and anytime. In addition to offering exceptional customer service, digital also helps banks to scale faster and reduce costs. At CSB Bank, we have made technology our key focus area and will be investing aggressively in the same for the coming few years.

Our goal is to enhance the customer banking experience by making it simpler, more intuitive, and tailored to their needs. With the new platform, our customers can expect a seamless and efficient banking experience right at their fingertips. We have incorporated customer feedback into our design, ensuring that every interaction is optimised for their

convenience. Our user interface is being refreshed, offering a modern, visually appealing look while maintaining functionality. We focus on refining customer journeys to streamline banking activities, ensuring a digital banking experience that aligns with their expectations and offers greater control and flexibility.



Bank offers its customers a wide range of digital services, including WhatsApp Banking, Green PIN options, and Cardless Cash Withdrawal. The Bank has recently introduced Contactless EMV Debit Cards, enabling customers to make convenient payments at terminals by just tapping the card, eliminating the need to enter a PIN. We have put in place an

end-to-end digital sourcing journey through VKYC for Savings accounts and Credit cards.

To unlock our full potential and enhance our customer base, we have entered into partnerships with various fintech companies for better product distribution, access, improved efficiency and engagement.

Key New Initiatives during the year

CSB Bank-OneCard Co-Branded Credit Card

The Bank has partnered with OneCard, a co-branded Credit Card.

OneCard is a Mobile Credit Card where the Bank's customers can manage every aspect of the card on a mobile app, i.e. from onboarding to day-to-day engagement.

Security Enhancement through TLS 1.2 Encryption

All the ATMs, CRMs, self-service machines, and Core Banking systems were upgraded to the TLS 1.2 encryption standard as part of strengthening the security of the systems across, and to prevent any type of fraudulent activity.

Digital Lending Systems

In alignment with our commitment to embracing cutting-edge technological solutions, the Bank has initiated the development of new loan origination systems. These advanced systems aim to provide seamless digital journeys for our customers, expediting lead conversion and loan disbursement processes by minimising manual paperwork.

At present, the system is operational for Personal Loans while the Gold Loan system has been integrated with Hunter for fraud detection and Karza for Know Your Customer validation, Aadhaar verification, and CIBIL score verification. Moreover, the Corporate Loan Origination system successfully went live during the fourth quarter of fiscal year 2023. Moving forward into fiscal year 2024, our focus will be on implementing additional lending systems, including Education Loans, Home Loans, Loans against Property, Auto Loans, Loan Management systems, and more.

New Core Banking System

The Bank has made the strategic decision to replace its existing core banking system with an advanced and modern alternative. The Bank aims to commence the implementation and migration process of the new core banking system in fiscal 2024.

Digital Touchpoints



1,352
PoS Machine
Installations



7.10 lakh
Debit Cards



4.60 lakh
Net Banking
Users



528
ATM Network



6,170
QR
Installations



92,927
ePassbook
Downloads



78,660
Prepaid Rupay
Cards



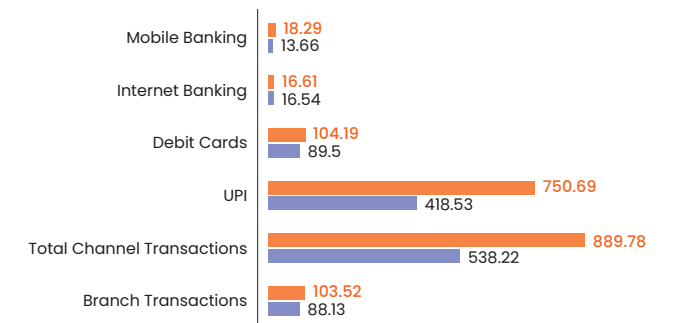
1.38 lakh
UPI Downloads



4.47 lakh
Mobile Banking
Users

No. of transactions

(₹ in lakh)



■ FY 22 ■ FY 23

Total channel transactions are close to 90% of total transactions.

ESG AT CSB BANK

Ensuring Sustainability

CSB Bank is committed to environmental, social, and governance (ESG) practices for the long-term success of the Bank, and to the well-being of the communities. The Bank reduces its environmental impact by investing in energy-efficient technologies and supports its employees, customers, and communities through a variety of social initiatives. The Bank continues to strengthen its corporate governance framework by reinforcing its reporting and disclosure framework, improving risk management framework, enhancing its internal controls and procedures, and through independent audits.

Championing Environmental Conservation

Climate change risk is a crucial challenge to all industries including the banking and financial industry. The Bank is consciously working towards sustainable development of its banking operations to achieve economic growth while maintaining the quality of environmental and social ecosystems.



To reduce the greenhouse effect, the Bank does not finance borrowers for setting up new units producing/consuming Ozone Depleting Substances (ODS) and small/medium scale units engaged in the manufacturing of aerosol units using Chlorofluorocarbons (CFC), which enables a reduction in the greenhouse effect.

In order to address the likely impact of Climate-related financial risk vs market risk and liquidity risk, the Bank has put in place models to ascertain the stress arising out of Physical and Transition risks and the Pillar 2 capital that would be set apart under baseline stress conditions.

We have implemented Software Defined Data Centre and Software Defined WAN. As a next step, we are embarking on virtualising our Desktop Infra via

VDI (Virtual Desktop Interface) solution in the Bank. This leads to a drastic reduction in electricity consumption, and that is a good way of saving energy/helping in environmental efforts.

Social – Empowering Stakeholders

Bank has created separate verticals for promoting educational loans, housing loans, MSME, Agri and Micro segments targeting its responsibilities towards the upliftment of society through serving the needs of those who aspire for higher education, constructing houses, starting micro/small enterprises etc.



Bank is also in a big way extending loans to SHG/JLG to cater for the needs of a weaker and socially backward society. Through gold loans, the bank addresses the urgent needs of the public. The portfolio of the Bank also includes direct assignment transactions wherein the ultimate beneficiary is the economically weak borrowers.

Bank has tied up with Business Correspondents to distribute Microfinance loans to eligible woman beneficiaries. The business is spread across the country. The borrower and the nominee are covered under credit insurance. The Bank is also enrolling the

customers in Social Security Schemes, viz. PMJJBY, PMSBY and APY were introduced by the Government of India. The Bank is also managing Aadhaar facilitation centres at selected places to enable the public to enrol and update Aadhaar information.

CSR Initiatives – Caring for Communities

As a responsible and socially conscious financial institution, we understand the significance of giving back to society and actively contributing to its well-being. Our focus areas of CSR activities are healthcare, education and gender equality. We ensure that our programme reaches out to the maximum number of deserving people irrespective of caste, creed and religion.



'Project Dialysis'

CSB Bank joined hands with Fairfax India Charitable Foundation to be part of public charitable activities by donating for providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure.

Financial Aid Towards Housing Programme for Destitute Women

CSB Bank, through implementing agency, 'Trichur Archdiocese Buon Natale Trust', supported in construction of houses for destitute women.

Contribution for Operation of Old Age Home

CSB Bank contributed towards the project 'Saral Satya Legacy' for the operation of an old age home on a piece of land leased to Dharampal Satyapal Charitable Trust by the Greater Noida Industrial Development Authority.

Supporting Education Projects

CSB Bank has contributed towards the project 'Sponsor for Success – Education Funding Initiative' conducted by 'Thuvakkam Welfare Association', a Non-Governmental Organisation working towards the betterment of society. The project is designed to support kids from economically backward families to get a quality education that will enable them to support themselves and their families financially.

Supporting Hygiene Projects

CSB Bank has contributed towards the 'Suhadharam Hygiene Project', conducted by the 'Thuvakkam Welfare Association'. The Suhadharam Initiative is aimed at promoting hygiene in public places and at required schools and colleges, by way of installation of proper toilets.

Supporting Healthcare Projects

CSB Bank has contributed towards the 'Help for Humanity Healthcare Project', conducted by Thuvakkam Welfare Association. The said project is an initiative to provide aid for medical requests to support different medical costs for medicines, treatment, surgery and post-operation care.

Contribution Towards Project 'Maha Arogya Shivar' – A Mega Health Camp

CSB Bank contributed towards conducting 'Maha Arogya Shivar', a Mega Health Camp in Thane in which an audience of over 1 lakh people and hundreds of doctors from across the city and district are expected to participate. The endeavour was to act as a saviour to the lower and middle-class families that have been neglecting their health.

Supporting Housing, Education, Special Medical Care and Vocational Training for Children/Adults With Disabilities

'Families for Children' is a non-profit, non-sectarian organisation that exists to fulfil the needs of children and young adults with physical/mental disabilities. CSB Bank has supported the organisation in providing housing, education, special medical care and vocational training to children and young adults with physical and/or mental disabilities.



Supporting rehabilitation, training and therapy of mentally disabled

CSB Bank contributed to Liza's Home, a registered public trust with its chief objective to provide various kinds of services and care for the mentally disabled of all ages, regardless of their caste, creed or religion. The contribution of the Bank was utilized for providing care and rehabilitation for differently abled adult women.

People First Mindset

Employees are our most valuable assets and critical for achieving long-term success. Our employees execute strategies, build customer relationships and create value for the stakeholders. We are constantly investing in the development and well-being of employees and their engagement to boost their productivity for the sustainable development of the organisation.

Bank has a competitive compensation structure based on performance, which outlines our rewards philosophy and practice. Bank has a defined framework that is revised every year to arrive at variable pay and salary hike. Further, all employees are encouraged to foster a culture of recognition within their teams. To enable instant recognition on the ground, we use a provision on our HRMS platform through which appreciation can be shared within employee groups. Leaders and managers on an ongoing basis use existing recognition programmes for their team members.

Work Life Balance

Bank encourages all eligible employees to avail leave of at least for a duration of 10 days in a year. Bank also provides flexibility in shift timing.

The Bank extends medical insurance, voluntary parental insurance, group term life insurance and group personal accident insurance to all employees.

This year, the Bank initiated new policies like annual health check-up leave, menstrual leave for women employees and bereavement leave.



6,841
Total employees



2,150
Women employees



2,200
Hires this year



97%
Women coming out of maternity leave to rejoin

Employee trainings

We conducted 26 different types of training for our employees in FY22-23. We also introduced e-lessons in our training. We conducted 202 online programmes with 20,802 participants, 13 physical programmes with 425 participants, and 53 external programmes with 150 participants. A module on customer satisfaction is embedded in multiple pieces of training that are conducted.

25,000+
Training hours

6,340 EMPLOYEES
E-lessons assigned

Starting from fiscal year 2022-23, the Bank launched the #MyCSBBank annual engagement survey. The first survey elicited responses from 3175 employees, based on which several interventions like Managerial Development Plans, work on a central Recognition Framework, etc. were implemented. Over and above this, the HR team also initiated pulse surveys to gauge employee sentiment on various policies and processes.

Legacy of Strong Governance

CSB Bank has consistently upheld the principles and standards of corporate governance throughout its century-long journey. The Bank has established a culture of transparency in disclosures and maintained a flawless record of compliance, thanks to well-defined internal systems, controls, processes, and procedures. These measures have been diligently implemented at all levels of governance, ensuring accountability for any misconduct.

Corporate Governance Framework at CSB Bank



CSB endeavours to be a leading Bank, striving to excel in bringing products that satisfy the needs of targeted client segments, backed by excellent service – through our branches and technology-driven initiatives in a compliant and regulated manner. For our employees, we want to create a culture of pride – driven by performance and productivity that should eventually result in sustainable growth in business and deliver superior returns to our shareholders.

Our dedicated board of directors oversees and ensures adherence to sound governance and compliance practices in the Bank. To enhance oversight effectiveness, specialised committees focusing on risk management, internal audit, and compliance have been formed.

The Bank has put in place a 'Code of Conduct and Ethics', framed in line with corporate governance principles, which applies to all its directors and employees. This articulates the ethical principles and acceptable behaviour that the Bank's directors and employees are expected to imbibe and demonstrate towards upholding the Bank's values.

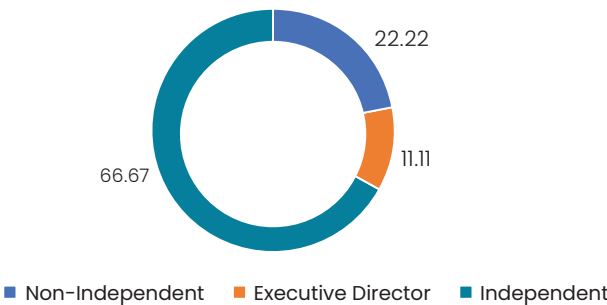


Risk Management is a vital constituent in the Bank's governance. The Bank has a well-experienced integrated risk management team with specialised knowledge in various areas to handle risk management functions. The Bank has policies and procedures in place to measure, manage and control the various risks to which the Bank is exposed.

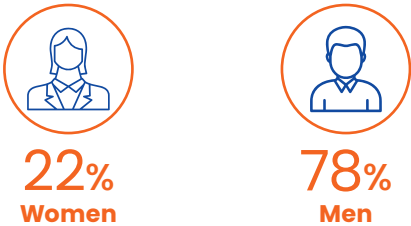
BOARD OF DIRECTORS

We strongly believe that a well-rounded and diverse Board of Directors is essential for fostering a culture of leadership within the organisation. By encompassing a broad range of perspectives, backgrounds, skills, experiences, and expertise, it creates an environment that encourages long-term vision, upholds good governance practices, and safeguards the interests of all stakeholders. The composition of our Board is designed according to the policy and governance practices being followed, reflects a diversity of thought, backgrounds, skills, experiences and expertise and a range of tenures that are appropriate given the Bank’s current and anticipated circumstances and that collectively enable the Board to perform its oversight functions effectively.

Board Composition (%)



Board Gender Diversity



Ms. Bhama Krishnamurthy
Non-executive Chairperson
Date of joining: September 3, 2018

Ms. Bhama Krishnamurthy is the Non-Executive Chairperson of the Bank with effect from November 17, 2022.

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.



Mr. Pralay Mondal
Managing Director & CEO
Date of joining: February 17, 2022

Mr. Pralay Mondal is the Managing Director & CEO of the Bank with effect from September 15, 2022.

Experience: He has over three decades of banking experience across multiple businesses and functions, including retail assets, retail liabilities, business banking, products and technology. Mr. Mondal has been instrumental in building up various facets of leading banks such as Axis Bank, Yes Bank, HDFC Bank and Standard Chartered Bank. He was holding the position of President (Retail, SME, Technology and Operations) in the Bank with effect from September 23, 2020, and was elevated to Deputy Managing Director with effect from February 17, 2022. He was appointed as the Managing Director & CEO (Interim) of the Bank with effect from April 1, 2022, and up to September 15, 2022.

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



Mr. 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 has previously worked with ANZ Grindlays Bank Limited, Citibank N.A., Emirates Bank International, and Birla Capital International AMC Limited in the past. He is currently the Managing Director of Thomas Cook (India) Limited. He was the Non-Executive Chairman of the Bank for the period from April 22, 2019, and up to July 21, 2020.

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



Mr. 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 negotiating, execute and exiting 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 a Master’s Degree in Commerce from the University of Mumbai.



Ms. Sharmila Abhay Karve
Independent Director
Date of Joining: July 20, 2020.

Experience: She has over three decades of association with the Network of PricewaterhouseCoopers firms in India in various capacities till she retired on June 30, 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 of 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 a Bachelor’s Degree in Commerce from the University of Mumbai



Mr. 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 the merger, he 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 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 a Bachelor’s Degree in Commerce from Mumbai University.

BOARD OF DIRECTORS



Mr. 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 the Indian Institute of Bankers.



Mr. Biswamohan Mahapatra

Additional Director – Non-executive & Independent

Date of Joining: June 20, 2023

Experience: He was a central banker with a career spanning about 33 years in the Reserve Bank of India (RBI) in various capacities and retired as Executive Director in August 2014. As Executive Director, he handled banking regulation and policy matters. He was instrumental in the implementation of Basel III regulations. He was associated with various working groups and committees and represented the RBI as a member/Chairman/Convenor of these various working groups and committees. Post-retirement, he was an advisor to the RBI on the bank licensing process. He was the convener of the Government of India Task Force to set up the Resolution Corporation under the Indian Financial Code.

Qualification: Master of Science in Management from Arthur D. Little Management Education Institute, Cambridge, USA, specialising in Finance. MBA (Finance) and Master's in English Literature from the University of Delhi and Jawaharlal Nehru University, respectively.



Mr. 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.

SENIOR MANAGEMENT TEAM



Narendra Kumar Dixit

Head – Retail Banking



Satish Gundewar

Chief Financial Officer



B K Divakara

Head – Strategy & Corporate Legal



Manish Agarwal

Chief Credit Officer



Shyam Chandher Mani

Head – SME & NRI



Rajesh Choudhary

Chief Technology Officer



Harsh Kumar

Chief Human Resources Officer



K Chandrasekhar

Head-Operations



Runa Das

Head – Wholesale Business



Ajith Jose

Chief Compliance Officer



Arvind Sharma

Chief Risk Officer



Jaikumar S

Chief Internal – Vigilance Officer



Sijo Varghese

Company Secretary



Tony Sebastian

Head – Treasury



Santhosh Kumar P

Head – Audit & Inspection (Interim)



Raju Kumar Ojha

Business Planner

MANAGEMENT DISCUSSION AND ANALYSIS

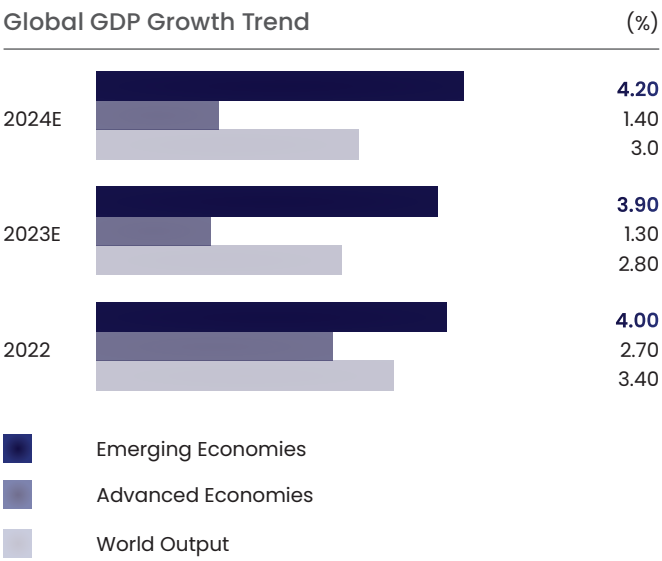
Economic Overview

Global Economy

Fiscal 2023 proved to be an extraordinary year. It was one of the most difficult years that the global economy experienced – at least since the start of the global financial crisis around a decade and a half ago. The world economy was recovering steadily, supported by a slew of policy measures to provide fiscal stimulus to the economy across the board, followed by robust private consumption and public spending, and inflation was just a perceived risk after two years of the raging pandemic but the outbreak of the Russia-Ukraine conflict in February 2022 posed significant headwinds to growth, resulting in a gloomy and uncertain outlook for the global economy. This conflict prompted the US-led coalition to impose economic sanctions on Russia, which accentuated a global energy crisis, especially in Europe, and pushed up energy prices. It also hampered the normalisation of global supply chains, pushing up commodity and food prices significantly in most major economies. In a bid to tame historically high inflation, central banks across the globe led by the US Federal Reserve, resorted to synchronised monetary tightening at the fastest pace not seen since the 1980s. Further, China’s stringent zero-COVID policy weighed heavily, with global GDP growth slowing down to 3.3% in 2022 from 6.5% in 2021.

Global inflation averaged 8.5% in 2022. Further, the collapse of Silicon Valley Bank (SVB), followed by Signature Bank and First Republic Bank in the US, and the Swiss regulator-led takeover of Credit Suisse by UBS fueled fears of a global banking crisis. However, a milder winter in Europe helped stave off the energy crisis while China’s faster-than-expected recovery post-reopening in the latter half of 2022 helped partially offset the negative impact. The worst expectations seem to be behind, with the US job market staying strong and German growth being revised marginally upwards.

The trajectory of the global economy in 2023 will depend on the confluence of various factors, including inflation, interest rates, and financial markets, against a complex geopolitical backdrop. The impact of higher interest rates will weigh on economic growth and earnings. The International Monetary Fund (IMF) estimates the world economic growth to bottom out at 2.8% in 2023, and pick up to 3.0% in 2024, led by economies in Asia, especially India and China. Further, the IMF expects global inflation to moderate to 6.6% in 2023, and further to 4.3% in 2024.



Source: IMF World Economic Outlook, April 2023

Global Banking Industry

For banks globally, 2022 was a tumultuous year of multiple shocks and growing uncertainty. Banks emerged strong from the pandemic with strong margins and Tier 1 capital ratios at their highest level in 20 years. But geopolitical and other lingering economic and social effects of the pandemic resulted in central banks all over the world aggressively hiking interest rates to contain inflation. As a result, inflation has started cooling down however, there are fears about inflation remaining stronger for longer.

Come 2023, global financial stability has been shrouded with uncertainty following the collapse of two US banks and the rescue of the embattled Swiss Bank, Credit Suisse by UBS. The collapse was caused mainly by the fleeing of uninsured depositors out of the realisation that high-interest rates have led to large losses in these banks’ securities portfolios. Citing heightened risks for the sector after the rapid unravelling of SVB Financial Group fuelled fears of contagion, Moody’s cut the rating of the US financial system from stable to negative.

However, the US Financial Stability Oversight Council assuaged fears of instability in the US banking system, saying it was “sound and resilient” despite the stress on some institutions. Central banks responded to the crisis by using depositors’ insurance and making extra cash available to make sure financial transactions continued as usual. This crisis does not appear to be the same system-wide problem as in 2008. Investors, though, remain wary.

Indian Economy

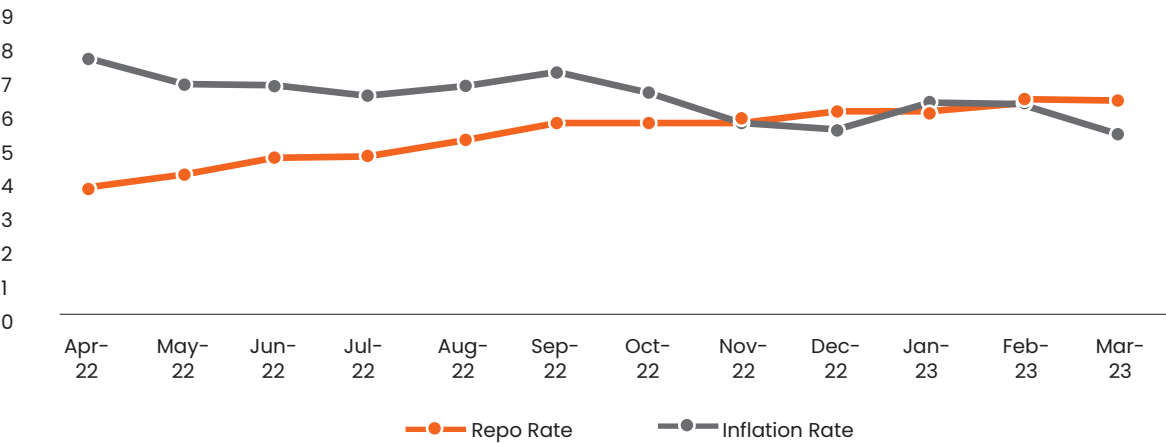
Though the global economy is navigating through rough waters, the Indian economy has demonstrated high resilience and continues to remain a bright spot in the global economy. India is expected to emerge as the fastest-growing major world economy, with an expected GDP growth of 6.5%-7%, according to the Economic Survey 2022-23. Robust private consumption, higher capital investment cycle for both the government and the corporates, strengthening corporate balance sheets and credit growth in retail as well as small businesses, along with government initiatives like PLI, National Logistics Policy and PM Gati Shakti Yojana, are expected to be the key drivers of economic growth going forward.

Although inflationary pressures remain, prompting the RBI to raise its policy rates cumulatively by 250 bps to 6.5% by March 2023 from 4% in April 2022, the RBI in the two latest Monetary Policy Committee (MPC) meetings in April 2023 and June 2023, paused the rate hikes after six consecutive rate increases. However, the RBI Governor mentioned that withdrawal of accommodation was continuing and the pause was only for now due to moderation in the hawkish stance from the Fed, weakness in the US dollar and the recent improvement in India’s current account position and stressed that the MPC will not hesitate to take any further rate hikes if concerns about Indian inflation increase further. The unchanged policy rate stance has been met by non-committal forward guidance, clearly adding more stress to the fluid and uncertain global situation, implying macro assessments might require appropriate adjustments from the policy perspective. Going forward, the RBI expects inflation for the fiscal to be between 5.2% and 5.3%.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Repo Rate and Inflation Rate



For FY23 fiscal, the Index of Industrial Production (IIP) grew 5.1%, impressive, coming on the back of a growth of 11.4% for FY22. For the year, the manufacturing sector grew 4.5% y-o-y, electricity grew 8.9% y-o-y, and mining grew 5.8% y-o-y. India's factory activity expanded at its quickest pace in the calendar year, driven by strong new orders and output. The PMI (Purchasing Manager's Index) for April 2023 stood at 57.2 from 56.4 in the previous month. It stood at 57.6 a year ago.

India's overall exports scaled new heights, registering 14% growth over the previous year to reach an all-time high of \$770 billion. Out of this, service exports increased 27% to \$323 billion, and merchandise exports increased 6% to \$447 billion.

The total gross collections of GST for FY23 stood at ₹18.10 lakh crore, and the average gross monthly collection for the year stood at ₹1.51 lakh crore, up 22% y-o-y. On the other hand, the forex reserves depleted by \$28 billion during the year and stood at \$578.44 billion as a result of a sharp jump in fuel prices due to the geopolitical crisis putting pressure on Indian currency and RBI having to sell dollars from reserves. However, with things stabilising, currently, the reserves stand at an 11-month high of \$596 billion.

Opportunities: Strong domestic demand driven by a young population, rising incomes, strong investment momentum through government spending on infrastructure and private sector investment in manufacturing and services and improving exports driven by recovering global economies, are the major opportunities.

Challenges: Global geopolitical risks and sticky inflation that could lead to higher interest rates in global economies for longer could be the main challenges.

India GDP	(%)
FY23-24E	6.4
FY22-23	7
FY21-22	9.1

Outlook

The Economic Survey of 2022-23 expects the Indian economy to deliver robust economic growth in the range of 6%-6.8% in FY2024, depending upon the trajectory of economic and political developments globally. The optimistic growth forecast follows positives like the rebound of private consumption given a boost to production activity, higher capital expenditure (Capex) by the government, the strengthening of the balance sheets of the corporates, well-capitalised banks ready to increase the credit supply and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector among others. Further support to growth, will come from an expansion of public digital platforms and inclusive and developmental policies of the government, like PM Gati Shakti, National Logistics Policy, PM Rashtriya Awas Yojana and PLI Scheme, to name a few. The ongoing Russia-Ukraine conflict and global inflation remaining sticky, leading to Central Bank keeping high-interest rates for longer, are key risks to growth.

Source: Economic Survey 2021-22

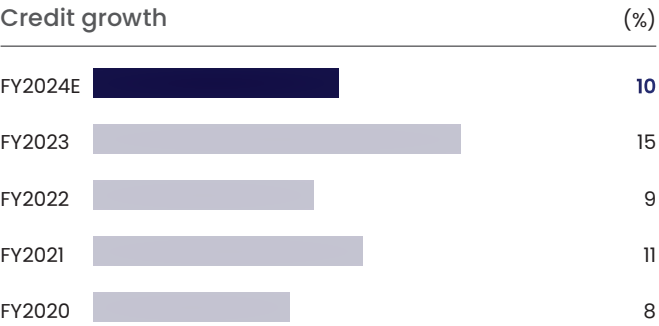
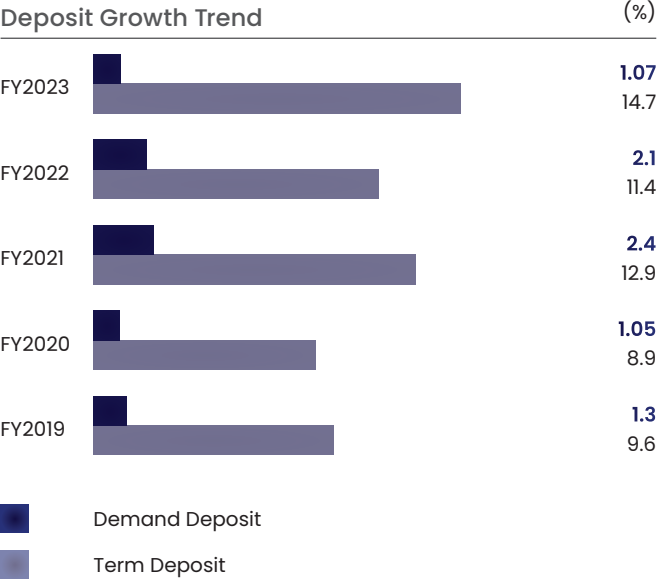
Industry Overview and Outlook

Although the global banking industry is going through fears of financial contagion, Indian banks are well-capitalised with robust balance sheets and improving asset quality on the back of stringent regulations, supervision and capital requirements. The Indian banking sector is expected to be the world's third-largest domestic banking sector by 2050 as per the PwC report titled "Banking in 2050".

Key Banking Parameters

Credit and Deposit Growth

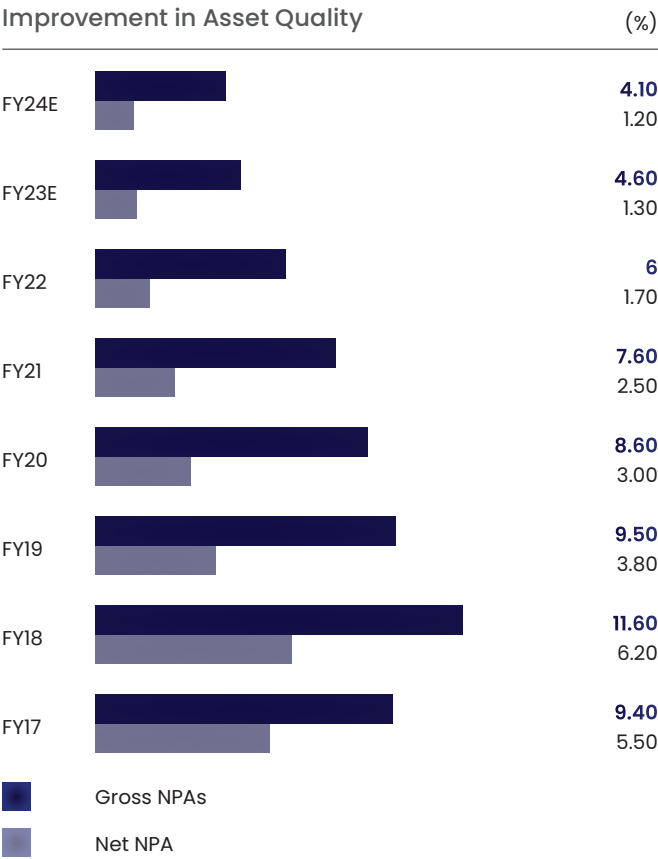
The banking sector witnessed remarkable progress in FY2023 as both incremental deposit and credit growth reached unprecedented levels. Incremental credit stood at ₹17.83 lakh crore, and incremental deposit stood at ₹15.78 lakh crore. As a result of this incremental credit deposit ratio stood at a 15-year high of 113%. For FY2023, the banking sector reported deposits of ₹180.44 lakh crore and loans of ₹136.75 lakh crore, leading to a credit-deposit ratio of 75.8 per cent. This ratio is the highest in the past three years, up from 72.2 per cent the previous year.



ICRA expects the growth momentum to remain strong in FY2024, with incremental credit growth of ₹15.0-16.0 trillion in FY2024. Next year's impetus for credit growth is expected to come from the government's infrastructure push (budgetary allocation of ₹10 trillion) and higher working capital demand partly due to higher inflation and corporate credit.

As per CRISIL, retail loans (26% of total advances) are expected to grow the fastest at 17%-19%. As per CRISIL, demand for home loans stays robust. MSME portfolio is

expected to grow at a reasonable 16%-18%. Agri growth is expected around 10%, supported by a normal monsoon harvest. Corporate credit (45% of overall credit) is expected to grow at a 2-year CAGR of 10%-12% up to FY2024, a meagre 3% increase from the FY19-22 period.



Source: ICRA report

NPAs are down at multi-year lows, and asset quality is expected to further improve with GNPA's and Net NPAs declining to 3.9-4.3% and 1.1-1.3%, respectively by March 2024. The fresh slippages have been granular with better recoveries and upgrades leading to lower net slippages, as well as credit losses. The sale of NPAs under the asset reconstruction companies (ARCs), including NARCL, could further moderate these headline metrics.

Capital Adequacy

PSU banks have a cushion of over 100 bps over Tier I capital requirement of 7.6%, and 80% of private sector banks have a capital adequacy cushion of 300 bps over Tier I capital requirements. Driven by expectations of healthy internal capital generation, banks are expected to be largely self-sufficient in capital requirements.

With improved growth and better asset quality to drive improvement in profitability, the Return on Assets (RoA), and the Return on Equity (RoE) of banks are expected to

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

improve to 1.2-1.3% and 16.1-16.8%, respectively by FY2024 against 0.9-1.0% and 12.9-13.9%, respectively in FY2023.

Till March 31, 2023, debt funds enjoyed a much lower effective taxation rate as the long-term capital gain tax on a debt fund held for 3 years or more was only 20% with indexation benefit. As per the new rule, the return from the debt fund will now be added to the income of the taxpayers and will be charged at the applicable tax slab. This has brought debt MF on par with FD in terms of taxation and will result in bank deposits regaining their shine as an investment option.

Government/Regulatory Impetus to the Sector

The Union Budget 2023-24 announced capital expenditure of ₹10 lakh crore, a whopping increase of 37% over the previous year's outlay, which would have a multiplier effect on the economy. Sector-specific policies like the Production Linked Incentive (PLI) scheme to boost domestic manufacturing across 15 sectors.

Credit Guarantee Scheme for MSME

The revamped scheme will take effect from April 1, 2023, through the infusion of ₹9,000 crore in corpus. This will enable additional collateral-free credit of ₹2 lakh crore. The cost of credit will be reduced by about one per cent.

National Financial Information Registry

The Government of India is setting up National Financial Information Registry for efficient lending, financial inclusion and stability. The government has also allowed credit cards to be linked with UPI, allowing users to pay with credit cards using UPI in the future. The RBI also released its 'Payments Vision

2025' document, which aims for a threefold increase in digital payments, an increase in debit card usage, and less cash in circulation.

Non-Deliverable Forex Derivative Contracts in Indian Rupee

RBI has now proposed to permit banks with IBUs to offer non-deliverable foreign exchange derivative contracts involving the Indian rupee to resident users in the onshore market. This measure will deepen the forex market in India and provide enhanced flexibility to residents in meeting the hedging requirements.

The RBI has also proposed expanding the scope of UPI by permitting the operation of pre-sanctioned credit lines at banks through UPI. This will further encourage innovation. During the year, RBI also decided of allowing all inbound travellers in India to use UPI for their merchant payments. RBI also proposed to extend its purview of regulations to online payment aggregators, along with online payment regulators to bring in regulatory synergy and convergence on data standards. To simplify the efficiency of regulatory processes, RBI has decided to have a web-based centralised portal named Prabha. The portal will show time limits for deciding on the applications and approvals sought. To improve and widen the access of depositors and beneficiaries to information on unclaimed deposits, it has been decided to develop a web portal to enable search across multiple banks for possible unclaimed deposits.

Central Bank Digital Currency

After making impressive progress towards digital payments, RBI is now focussing on CBDC or Central Bank Digital Currency. The government announced the introduction of the CBDC (digital rupee: e₹), an RBI-controlled and -managed digital counterpart of the country's fiat currency. The RBI launched the pilot in the

wholesale and retail segments within a closed user group and selected banks. It is a reimagined and digital version of the physical currency, the same as sovereign paper currency.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Pan-India Presence Bank has 703 branches and 528 ATMs/CRMs across 16 States and 4 UTs in India. In line with our business focus on SMEs, we have a decent presence in the SME clusters in the country as identified by UNIDO.	Low Investments in Technology In FY2023, we launched the SBS 2030 change management theme in the Bank & substantial investment in technology is being made every year. However, when compared to the peer group, our investment in technology looks relatively lower.	Resilient Domestic Economy The strong domestic market shall support growth. Segments like Manufacturing, exports, renewables, EVs, personal loans etc. are likely to be the key growth drivers. Bank Credit growth is set to stay robust in FY 24 with reasonable asset quality. While the Gold/SME/WSB verticals will find better opportunities, the revamped/recently set up retail verticals will be able to establish themselves with the initial growth momentum, which will infuse a lot more confidence in the right scale-up.	Margin Pressure NIMs of banks may come under pressure considering the elevated levels of deposit interest rates, which are expected to continue for some more time and the impact of repricing spillover to FY2024. Banks should be able to contain this impact to some extent as they gradually pass over the policy rate hikes to the loan customers.

Strengths	Weaknesses	Opportunities	Threats
Strong Capital Base CRAR of the Bank is one of the best in the industry, giving adequate headroom for growth. Further, the RWA to total assets is one of the lowest in the industry.	Speed of Product Delivery Bank is a late entrant in offering a few of the products like Credit Cards and other retail products. Now, Bank is having all the products on par with the competitors in our product bouquet, and the gaps are being addressed.	Tech Innovations The pace of tech innovations will bring in cost efficiencies and improved customer user experience. Setting up Digital Banking Units (DBUs) on a larger scale can be the next big step in India's digital banking space. As Bank is in the build phase of the SBS journey where major tech investments are envisaged, we are in a position to upgrade ourselves with the best-tested solutions, which will place us at par or slightly ahead of the industry standards.	Competition from peer banks, Small Finance Banks (SFBs), NBFCs, Fintech Companies Bank may face strong competition from peer banks in all principal lines of business. Primary competitors are public sector banks & private sector commercial banks for all the products and services. We are facing stiff competition from Small Finance Banks on deposit pricing and from NBFCs in the Gold Loan segment.
Retail Offering Driven by Strong Gold Loan Portfolio Our retail offering is primarily driven by Gold Loan portfolio growth which has the benefits of higher yield, low stress, low capital requirements, liquid security etc.	Geographic Concentration in South India More than 75% of the branch net work is concentrated in southern states of the country and having a well-established brand value. However as per current distribution strategy of the Bank, more branches are getting opened in the high deposit centres of Northern and Western India, which will reduce the south concentration and tap the high potential centres.	Conducive Environment to Sustain Our Core Strengths An increase in the gold prices and demand for gold will bode well for the growth of the Gold Loan portfolio in the Bank. Resilient growth is seen in the agriculture segment, and the expectations of good weather and decent Rabi harvest will strengthen the rural demand. SME/MSME sector is expected to contribute significantly towards the growth in exports going forward and act as a strong catalyst towards reaching the \$1 trillion target by FY30. The rollout of new products and setting up of the new Transaction Banking Group (TBG) vertical will help the Bank to get a decent share of the business.	Market Volatility Any strong data releases resulting from the continuing geopolitical unrest, increase in commodity prices, supply disruptions etc. may lead to the re-emergence of the rate hike cycle. The lower-than-expected loan growth rates may intensify the asset quality strains and keep credit costs at elevated levels.
Stable Resource Profile The retail deposit base of the Bank is quite strong and stable with a renewal pattern of more than 90%.	Lower Branding Spends Branding spending of the Bank may be lower as compared to other banks. Bank has put in a revamped marketing and branding team. As a first step towards aggressive marketing of the products and services, Bank has initiated digital campaigns and will gradually progress towards other media.	Favourable Yield Movements The softening of yields post the recent policy announcements will help in booking some treasury profits, and in maintaining the cost of funds at a reasonable level.	Cyber Threats Any security breaches/online frauds may pose a threat to the system. Due to the increased tech and digital advancements, cyber-attacks have emerged as the most significant hazards to the financial sector and the number of instances has gone up. Hackers have improved their technology and expertise, thus adding to the vulnerability of the banks in preventing attacks consistently.
Asset Quality The Asset Quality ratio of the Bank is one of the best among peer-sized banks and the PCR with write-off is in excess of 90%. Apart from this, the Bank is holding the contingency provisions far higher than the Net NPA book of the Bank. Bank is pursuing its accelerated provisioning policy for NPAs whereby the provisioning is being made higher than the RBI prescriptions.	Modest-sized Franchise with Moderately diversified Asset Mix Despite 100-plus years of vintage, Bank is having a modest customer franchise. Bank is building scale for most of its products, including retail segments, and this will take some time to achieve material scale and seasoning. Bank will continue to focus on gold loans to keep benefitting from higher yields, low credit costs and lower risk weights.	Expanding the Footprints Bank is in fast expansion mode since FY2021 and has opened 100 branches in each of these FYs since then. Opening branches in semi-urban/rural locations will help the Bank to participate more in the FI initiatives launched by the government.	Retention of Talent Bank acquired about 2200 employees in the last FY. Though Bank has an established system to reward excellence and promote meritocracy, attrition could be an emerging threat due to the better prospects offered by competitors.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Outlook and Business Strategy

Elevated and persistent levels of inflation in both developed and developing economies are eroding real incomes. The monetary tightening measures adopted by economies to counter inflation have led to an increasingly challenging macroeconomic and financial environment, and many countries are at risk of entering a vicious cycle of weak investment, slow growth and rising debt-servicing burdens. Rising interest rates and diminishing purchasing power have weakened consumer confidence and investor sentiment, further clouding the near-term growth prospects of the world economy. Global trade has softened due to tapering demand for consumer goods, the prolonged war in Ukraine, and continued supply chain challenges.

Amidst the global shocks and challenges, the domestic economy continues to be resilient, stable and fully functional. Inflation, though elevated, is declining in response to front-loaded monetary policy actions and supply-side interventions. In the financial sector, buoyant demand for bank credit and some revival in the investment cycle are seen, thus benefiting improved asset quality, profitability and robust capital and liquidity buffers.

In FY2024, India's GDP is projected at 6.5%, with anticipated support from strong credit growth, resilient financial markets, and the government's continued thrust on capital spending and infrastructure. However, lingering geopolitical tensions, tight global financial conditions and market volatility might pose some downside risks to this.

The change management theme of Sustain, Build and Scale (SBS) 2030 is up and running in the Bank, and Bank is progressing in the desired direction. In the first year of the SBS journey, Bank could sustain our core strengths and start the build phase. All the verticals planned for FY 23 are set up and have started contributing. FY2024 will be the most crucial year with sizeable investments in technology and full-service franchise infrastructure. On the distribution front, Bank will continue with its branch expansion policy with a pan-India focus with more than 60% of branches targeted for opening in the West and North regions.

Considering the government assumed nominal GDP growth of 10.5% for FY 2023-24, the banking industry advances growth is expected to be around 12%. On the front of the advance, Bank would endeavour to outpace the industry by 70 to 100% with SME and Retail focus. The Gold portfolio will continue to lead the loan growth for some more time and will come down gradually as the Bank scale the other retail book with the systems and processes falling in place. On the deposit front, Bank

will strive to maintain the growth that Bank achieved in FY2023. Opening branches in the high deposit centres, solution-based current account sourcing and acquisition of customers by the revamped TASC vertical, improved NR focus etc. will help the Bank in building CASA franchise and deposit base.

The key non-business priorities for FY2024 would be to plug in the gaps in the leadership, STP journey, creation of a service framework, stabilisation of new verticals, partnerships and alliances, geographic expansion, and most importantly, the tech platform and architecture.

Business Overview

Retail Banking

Bank's Retail Banking portfolio includes a wide range of products like CASA Accounts, Deposits, loans, forex, credit card etc. to domestic and NRI customers. In the segment, the Bank offers need-based products ranging from meeting personal and business requirements of different segments of customers.

Bank has been offering a secured, convenient, and cost-effective 24*7 banking facility through its wide range of digital products and services; thereby boosting digital transactions, customer brand recall and stickiness.

The outlook of the retail franchise is very positive as Bank has built a very robust system, and processes to offer best-in-class products and services. In FY2024 also, there is an aggressive plan to increase the branch footprint in different parts of the country. Bank has heavily invested in hiring the right profile of manpower as well as upgrading the skills of the existing resources as the Bank believes that service will be a key differentiator. Bank intends to offer a full suite of products and services tailored to the needs of different segments of customers. The Right Product, Right Processes, Right Team and the Right Distribution will help Bank to accelerate its growth in the coming year.

SME Banking

With the Indian economy emerging as one of the leading economies of the world, major impetus is being given to strengthen the SME sector. The sector has gained significant importance due to its contribution to the Gross Domestic Product (GDP) of the country and exports.

The SME team is working relentlessly to make the Bank emerge as the preferred partner for SMEs. Bank is engaged in the implementation of multiple initiatives to ensure best-in-class product services are delivered to Customers. The Bank has focused on leveraging Branch channels to reach out to potential customers. Bank has also introduced two sub-segments called Business Banking Segment (BBG) and Emerging

Enterprise segment (EEG) within SME business for a differentiated approach towards micro, small and medium enterprises in terms of turnover and exposure. In addition to this, Bank's key focus is on simplifying policy and process through technology enablement.

The SME franchise of the Bank continues to focus on improving client-level profitability by working closely with customers through a robust relationship management structure covering portfolio Hygiene and wallet share.

Wholesale Banking

The Wholesale Banking Segment caters to corporate clients, primarily medium-sized enterprises. Wholesale Banking comprises Corporate Lending, Capital Markets, Securitisation and Supply Chain Finance divisions.

Bank offers a range of Commercial Banking products and services such as Working Capital Financing, Corporate Loans, Term Loans, Trade Credit, Bill Financing, Supply Chain Financing, Securitisation Transactions, TReDS, etc. The division also provides banking services to Financial Institutions, viz. NBFCs, Banks, Insurance Companies, Mutual Funds, Brokers, etc.

Treasury Management

Bank's treasury operations primarily consists of statutory reserves management, asset liability management, liquidity management, investment and trading in fixed income and money market instruments and foreign exchange operations. Treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). Bank maintains SLR through a portfolio of dated securities and treasury bills of the Government of India, state development loans and other securities as may be permitted by the RBI from time to time. In addition, the portfolio is churned to optimize yield and reap benefit from price movements. Apart from sovereign debt instruments, Treasury also invests and trades in Commercial Papers, Bonds and

Debentures, Mutual funds, Alternate Investment Funds, Pass Through Certificates, Certificates of Deposits, and Equity to manage short-term surplus liquidity and to improve yield and trading profit. Treasury also conducts the Bank's foreign exchange transactions in accordance with the guidelines issued by RBI, FEDAI and other regulatory bodies from time to time and makes revenue from various transactions.

Review of Performance

Total Business

Total business of the Bank stood at ₹45,995 crore as on March 31, 2023, as against ₹36,931 crore a year before, registering a y-o-y growth of 25%.

Total Assets

Total Assets have increased by ₹3,806.01 crore and stood at ₹29,162.28 crore as on March 31, 2023 as against ₹25,356.27 crore as on March 31, 2022, registering a growth of 15 % on an annual basis.

Total Deposits

Total deposits of the Bank stood at ₹24,505.81 crore as on March 31, 2023, compared to the previous year's level of ₹20,188.30 crore, registering a growth of 21% on a y-o-y basis.

CASA

- During the period under review, CASA has reached a figure of ₹7,886.26 crore as on March 31, 2023, from ₹6,795.17 crore as on March 31, 2022, registering a growth of 16.06% on an annual basis and ₹1,091.09 crore in absolute terms.
- CASA ratio was at a healthy 32.18% at the end of financial year 2023.
- The aggregate NRI deposits of the Bank at the end of FY2023 stood at ₹4,925.62 crore, compared to previous year level of ₹4,525.47 crore, registering a growth of 8.84%.

Classification of Deposits Portfolio (₹ In Cr)

	FY23	FY22	Growth	Growth %
Demand Deposits	1,985.71	1336.32	649.39	48.60%
Savings Deposits	5,900.55	5458.85	441.70	8.09%
CASA	7,886.26	6795.17	1,091.09	16.06%
Term Deposits	16,619.55	13393.13	3,226.42	24.09%
Total Deposits	24,505.81	20,118.30	4,317.52	21.39%

CASA Strategy

The Branch Banking Vertical is focused on Deposits (including low-cost deposits) and cross-selling to existing customers. We have introduced segmented product offerings to customers for meeting their banking requirements. To cater to affluent customers,

products like Zenith, Elite and Prime have been launched. Similarly, CA variants have been launched for customers engaged in Exports and Imports. Cash Deposit Machines have been introduced at 200 locations to offer a 24*7 facility to Current account customers. The focus is to acquire good quality customers and build a franchise.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Bank has engaged in many partnerships and alliances to offer various transactional avenues for its customers. Tie-ups have been done with Payment Services companies like Pinelabs and Worldline to provide Point of Sales (POS) machines to customers. QR code facility is also offered. For Savings account customers, Bank is offering E Broking accounts in partnership with IIFL Securities. Credit Cards and Debit cards are offered for ease of transaction. New features have been added to Net Banking/ Mobile Banking platforms to increase digital banking penetration.

The branches are more focused on providing better customer experiences through efficient customer services and products to all categories of customers of the Bank and thereby generating cross-selling opportunities and revenue. On-boarding of customers has been revamped to enhance customer experience and the CRM solution as a tool, is actively used by customer interfacing staff which helps in increasing the sales productivity effectively. The sales and customer relationship team comprising of Business Development Executives, Relationship Managers/ Officers and Customer Relationship Executives as customer interfacing staff have been strengthened to achieve the sales and service objectives of the Bank. Bank is aggressively focusing on acquiring High net worth customers and high-value accounts to build premium CASA franchises.

Bank has received an Agency bank license from RBI to undertake general banking businesses of central and state governments as per the guidelines framed by RBI. Specialised teams have been built up for key growth segments including Government business, TASC and other potential growth segments.

Advances

Bank's total advances (gross) stood at ₹21,489.09 crore as on March 31, 2023, as against ₹16,742.39 as on March 31, 2022, registering a growth of 28%. The Gross CD ratio of the Bank improved to 87.69% in Financial Year 2022-23 as against 82.93% in the Financial Year 2021-22.

Retail Assets

The retail assets portfolio of the Bank comprises Gold loans and other retail loans viz. Personal Loans, Auto Loans and Credit Cards. The re-classification of retail loan portfolios other than gold loans was carried out in FY2023 with a new vertical being formed and sub-verticals for each segment of loans.

Gold Loans

Gold Loan Portfolio of our Bank as on March 31, 2023, stood at ₹9,701 crore from ₹6,570 crore as on March 31, 2022, registering a growth of 48% on a y-o-y basis. Gold Loan continues to be the mainstay of the Bank in terms of advance portfolio. Our key strategy of penetrating the

rural and semi-urban markets, which are dominated by unorganised sectors through our increased branch network has worked well in improving the portfolio.

Other Retail Loans

The Retail Assets portfolio of the Bank stood at ₹1546.84 crore as of March 31, 2023 as compared to ₹1215.84 crore as of March 31, 2022. The Book largely comprises Personal Loans, Mortgage Loans, Two wheeler loans, Vehicle Loans, Education Loans & Healthcare finance.

Retail Assets advances registered a growth of 27 % on a y-o-y basis. The core strategy in Retail Assets has been deepening the existing product offering within existing branches coupled with identifying the right target segments and keeping the associated risks under control. In FY2023, the focus was more on the Personal loan and Auto loan segments. Within Auto Loan, banks have different product propositions starting mainly with new car loans, commercial vehicles and inventory finance.

Personal Loan

Bank has started a dedicated personal Loan vertical during the financial year, offering various personal loan products in different geographies. Bank has also implemented a Loan Origination System (LOS) to streamline the loan journey, robust deduplication logic, and faster credit decisions to reduce overall TAT, and better customer experience in the personal loan segment. PL portfolio of the Bank has shown substantial growth during the year to ₹233 crore. The figure is post-re-classification, and FY2023 is the first year after a new vertical is formed.

Auto Loans

The automotive industry in India is one of the main pillars of the economy. The Auto Industry contributes 8% of the country's total export and accounts for 2.3% of India's total GDP. India is the sixth largest in passenger vehicles in the World. The electric vehicle (EV) market is estimated to reach ₹50,000 crore in India by 2025. India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.

Bank is now catering to all segments of the Auto market viz. Two Wheeler, Car Loans, Commercial Vehicle Loans, Fleet operators etc. It is also offering inventory funding and dealer financing.

Credit Cards

Bank has ventured into the credit card business this year with a partnership with Master Card co-branded with One Card. One Card is India's only Mobile First Credit Card where users can manage every aspect of the card on a mobile app. The card was launched in the

last quarter of FY2023 and the segment is expected to grow sizeably in FY2024.

Agriculture And Micro Finance Franchise

Agriculture and allied sectors are playing a major role in the economy of India, which is the largest livelihood provider, where more than 50% of the workforce is engaged in. The most resilient sector during the COVID pandemic was Agriculture. It continues to contribute a significant figure to the Gross Domestic Product. Sustainable agriculture, in terms of food security, rural employment, and environmentally sustainable technologies such as soil conservation, sustainable natural resource management and biodiversity protection, are essential for holistic rural development.

Bank caters to each segment of the Agri value chain – individuals (farmers, professionals and self-employed), traders (dealers/distributors, aggregators), processors and rural institutions using customised propositions across product segments. The Bank meets the credit-related requirements of its agriculture customers through its unique set of products such as Kisan Credit Cards, Investment credit, Financing Agri Allied activities and Agri Ancillary units. These initiatives are designed to support the farmers engaged in agri and allied activities for maximisation of their agricultural income by ensuring optimum utilisation of their farm assets.

The increased presence of the Bank's branches in rural and semi-urban areas provides a great opportunity for Bank for improving its exposure to Agriculture and Priority sector. The Agri & MFI vertical could grow from ₹1,064 crore in FY2022 to ₹1,419 crore in FY2023, registering a growth of ₹355 crore in absolute terms or 33% on a y-o-y basis.

Bank has a variety of tailor-made schemes to meet emerging market demands and for better credit delivery. Bank has deployed a handful of specialised Relationship Managers and Agricultural Officers to cater to the needs of our valued farmer clients at their doorsteps. Bank is committed to continuing the growth in this portfolio with improved vigour and increasing its contribution to the upward trajectory of the Bank's business.

MSME Loans

The MSME sector is the backbone of our country's economy, there are a large number of entrepreneurs and workers who are part of these micro, small and medium enterprises. Equity and debt capital support is vital for these MSMEs as they go through many opportunities and risks in business. Scheduled banks and SME development banks have been playing a vital role to make this sector thrive.

The Bank offers Micro, Small and Medium Enterprise loans to businesses in various parts of India. The Existing Product offering is in the form of term loans, cash credit and overdrafts against collateral for self-employed businesses.

The MSME advances of the Bank stood at ₹267.30 crore as on March 31, 2023, as compared to ₹322.68 crore as on March 31, 2022, due to the re-classification of portfolios.

Priority Sector Loans (PSL)

Bank also plays a vital role in priority sector lending, meant for the overall development of the economy. Lending to the vital players of the economy such as Agriculture, MSME, education, housing and social infrastructure, etc., as part of priority sector lending, is the core strength of the Bank.

Bank adopted various measures with a reinforced focus on lending to small and marginal farmers, micro enterprises and weaker sections of the Society. Separate verticals are formed to cater to these segments with the support of experienced and specialised teams under the verticals.

The quarterly average Priority Sector advance for the FY 2022-23 is 71.42 % of Adjusted Net Bank Credit, which is against 40% prescribed by the Reserve Bank of India. Bank has also achieved the sub-targets under Agriculture, Small and Marginal Farmers, Weaker Sections and Micro Enterprises.

Bank could sell PSLC – Small and Marginal Category to the tune of ₹2,000 crore and purchased PSLC – Micro Enterprises category to the tune of ₹850 crore during the year 2022-2023.

Financial Inclusion

The objective of financial inclusion is to extend financial services to the large unserved population of the country to unlock its growth potential. It also strives to achieve more inclusive growth by making finance available to the poor, in particular, by bringing the low-income groups within the perimeter of the formal banking sector. The financial inclusion initiatives of the banks provide access to a formal credit system and provide credit support for consumption and investment, thereby leading to strong and sustainable livelihoods for individuals and households. The implementation of Financial Inclusion Schemes is a national priority and banks are playing a vital role in achieving these objectives of government. RBI has formalised National Strategy for Financial Inclusion to achieve these objectives across the country. The vision of the National Strategy for Financial Inclusion is Universal Access to Financial Services, Providing a Bouquet of Financial Services, Effective Coordination, Customer Protection and Grievance Redressal, Financial Literacy and Education and Access to Livelihood and Skill Development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Through the methods like Financial Literacy and Credit Counselling Centres (FLCCs) and by extending the banking outreach through Business Correspondents, Bank has enabled the channels for encouraging the savings of the unserved population of the country and offers new business avenues for lending to this group.

Bank has 57 Rural Branches and 7 FLCCs to strengthen financial literacy activities at the field level. As part of the financial inclusion initiative, Bank has reached out to approx. 1,89,000 families to extend small-value credit through microfinance loans.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

Bank has 137117 BSBDA's (Basic Savings Bank Deposit Accounts), and 2438 KCC Accounts (Kisan Credit Cards) outstanding as of March 31, 2023. Out of the BSBDA accounts opened, 72785 accounts were opened under Pradhan Mantri Jan Dhan Yojana.

PMJJBY, PMSBY and APY

Three social security schemes namely Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) were launched by Hon'ble Prime Minister on April 8, 2015. Bank has 3479 PMJJBY, 13920 PMSBY and 5018 APY accounts outstanding as on March 31, 2023.

Business Through Business Correspondent (BC) Model

As part of the commitment towards sustainable 'inclusive growth' in the rural and semi-urban segment, Bank has always focused on key partnerships to create viable business models, while providing 'access to finance' to the bottom-of-the-pyramid (BOP) customers. In this background, Bank has developed sustainable livelihood programmes to provide financial and non-financial services through business correspondents. The model developed is to empower the financially excluded class of people. It also promotes socio-economic development at the grass root level through community-based approach, through Self Help Groups (SHG) and Joint Liability Groups (JLG).

During the period under review, the Bank has extended credit to 1,89,000 women borrowers through the micro-lending programmes through the Business Correspondents model. Bank has reached out to more than a lakh of families through this initiative with the support of 16 Business Correspondents empanelled by the Bank across the geographies. Total business outstanding as on March 31, 2023, in Micro Finance business under the BC model is 474 Crores, registering a growth of 58% from ₹300 crore as of March 31, 2022.

Corporate Lending

The Corporate Banking Segment caters to corporate clients, primarily medium-sized enterprises, offering a range of products to meet the working capital requirements of corporate customers. Bank also takes active participation in funding capex requirements of its customers by extending term loans and project finance. The product offerings are suitably structured, taking into account of client's risk profile and specific needs specified by them.

Bank follows a risk-adjusted return philosophy in wholesale banking and is focused on growing mid-size corporate assets. The Bank is committed to continuously improving its efficiency and processes for a better experience for clients, leading to mutually beneficial relationships. Managed by small tight-knit, inter-disciplinary pan-India teams with great success, Wholesale Banking Division has achieved an overall growth of 16% in asset book, closing at ₹6,331.51 crore as on March 31, 2023 as compared to ₹5,443.84 crore as on March 31, 2022.

The Bank's corporate book closed at ₹4,720.98 crore on March 31, 2023, as compared to ₹4,113.32 crore as on March 31, 2022, registering a y-o-y growth of 15 % despite a de-growth in the corporate non-fund based book which stood at ₹592.25 crore as on March 31, 2023 vis-a-vis ₹759.64 crore as on March 31, 2022. While the funded book has grown by 15%, through medium-ticket-sized transactions with a loyal set of legacy customers as well as several newly on-boarded clients, growth was offset by heavy run-downs due to anticipated repayments and prepayment in our funded loan-heavy portfolio.

Direct Assignment & Securitisation business has also witnessed a 15.35% increment this Financial Year.

Bank intends to build value through a customer-centric focus on maintaining existing portfolio quality, and through the identification of key focus sectors for calculated market development and penetration to ensure sustainable asset growth and profitability. Bank is also constantly looking to streamline and improve the quality of our business credit underwriting, disbursement processes and operations to improve TAT and experience. Bank continues to focus on Mid-Market enterprises as a key segment for corporate lending to maintain granular ticket size and better Net Interest Margin. Bank intends to focus on a rapid increase in manpower to cater to our steadily increasing client base and diversified focus in sub-segments, building strength in our regional teams while also attempting to roll out new corporate product offerings to cater to the diverse needs of our valued customers.

A few of the client-focused corporate banking services as under:

Supply Chain Finance

The supply chain finance division of the corporate banking team has focused on products mainly TReDS-Trade Receivables e-Discounting System. TReDS would facilitate the discounting of trade receivables of MSMEs from corporates and other buyers including Government departments and Public Sector Undertakings (PSUs).

TReDS being a complete digital platform helps the Bank to considerably reduce the cost of acquisition of customers. The funding of MSMEs on the TReDS platform qualifies for priority sector lending which enhances the compliance of our Bank. TReDS is one of the many digital steps taken by the Bank to reach out to its customers.

TReDS portfolio de-grew by 90% in FY 2022-23 to ₹10.25 crore as compared to ₹100.47 crore as on March 31, 2022, mainly due to adverse market conditions, increased rate scenarios and competition from PSBs and other Private Sector Banks.

LCBD portfolio grew by 81% in FY 2022-23 to ₹500.11 crore as compared to ₹276.26 crore as of March 31, 2022

Structured Finance

Bank helps NBFC clients by acquiring their existing assets pools by Direct Assignment (DA)/Pass-Through Certificates (PTC). This also helps Bank to achieve PSL targets.

The assignments loans grew by 15.35% in FY 2022-23 to ₹1,100.17 crore as compared to ₹953.79 crore as on March 31, 2022.

Cash Management Services

Bank offers Cash/Cheque Collection facility for all clients. This facility helps in timely depositing of cash as well as cheques in customer's Bank account and is backed by proper MIS that helps in reconciling and managing funds efficiently.

E-Collection which is part of Cash Management services facilitates customers to get the payer details and credit information for recurring inward Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) transactions in the current account.

Bank plans to offer full range of advanced Cash Management products that would help its business to process clients' Receivable and Payable, efficiently. These products will help the Bank in optimising client's cash flow position and ensure effective management of their business operation.

SME Lending

Bank continues to adhere to its commitment to fulfil needs of SMEs across various sectors and Geographies. With a vision to become one of the preferred partner for SMEs, Bank has taken up various strategic initiatives such as streamlining our products and processes, systems to ensure high-quality services are offered to Customers on a timely manner.

Bank has created a specialised team of professionals to deliver our commitment to Customers. Our dedicated Sales, credit, risk and Operations team are working closely on these mission to strengthen the commitment as Bank continues to offer timely and hassle-free business solutions to the SME sector.

While Bank continues to focus on its hub-and-spoke model to offer lending and other value added services to Customers, it is also creating few key specialised SME Branches within the hub branches to offer all forms of banking services and products required by SMEs for growth of their business.

Bank has launched a knowledge series initiative called 'InFocus' in association with CRISIL Research to offer insight and trends on few key industrial sectors to Customers and reach to support SMEs through Industry/associations.

Bank is also focusing on increasing its bouquet of trade and forex business offerings to increase revenue share, in addition to building up robust Cash Management System (CMS) and Supply Chain Finance business.

Broadly, Bank's SME strategy and initiatives are getting revolved around few major areas as shown below:

- Creating specialised set of SME Banking professional to support deliver best-in-class products and services to Customers.
- Leverage Branch distribution channel to increase SME business penetration and align with market.
- Focus on building a robust Customer engagement model to grow along with the Customer.
- Market-aligned products and processes to deliver hassle free financing to SMEs.
- Process improvement initiatives through technology enablement to enhance operational efficiency.
- Improving trade and forex business to increase revenue share.
- Providing superior Customer experience by continuing to work on simplifying processes and improving the

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

overall ecosystem through adoption of world-class leading technology solutions.

- Focus on increasing wallet share and profitability at Customer level by offering customised solutions through superior relationship management.
- With CRISIL Knowledge series 'In Focus' started and to be continued throughout FY2024, we are connecting with Trade bodies and industry associations through this project and build up relation for creating sourcing funnel.
- Tied up with Fintech 'Yubi' (credavenue) for sourcing SME and LAP leads. Few more fintechs in the final stage of closure Q1 of FY 2024.
- Entered into tie up with Namaste Credit (Fintech platform) for LAP sourcing.
- New geographies added in a phased manner i.e. Phase 1: Punjab, Gujarat and Rajasthan, Phase 2: MP, Kolkata, U.P. and A.P. Manpower deployment in new locations like Jaipur, Surat, Rajkot, Chandigarh, Ludhiana, Indore, Vijayawada etc. in FY 2024.

The SME advances of the Bank (including MSME) stood at ₹2,490.84 crore as on March 31, 2023 as compared to ₹2,448.76 crore as on March 31, 2022, clocking a growth of 2% during FY 2022-23.

Integrated Treasury Operations

During the first half of FY 2022-23, financial markets across the world experienced increased volatility on account of geopolitical hostilities and aggressive monetary policy actions by major central banks to combat elevated inflation pressures. This resulted in hardening of bond yields across major economies. The hike in the repo rate by 40 bps in an unscheduled meeting in May 2022 along with the 50 bps hike in the CRR further weakened the sentiments in the domestic market. However, towards the end of the first half year, the yields softened owing to the fall in crude prices and on expectations of India's likely inclusion in global bond indices. The 10-year benchmark closed at 7.40% by September 2022 end. The G-sec yields were largely range-bound during the second half year. In March 2023, the yields softened taking cues from softening US yields and the benchmark closed at 7.31 % at the end of March 2023. The yields on T-bills and other Money Market instruments firmed up across tenors in sync with the hike in policy repo rate and moderation in surplus liquidity.

Equity markets declined during the first half and the Benchmark BSE Sensex closed 1.95% down at 57,427. However during H2, markets began on a positive note amidst strong buying by FPIs and robust corporate earnings. BSE Sensex touched an all-time high of 63,284 on December 1, 2022. In early Q4, rising US Fed terminal

rate projections dampened sentiments and markets remained under pressure amidst spill overs triggered by the banking turmoil in the US and Europe. However, foreign investors turned net buyers in March 2023. Also domestic institutional investors were net buyers amidst steady retail participation through the Systematic Investment Plan route. These enabled the market to remain resilient and BSE Sensex gained 2.73 % in H2 to close at 58,992 on March 31, 2023.

Bank's Integrated Treasury at Mumbai successfully managed the investment and trading operations of the Bank and maintained Statutory Reserve requirements at optimal levels. The Fixed Income & Money Market Desk at Integrated Treasury actively traded in Government securities, Certificates of Deposits, Commercial Paper, Corporate Bonds & Debentures and Alternate Investment Instruments maximising the Bank's trading profit.

Considering the rising inflationary trends and upward movement in the interest rate, the Bank undertook cautious trading in fixed income instruments and avoided provisioning requirement on the trading portfolio.

Total investments of the Bank as on March 31, 2023 was ₹5,993.09 crore (BV) compared to ₹7,142.07 crore (BV) as on March 31, 2022. The decrease was on account of unwinding of low-yielding investments. However, the interest income earned from investment operations increased to ₹404.61 crore during the financial year 2022-23 compared to ₹380.92 crore for the previous year. The Bank made a profit of ₹16.39 crore on sale of investments compared to ₹17.77 crore for the previous year.

Foreign Exchange Transactions

During the first half year, the global outlook turned negative due to the combined impact arising out of geopolitical tensions and synchronised monetary tightening by central banks to rein in inflation. These developments triggered portfolio outflows from emerging market economies, resulting in sharp depreciation of their currencies. Compared to emerging market peers, the Rupee performed better, supported by stronger macroeconomic fundamentals. The Rupee touched an all-time low of 83.2 per US dollar on October 20, 2022, but it recovered soon, supported by depreciating US dollar and net inflows through foreign portfolio investments. The Rupee remained range-bound during the remaining period of the second half year. Rupee Forward premia declined during H1 on account of narrowing interest rate differentials and one-month forward premium averaged 3.36% during H1. During the second half, Forward premiums fell sharply and the 1-month forward premia declined to an average of 2.39% during H2.

The Merchant desk of Integrated Treasury is fully equipped and provides centralised cover operations for Forex requirements originating from branches. The desk also extends advisory services to corporates, SME and MSME customers to manage their forex exposures. The Proprietary trading desk undertook trading operations in major currencies and in addition, utilised the arbitrage opportunities between the domestic and overseas markets thus augmenting the revenue of the Bank.

During FY 2022-23, the Bank earned an income of ₹12.31 crore from Foreign exchange operations comprising ₹9.47 crore of foreign exchange profit and ₹2.84 crore of commission from forex transactions.

Bancassurance

The Bank is making the most of the current financial market by increasing its product awareness and digital adoption. It is also recognising the importance of building relationships with third-parties for the distribution of financial products such as life insurance, non-life insurance and standalone health insurance. The Bank has entered into Corporate Agency tie-ups with multiple insurers and is following an open architecture model, which allows us to offer a wide range of insurance products from various insurance providers. By doing so, Bank can cater to the diverse needs of our customers and provide them with the best possible options. To further enhance the offerings, the Bank plans to leverage analytics, customer insights, and technology to better assess customer needs and provide them with tailored solutions. This strategy will enable the Bank to deepen the relationship with our customers and offer them a personalised experience.

Life Insurance

Life insurance is not only essential for the financial well-being of loved ones but can also help policyholders achieve various financial goals at different stages of life. The market offers a variety of life insurance products that cater to different requirements, including risk coverage for loss of life, long-term savings, goal-based planning, and tax benefits. The Bank currently provides a wide range of life insurance products across customer segments and is a corporate agent for multiple insurance companies such as M/s Edelweiss Tokio Life Insurance Company Limited, M/s HDFC Life Insurance Co. Ltd, and M/s ICICI Prudential Life Insurance Co. Ltd. In the financial year 2022-23, the Bank witnessed an overall growth of 46% in life insurance, with a premium of ₹205.01 crore compared to ₹140.15 crore in the previous financial year.

Non-Life Insurance

The Bank has established partnerships with reputable players in the non-life insurance market to distribute general insurance products. Bank is a corporate agent of M/s Reliance General Insurance Company Ltd., M/s Go Digit General Insurance Co. Ltd., and M/s ICICI Lombard General Insurance Company Ltd. The Bank offers various insurance products to its customers, including home, health, motor, personal accident, fire, and critical illness insurance on a non-risk participation basis. Individuals are increasingly recognising the need to plan their finances to manage not only their own health but also that of their families. Therefore, the Bank has focused on the retail health market and partnered with M/s Aditya Birla Health Insurance Co. Ltd to offer a wide range of products to secure customers' health. In the financial year 2022-23, the Bank witnessed an overall growth of 50% in non-life insurance, with a premium of ₹17.84 crore compared to ₹11.86 crore in the previous financial year.

Financial Performance with Respect to Operational Performance

During fiscal 2022-23, the Interest income rose to ₹2,319.65 crore as against ₹2,038.31 crore of previous fiscal, reflecting growth of 13.80%. Interest expenses increased by 11.39% and stood at ₹985.81 crore as against the previous year figure of ₹885.01 crore. The interest expense and interest income has been increased in line with increase in business and increase in interest rates. The Net Interest Income increased to ₹1,333.85 crore from ₹1,153.30 crore y-o-y growth of 15.66%. Non-interest income increased by 28.04% from ₹246.80 crore to ₹316.01 crore for the year ended March 31, 2023.

For the year ended March 31, 2023, the Net Interest Margin of the Bank rose by 21 basis points from 5.27% to 5.48%, compared to the previous fiscal. Bank has disposed low interest earning assets during the year which helped to improve the NIM during the current year.

Bank reported an Operating Profit of ₹707.40 crore compared to ₹613.72 crore in the previous fiscal, reported an increase of 15.26%. The increase was primarily due to increase in the net interest income.

Operating revenue of Bank reported a y-o-y growth of 15.34% and stood at ₹2,635.66 crore as against previous year figure of ₹2,285.11 crore. The increase in operating revenue is mainly on account of increase in interest income. The operating expenses increased to ₹942.46 crore from ₹786.38 crore reporting an increase of 19.85% mainly on account of increase in staff cost and other operating expense in line with increase in business and branches.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Bank has posted a Net Profit of ₹547.36 crore in FY 2022-23 as against Net Profit of ₹458.49 crore in FY 2021-22. The increase in profit was mainly on account of increased Net Interest Income and increased recovery of non-performing advances.

Cost Income ratio of the Bank stood at 57.12% in the year ended March 31, 2023, compared to 56.17% in the corresponding previous year.

The Return on Assets was 2.06 % at the end of the fiscal under report as against 1.90 % in the previous fiscal.

The Earning per Share (EPS) and Book value of share as on March 31, 2023, stood at ₹31.55 and ₹184.66, respectively as against ₹26.43 and ₹152.83 as on March 31, 2022. The Bank's Return on Equity stood at 20.35% as against 21.28 % for the previous fiscal FY 2022.

Key Financial Ratio

(a) Details of significant changes (i.e. change of 25 % or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor or sector specific equivalent ratios, as applicable are given below:

Particulars	March 31, 2023	March 31, 2022
Capital Adequacy Ratio (CRAR)% Basel – III	27.10	25.90
Earnings per share (in ₹)	31.55	26.43
Book value per share (in ₹)	184.66	152.83
Net Interest Margin%	5.48	5.27
Cost-Income Ratio%	57.12	56.17
Return On Assets (ROA)%	2.06	1.90
Return On Equity (ROE)%	20.35	21.28
Gross NPA %	1.26	1.81
Net NPA %	0.35	0.68
Leverage Ratio	9.98	9.12
Interest Income as a % to working funds	8.72	8.47
Operating profits as a % to working funds	2.66	2.55

Capital Adequacy ratio increased to 27.10% compared to 25.90% due to increase in capital fund from ₹2,581.39 crore to ₹3,170.73 crore.

Bank has disposed low interest earning assets during the year which helped to improve the NIM during the current year. Net Interest Income (NII) increased from ₹1,153.30 crore to ₹1,333.85 crore due to increase in volume of business of the Bank. Increase in NII contributed to improved net profits. Resultant to which the EPS, ROA, Leverage ratio and Book value per Share have progressed upward. ROE of the Bank has reduced due to increase in average equity of the Bank on comparison with the profit

Income

Total income of the Bank has increased by ₹350.55 crore and stood at ₹2,635.66 crore as on March 31, 2023. Net Interest Income of the Bank increased to ₹1,333.85 crores from ₹1,153.30 crores registering a growth of 15.66%.

Non-Interest Income increased from ₹246.80 crore to ₹316.01 crore in FY 2023 due to increase in commission income, processing fee and charges recovered from deposit accounts.

Expenditure

The interest expenditure increased from ₹885.01 crore in FY 2022 to ₹985.81 crore in FY 2023 mainly on account of increase in deposit interest. Operating expenses increased from ₹786.38 crore in FY 2022 to ₹942.46 crore in FY 2023 mainly on account of increase in staff cost and other operating expense in line with increase in business and branches. Cost of Deposits increased to 4.38% in FY 2023 from 4.31% in FY 2022 in line with the increasing trend of interest rates.

generated. Cost Income Ratio of the Bank has increased due to increase in operating expenses. Growth in standard advances and recovery of Non Performing Advances contributed to improve Gross NPA % and Net NPA %.

(b) Details of any change in Return on Net worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Return on net worth decreased to 20.35% from 21.28% of the previous year on account of increase in average net worth of the Bank on comparison with net profit.

Disclosure of Accounting Policy

The significant accounting policy of the Bank is mentioned in Schedule 17 of the financial statements.

The Bank has followed the same accounting policies in the preparation of these financial results as followed in the annual financial statements for the year ended March 31, 2022.

NPA Management

After the significant impact of COVID-19 stress, Indian banks have improved their performance in all the key functionalities including the recovery of Bad loans. The close monitoring and follow-up mechanisms of the Banks have prevented the accounts from fresh slippages during the recent past. Moreover, the effectiveness in recovery from the NPA accounts in addition to the up gradation of the recent NPA's has paved the way for reversal of the provisions created which has resulted in reduction in the credit cost of the Banks. The immediate actions initiated for recovery resulted in substantial reduction in the bad loan portfolio of the Banks.

Bank was effective in prevention of fresh slippages and recovery of NPAs through intensive recovery actions, both legally and through continuous persuasion with the parties concerned. Bank has been efficacious in initiating immediate legal actions after the account turning NPA by utilising the SARFEASI Act wherever the accounts are secured in nature in addition to approaching the legal forums for recovery. Bank has also constructively utilised the Government mechanism for recovery especially under small & unsecured accounts by initiating the RR mechanism in Kerala. Bank has given opportunity to the borrowers for settlement through compromise melas/ one-time settlements conducted at various parts of the country. In Kerala state, Revenue authorities are also conducting melas in co-operation with Banks for early settlement of the bad loan accounts.

The exposure of the Bank under cashew industry with reference to Kerala state, was given prime attention by formulating a special OTS package. Bank was successful in getting a breakthrough in hard core NPA accounts under the cashew segment and could recover a sizeable amount. Bank has been utilizing all available mechanisms including DRT's, action under SARFEASI Act, resolution under the IBC and so on to effect recovery.

The initiatives taken by the Bank has resulted in cash recovery and up gradation of NPAs to the tune of ₹73.39 crore and ₹18.90 crore respectively during the year. The Gross NPA level of the Bank as on March 31, 2023 stood at a level of ₹262.56 crore as compared to ₹289.51 Crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 1.26% and 0.35%

respectively as against 1.81% and 0.68% respectively in the previous financial year. The provision coverage ratio as on March 31, 2023 improved to 92.11% from the level of 89.65% in the previous year. Further, during the period under review, Bank could recover ₹70.74 Crore from the prudentially written off (PWO) portfolio. Interest recovery during the period amounted to ₹16.49 Crore.

Bank is more focussed on nipping the NPA accretion in the bud at the stage of SMA itself rather than allowing them to turn into NPA.

Going forward, Bank's focus would be on arresting fresh delinquencies through close monitoring and recovery of NPAs by initiating appropriate and timely recovery steps, with more focus on recovery in PWO accounts, all secured advances and unsecured advances too. Bank is also exploring the ways to upgrade the accounts by the way of restructuring/rescheduling the eligible NPA accounts.

Risk Management

Overview

A robust risk management system ensures long-term financial security and stability. The overall responsibility off-setting our risk appetite and effective risk management rests with our Bank's Board.

The Board focuses on

- Approving and relooking Risk Management Framework and policies, which are subjected to review and up-gradation on an ongoing basis, in tune with regulatory guidelines and best practices in the Industry.
- Assessing the effectiveness of the risk mitigation plan implemented by the Integrated Risk Management Department.
- Providing strategic guidance on various initiatives undertaken/to be undertaken by us towards management and mitigation of various risks.

The Integrated Risk Management Department is headed by a Chief Risk Officer who coordinates various risk management functions of the Bank. The Bank has a well-experienced risk management team with specialised knowledge in various areas to handle the risk management functions.

The objective of risk management is to have an optimum balance between risk and return. The Risk Management functions of the Bank focus on taking a risk by choice rather than by chance. The Bank has aligned its business strategies to a Risk Appetite Framework to maximise return on capital. A risk related pricing structure has thus

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

been made operative to handle the pricing of loans to evaluate returns vis-à-vis risks assumed. The Bank has put in place a robust Risk Appetite Framework and has various business tolerance levels in sync with Business plans. The framework ensures business heads operate within the guardrails of risk management. The major risks are credit and market risks, including the interest rate and liquidity, information and cyber security, and other operational risks. Bank has established robust policies, procedures, methodologies, and frameworks to manage material risks systematically.

The Bank has a proactive approach to risk management. Its risk philosophy involves developing and maintaining a healthy portfolio within its risk appetite and regulatory framework. The Bank has policies and procedures to measure, assess, monitor, and manage risks systematically across all its portfolios. The Bank is committed to creating an environment of increased risk awareness at all levels. It also aims at constantly upgrading risk controls and security measures, including cyber security measures, climate related financial risks to ensure avoidance or mitigation of various risks.

The Chief Risk Officer reports directly to the MD & CEO/ Risk Management Committee (RMC) of the Board. Risk Management is a Board-driven function in the Bank with the Risk Management Committee (RMC) at the apex level supported by operational level committees of top executives for managing various risks.

The Board of Directors of the Bank approves the Risk appetite and Risk policies for the Bank. The RMC supervises the implementation of the risk strategy and policies, reviews the level and direction of risk, prudential ceilings, and portfolio diversification and monitors the risk reporting. The risk strategy and policies are effectively communicated to all branches and offices of the Bank.

The Integrated Risk Management Department coordinates and administers the risk management functions in the Bank. The Risk Department has four divisions for managing the main risk streams, Credit Risk, Market Risk, Operational Risk and Information Security Risk. Dedicated teams within the divisions are responsible for assessing, monitoring, and reporting various material risks.

Credit Risk

Credit Risk is managed through a Board-approved framework that sets out policies, procedures and reporting in line with international best practices.

Mitigation

The Credit Risk Management Committee (CRMC) oversees the credit risk function in the Bank. In line with its asset quality management objective, Bank strives to maintain a strong asset quality through disciplined credit risk management. Bank has a well-defined credit appraisal mechanism and risk assessment practices for identification, measurement and monitoring. Bank has various instruments for credit risk management, including credit risk management policies, Credit approval Committee, Prudential exposure limits, Risk Rating system, Risk-based pricing and Portfolio Management.

Bank has a well-defined internal rating/scoring models for SME, MSME, Retail and Corporate Credit Risk Assessment. The major part of the internal rating is carried out by expert rating models provided/vetted by CRIS, the subsidiary of CRISIL.

Segment-wise and borrower category-wise exposure limits are fixed and monitored by the Bank to address concentration risk. Bank has a standardised and well-defined approval process for all advances and adopts a committee approach for credit sanctions, and has approval committees at various levels.

The Bank has various credit risk mitigation measures such as exposure limits for single and group borrowers, exposure limits for sensitive sectors, benchmark financial ratios, hurdle rates, etc.

Bank has also put in place Altman's Z score models to know the strength and weaknesses of credit proposals.

The Bank is implementing Centralised Rating Solutions by CRISIL (CRISIL RAM), hosting rating models in a web-based solution and revamping rating models. The upgrade will enable the Bank to smoothen the rating process and adopt the best industry practices.

Market Risk

Market risk arises mainly from Bank's statutory reserve management and trading activity in interest rate instruments, equity and forex markets. The Bank has a well-developed framework comprising Board-approved policies and established practices for managing market risk. The Bank has set its risk appetite and Value-at-Risk limits to measure and control interest rate, equity price, forex, liquidity, and other market-related risks.

Market risk addresses the risk that the value of 'on' or off-balance-sheet positions will be adversely affected by changes in market interest rates, currency exchange rates, equity and commodity prices and the possibility of resultant loss to the Bank. The focal point of market

risk management is to assist the business verticals in maximising risk-adjusted return by providing analytics-driven inputs regarding market risk exposures, portfolio performance vis-à-vis risk exposures and comparable benchmarks.

Bank to measure and control market risk, interest rate risk, equity price risk and forex risk. The Bank uses various tools like stress testing, modified duration, PV01, VaR, position limits, stop-loss limits, NOOP limits, AGL etc. Bank has established an independent Mid-Office at the floor of Treasury, as part of Market Risk Management Division, which reports directly to the Head of Market Risk and functions as the risk control unit for the treasury activities.

Mitigation

The Mid Office scrutinises the treasury deals and transactions from the market and operational risk perspectives. The Bank has put vibrant policies for the smooth conduct of businesses exposed to market risk and effective management of all market risk exposures.

The policies and practices also monitor and control liquidity risk arising out of its banking book, trading book, and off-balance sheet exposures.

The capital charge for market risk is currently computed under the Standardised Duration Approach. Value-at-Risk (VaR) is used to monitor Bank's trading portfolio risk. According to Bank's policy prescriptions, the VaR and Stressed VaR for market portfolios are monitored periodically.

Liquidity & Interest Rate Risk

Liquidity risk is the potential inability to fund an increase in assets, decrease in liabilities or meet obligations as they fall due without incurring unacceptable losses.

Interest rate risk is the chance that a change in interest rates will negatively impact the value of an investment. Liquidity risk is monitored through Liquidity Coverage Ratio (LCR), Structural Liquidity Statements, Short Term Dynamic Liquidity Monitoring, Liquidity Ratio Analysis, prudential limits for negative gaps in various time buckets, etc.

Interest rate risk is the risk where changes in market interest rates affect our earnings through changes in our Net Interest Income (NII) and the market value of equity through changes in the economic value of our interest rate sensitive assets, liabilities and off-balance sheet positions. Interest rate risk on Trading Portfolios is monitored daily through Market Risk Measurement tools such as VaR, PV01, etc.

Mitigation

- Our Asset Liability Management Policy provides a framework for managing liquidity risk and interest rate risk. The Bank has approved risk appetite limits and other liquidity and interest rate risk tolerance limits. Further, our Bank has the necessary framework to manage intraday liquidity risk.
- Bank's Asset Liability Management Committee (ALCO) is responsible for monitoring adherence to liquidity risk and interest rate risk limits.
- While the maturity gap and stock ratio limits help manage liquidity risk, assessing the impact on the net interest income and economic value of equity help to mitigate interest rate risk. This is complemented by a stress testing programme covering liquidity and interest rate risk.
- Bank also undertakes various studies to assess the behavioral pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps.
- Liquidity Coverage Ratio (LCR), a global standard to assess an organisation's ability to meet its payment obligations, is used to measure a bank's liquidity position. LCR level ensures that Bank have adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash quickly and immediately to meet the liquidity needs under a 30-day liquidity stress scenario. Based on Basel III norms, RBI has mandated banks to maintain a minimum LCR of 100 % from Jan 1, 2019.
- The Bank has a healthy Contingency Funding Plan (CFP) for taking action to ensure that the Bank has adequate liquid financial resources to meet its liabilities as they fall due. CFP is also periodically reviewed.
- RBI has also mandated a minimum Net Stable Funding Ratio (NSFR) of 100 % from Oct 1, 2021. NSFR indicates that the Bank maintains a stable funding profile regarding the composition of its assets and off-balance sheet activities. As a prudent risk management practice, the Bank has monitored this ratio and is adequately prepared to adhere to RBI mandated requirements.

The Bank has also put in place a professionally vetted Stress Testing policy comparable to peer bank standards, wherein sensitivity/scenario analyses are carried out to know the impact on NII and CRAR of the Bank. The current policy has value additions on methodologies adopted and covers stress test for Climate-related Financial risks, upgraded model for plausible stress conditions on bank's prime gold loan portfolio, evaluation of stress on Retail and Wholesale products basis Macro-

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

economic scenarios, introduction of stress impact on illiquid investments. Annual Back testing of stress-tested results ensure the efficacy of the Stress Testing Model.

Our Bank's Liquidity Coverage Ratio Dash Board throws light on the Top Management to gauge the Bank's liquidity position comprising availability of High-quality liquid assets and likely outflow of funds. Liquidity Management Policy of the Bank is also enriched to ensure that Bank holds necessary SLR assets (as defined by RBI from time to time) at 1 % over and above the mandatory SLR limits as stipulated by RBI from time to time in lieu of keeping stipulated level of minimum stock of liquid assets.

Operational Risk

The Bank has a well-defined Operational Risk Management framework for effective management of Operational Risk in the organisation, whose implementation is supervised by the Operational Risk Management Committee (ORMC) and reviewed by the Risk Management Committee (RMC) of the Board.

Mitigation

In conformity with RBI guidelines, the Bank has evolved a robust Operational Risk Management Policy. This policy provides the framework to identify, assess, monitor, control, and report operational risks arising from the failure of internal processes, people, systems and external events.

Key elements of the Bank's Operational Risk Management, among others, include timely Incident reporting, ongoing review of Systems and Controls, enhancing risk awareness through Risk & Control Self-Assessment (RCSA), and monitoring of Key Risk Indicators (KRIs) and aligning Risk Management activities with Business Strategy. The Bank created a repository of Internal Loss Data as part of Operational Risk Management and carried out Root Cause Analysis.

The Bank has a detailed Business Continuity Plan (BCP) to ensure continuity of operations at the Branches and Offices during disruptions. BCP enabled us to ensure minimum business disruption during the yesteryear's natural disasters, such as the floods in the southern part and the disruption caused by the COVID-19 pandemic.

As part of the Change Management framework, all new/modified products/processes are screened through the Product/Process Evaluation Committee (PEC), mainly from Compliance, Legal, Information Technology/Security, Accounts, Inspection & Audit and Risk point of view.

Climate Risk

Climate change risk has become a crucial challenge to the financial industry. The Bank is committed to reducing the impact of climate change risk. It is consciously working towards sustainable development of its banking operations to achieve economic growth while maintaining the quality of environmental and social ecosystems.

Mitigation

As a policy matter, to reduce the greenhouse effect, the Bank does not finance borrowers for setting up new units producing/consuming Ozone Depleting Substances (ODS) and small/medium scale units engaged in the manufacturing of aerosol units using Chlorofluorocarbons (CFC) which enables a reduction in the greenhouse effect.

In order to address the likely impact of Climate-related financial risk vs market risk and liquidity risk Bank has put in place models to ascertain the stress arising out of Physical and Transition risks and the Pillar 2 capital that would be set apart shall be the capital required under baseline stress conditions.

Cyber Risk

Cyber Risk can be defined as the risk of financial loss, disruption or reputational damage to an organisation resulting from the failure of its IT systems. These episodes include malicious cyber incidents (cyber-attacks) where the threat actor intends to harm (e.g. ransom ware attacks, hacking incidents, or employee data theft).

It pertains to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive information over computer networks. Common categories of Cyber Risk include inter-alia, Hacker Attacks, Data Breach, Virus/Malware transmission and Cyber Extortion. Financial gain continues to be a primary driver of the most sophisticated criminal offences. It presents evolving challenges as criminal networks reinvest their revenue into developing more advanced capabilities.

Cyber Risk can drive up costs and impact revenue. It can harm an organisation's ability to innovate and gain and maintain customers. Cyber risk poses commercial losses and public relations problems, disruption of operations and the possibility of extortion. Cyber-attacks also expose an organisation to negligence claims, the inability to meet contractual obligations and a damaging loss of trust among customers. A data breach will affect the Bank's brand name and influence the customer's confidence in the Bank. Protecting key information assets is critical to the sustainability and

competitiveness of business today. Financial institutions like banks are taking the front foot regarding their cyber preparedness.

Third-party risk and supply chain risk are also adding to cyber risk. Third-party risk is the potential threat to employee and customer data, financial information and operations from the organisation's supply chain and other outside parties that provide products and services and have access to privileged systems. This is especially significant since often, these external parties do not have the same security standards and protection as our Bank holds and, as a result, are used as a conduit into the organisation. Cybercriminals have become highly sophisticated and specific when targeting banks and their users. They often work to identify weak links that will enable access to highly confidential data, such as financials and customer data. Repeatedly organisations are breached due to the security weaknesses introduced by third parties that possess sensitive information or are granted access to systems.

Managing this risk is a crucial component of protecting companies' data and must be a continuous, real-time process that includes review, monitoring, and management of vendors throughout the entirety of the relationship.

Mitigation

To safeguard the Bank from cyber threats and supply chain attacks, the Bank has set up the cyber security framework and follows multi-layered architecture for cyber defence mechanisms starting from endpoint security to perimeter security. Bank has a strong incidence response team to detect and respond to cyber incidents. The Bank is continuously creating cyber security awareness among employees and customers. Risk assessment of IT assets and the third-party is done regularly and gaps identified are fixed in a time-bound manner. Senior management and Board-level meetings are conducted every quarter to analyse the Bank's security posture and mitigate the identified gaps.

Based on research reports by BIS for addressing cyber security related financial risk, Bank shall estimate the Pillar 2 capital requirements equivalent to around 1 % of Bank's operating income under Minor stress conditions.

Cyber Security Framework

Cyber security risks are products of three elements: threat, vulnerability and impact. The Bank has a holistic risk picture based on periodic vulnerability assessments and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and IB-CART (Indian Banks – Centre for Analysis of Risks and Threats). The Bank has invested

in advanced systems such as antivirus/anti-malware, threat protection, WAF, Anti-DDOS, PIM, NAC, NextGen firewalls, Web application firewalls, Email Security, Anti-APT with sandbox, DNS Security, API gateways and Endpoint detection and response in all the endpoints which have user behaviour analytics. Bank continues to invest in enhancing the overall effectiveness of the Bank's security posture to enable the Bank to prioritise and align its resources to detect and respond to cyber incidents quickly and prevent emerging cyber security risks. The Bank is assessing the Bank's security posture by third parties like BitSight and STORMS. They have given advanced category rating for Banks' cyber security posture. Bank's IT, Information Security and data centres are ISO 27001:2013 certified.

Information Security Management Department is headed by Chief Information Security Officer (CISO) to address cyber security risks. As part of the cyber security framework, proactive security measures adopted by the Bank are On-Premise Security Operations Centre, advanced anti-phishing, anti-malware and anti-rogue services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to Banks network, Data Leakage Prevention solution to prevent data leakage, through email, web and endpoints, DDOS mitigation service to avoid the denial of services, DMARC & SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing, with dedicated VAPT tools like Tenable and Burp suite, SSL encryption for data transfers, Deep Server Security to enhance security at server levels, API gateway Security Solution to authenticate and provide secure API connections, Email Security Solutions to strengthen email security using Anti-APT solution with sandboxing, Artificial Intelligence based SIEM, User Behaviour analysis based End Point Detection and Response (EDR) solution and dedicated VPN solution with security controls, Hard disk encryption and data leakage protection solutions at endpoint, network and email to vent data leakage etc. The Bank continues to invest in advanced technologies to enhance the systems to mitigate Zero-day threats.

The Bank is conducting VAPT by an external agency to identify the vulnerabilities and mitigate them. Information Security audits are conducted by an external agency every year to determine the vulnerabilities/bugs in various IT applications and mitigate them. An external agency does source code audits of critical applications to identify the vulnerabilities in the applications and necessary steps to minimise the same. To evaluate

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Bank's preparedness against cyber-attacks, Bank participated in the cyber-drill conducted by IDRBT.

To assess the security posture and incident response Bank is conducting red team exercises to penetrate the systems by third party. Table top exercise related to Ransom ware is undertaken to determine the preparedness against ransom attacks, and necessary steps are taken to mitigate the same. Necessary measures are taken to assess third party and supply chain risk, and actions are taken to minimise the same. The Bank has always taken continuous steps to create cyber security awareness among employees and customers through training/Newsletters/SMS/Emails. The information security team is conducting red team exercises like Phishing campaigns related to Ransom ware etc. creating and gauging the incident response and awareness among employees.

Special cyber security awareness programmes are conducted for Executives of the Bank (AGM and above) and the Bank's IT Team. Necessary communications for creating cyber awareness among customers are done through SMS/Email and videos. A dedicated Fraud Risk Monitoring team is available to monitor customer transactions and report frauds in the customer accounts.

As part of the Bank's Cyber Security Policy and Cyber Crisis Management Plan, Bank has availed of Cyber Risk Insurance to cover any losses arising from cyber risks/threats.

Disclosures

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar 3 – Market Discipline, the Bank has put in place a Disclosure Policy duly approved by the Board of Directors and the disclosures on a quarterly/ Half- yearly/Annual basis, as per the policy are displayed on the Bank's Website/Annual Report.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation which a bank may suffer due to its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking activities.

Compliance laws, rules and standards have various sources, including primary legislation, regulations and standards issued by legislators and supervisors, market conventions, codes of practice promoted by industry associations, and internal codes of conduct applicable to the staff members of the Bank will be the critical sources for compliance laws, rules and standards.

These rules and standards may go beyond what is legally binding.

Compliance laws, rules and standards generally cover matters such as observing proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer advice. They also include specific areas such as preventing money laundering and terrorist financing. They must contain transparency and disclosure norms and may extend to tax laws relevant to structuring of banking products or customer advice.

The Compliance Function envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act, etc., as well as to ensure observance of other regulatory guidelines issued from time to time; standards and codes prescribed by IBA, FEDAI, FIMMDA, BCSBI, etc., and also Bank's internal policies and fair practices code.

Mitigation

A good Compliance Culture is built to maintain the reputation and win the trust of customers, investors and regulators. Such culture is an essential element in the safe and sound functioning of the Bank and, if not followed effectively, may adversely affect the Bank's risk profile. Compliance with core elements like following the laws, rules, regulations, and various codes of conduct and being in adherence with fair practice codes, managing conflict of interest and treating customers fairly to assist build a true Compliance Culture is ensured.

The Bank promotes awareness of compliance obligations and ethical values to maintain an appropriate compliance culture throughout its businesses. Compliance is not to be seen as an activity of the Compliance Department alone but as a culture that shall pervade across the Bank.

As a part of the Compliance framework of the Bank, it is envisaged to embed compliance in every department of the Bank effectively as a part of the corporate culture that emphasises standards of honesty and integrity. The organisation holds itself to high standards when carrying on business and, at all times, strives to observe the spirit as well as the letter of the law.

Risk Appetite and Risk Management Practices

The overall responsibility of setting the Bank's risk appetite and effective risk management policies and strategies rests with the Board of Directors. The Bank has put in place a vibrant Risk Appetite Framework. In tune

with the guidelines of RBI, the Board has constituted a Risk Management Committee of the Board (RMC).

The major risks namely Credit, Market, Liquidity and Operational risk are managed through following Sub Committees of RMC namely; Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Management Committee (ALCO) and IT Security Committee. The Committees described above work within the overall guidelines and policies approved by the Board. Several meetings of Risk Management Committee (RMC) and executive-level risk committees have been conducted during the year.

Compliance with Basel II and Basel III Framework

The Bank has been calculating capital ratios every quarter as per Basel III norms, along with Basel II norms, since April 1, 2013. The Bank has also been in line with the regulatory guidelines on Pillar I of Basel II and III Norms.

It has computed the capital charge for credit risk as per the Standardized Approach and for market risk by the Standardized Duration Method. In order to account for the illiquidity of positions in Trading portfolio, an adjustment to the current valuation of less liquid positions is calculated and deducted from Common Equity Tier -1 (CET-1) Capital of the Bank while calculating CRAR for regulatory purpose. The capital charge for operational risk has been as per the Basic Indicator Approach.

As a prudent measure, ICAAP policy of the Bank is value added with addition of Cyber Security Risk and Climate Risk in Pillar II capital computations.

Our Bank has put in place a robust Stress Testing Framework. It consists of a series of sensitivity and scenario tests on various risk areas like default risk, credit concentration risk, interest rate risk in the banking book, and market risk, among others. Top Consulting Firm with good market credential is appointed in relation to enhancement of its Stress Testing framework. Accordingly, enhancements in the Stress testing framework were done in calculating the default risk for eight credit portfolios by using macroeconomic based scenarios, Gold loan portfolio based on actual gold prices VaR model, introducing additional stress for Illiquid investments in trading portfolio based on a sensitivity model, and climate related financial risks based on physical and transition risks etc.

Business Continuity Plan

The Bank is having a comprehensive Business Continuity Plan (BCP) to ensure continuity of critical business operations of the Bank identified through criticality assessment using Business impact analysis

(BIA) at times of disruptions. In line with the Business Continuity Plan, Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke business continuity plan as needed. A core team called Emergency Operation Team is also in place to act immediately upon a crisis and for the supervision of recovery under alternative operations arrangements during a disaster and the team ensures that the business functions are back to normalcy with minimum delay.

During the pandemic, Bank was able to work seamlessly as Bank has BCP plans in place with defined BCP locations and resources for critical applications. Secured Work from home facilities are provided for critical teams. Disaster Recovery drill for the core banking system (CBS) and critical systems of the Bank is conducted at regular intervals to ensure the competence of the same during emergencies apart from undertaking periodical testing of recovery speed of critical applications from alternate locations.

Internal Control, Internal Audit

Internal Audit Department (IAD) is a crucial component of the internal control system of a bank. IAD is responsible for serving as third line of defence in the internal control system, providing independent assurance to the Board of Directors and Management on the effectiveness of risk management and internal controls.

To strengthen our governance arrangements and align with the latest RBI guidelines related to the RBIA framework, the Head of Internal Audit reports directly to the ACB.

The internal audit conducted in our Bank is risk-based and covers various units, businesses, support and control functions and branches according to the audit plan approved by the ACB.

During the audit, there is an emphasis on the significance of efficient risk management and control, along with suitable transaction testing. The audit also provides recommendations to mitigate current risks and protect the Bank against a range of potential threats.

The reports of Inspection and Audit Department (IAD) on Bank's control and governance processes are effective in managing risks and preventing fraud. Additionally, these reports are instrumental in ensuring that the Bank remains compliant with regulatory requirements, as well as internal policies and procedures. Its independent and objective assessments make certain that the Bank's assets are safeguarded and provide high quality counsel to the Top Management. The Audit Committee of Executives first discusses compliance and design level

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

controls, and then the Audit Committee of the Board addresses the key issues arising from the Audit Reports.

These reports support the Top Management and the Board to identify and address any weaknesses or gaps and find out proper remedy/solution. ACB provides guidance and direction on improving the controls across the organisation. The department further monitors the implementation of its recommendations and the directions of ACB to ensure that they are properly implemented and effective in mitigating the identified gaps.

Concurrent Audits by a large and experienced Chartered Accountant Audit firm complement the internal audit function by subjecting the Bank's operations to further scrutiny, taking into account risk perception and covering critical functions. Critical functions like Treasury, Compliance, CPC – General, Credit Monitoring, Asset Recovery and business functions like Two Wheeler finance, Retail Advances, Advances under SME & MSME are covered here ensuring coverage of all areas as prescribed by RBI. Synopsis of Concurrent Audit Reports for the entire Bank are regularly placed before the Audit Committee of the Board.

Considering the high-risk nature of Gold loans, IAD had conducted 900 Gold Loan audits in last FY: 2022-2023 apart from that 336 branches have also been audited under Risk Based Internal Audits. These audits serve to pinpoint any gaps in the appraisal and monitoring processes, which prompts corrective and prompt recovery actions by the Management.

In the FY 2022-23, Bank conducted a special assignment to review and vet all the Tranche data points submitted to the RBI. Audits like this enables the Bank to ensure accuracy and authenticity of the data being submitted to regulators. A Thematic Audit was carried out by IAD at the Centralised Processing Unit in Chennai, where documents are centrally stored, and identified several gaps that were subsequently highlighted.

Internal Audit department also have an Offsite Surveillance Team which plays a critical role in ensuring regulatory compliance. Offsite Surveillance involves the use of various data sources and it enables our Bank to proactively identify and address potential risks before they materialise.

Outsourced Vendors and Currency Chests of the Bank are also subjected to audit at periodic intervals as per the extant guidelines.

Further, IAD performs Information System Audit to ensure the integrity, confidentiality and availability of

their information assets. It involves a comprehensive evaluation of the Bank's information systems, including hardware, software, data and processes, to identify any weakness or vulnerability that could compromise the security or effectiveness of the Bank's operations.

Vigilance Function

Vigilance Department of the Bank controls the incidents of fraud in the Bank. The department covers the functions of preventive vigilance and matters connected with vigilance investigation. Vigilance Department sources its information on malpractices/frauds/suspected frauds through two sources i.e. Internal and External source. Internal source broadly include inputs by way of complaints (from staff, customers, whistle blower, third-party etc.), preventive vigilance audit, regular/surprise inspection, gold audit, computer audit, report of senior officials visit to branches etc. and External source include Media reports (both print & electronic), Reports from law enforcement agencies, other banks, Regulatory authorities etc. Vigilance Department conducts a detailed investigation into the incidents with the permission of Chief Vigilance Officer. The synopsis of the investigation report is then submitted to the Chief Vigilance Officer for further action. A consolidated monthly report is also submitted to MD&CEO. If an element of fraud is detected/suspected, the incident will be reported to RBI as fraud/suspected fraud. The Bank also initiates action against the culprits and take step to recover the amount. The Department analyses the root cause of the fraud and suggests corrective measures for improving the systems & controls to avoid recurrence of similar frauds in future. In the event lapses are observed on the part of Bank staff, explanations are called for from such employees. Examination of staff accountability is conducted after obtaining reply from the concerned staff. If disciplinary proceedings are to be initiated against the staff, the file is transferred to the HR Department for further action. If third parties such as gold appraisers, Chartered Accountants, valuers, legal advisors, etc., are involved in the fraud or lapses are observed on their part, explanations are called for from them. In the event reply is not satisfactory and found accountable, they are immediately removed from Bank's approved panel. In applicable cases, their names will be referred to IBA to include them in the Caution List of IBA.

Bank has appointed the Chief Vigilance Officer for monitoring all Vigilance & Departmental proceedings related matters including processing of individual Vigilance and disciplinary proceedings cases.

Vigilance Department plays a dynamic role and has implemented various steps in the prevention of frauds. Preventive measures include spreading awareness

on potential fraudulent activities and instigating a compliant environment among all employees of the Bank. Vigilance Department has started effective fraud prevention mechanism by conducting periodical Preventive Vigilance Audits.

Wherever deficiencies are observed, the same are intimated to the respective branches and Zonal Offices for rectification and to avoid recurrence of similar irregularities/deficiencies. In cases where there are severe deficiencies, explanations are called for from those responsible for such deficiencies. If their reply are not found satisfactory, the files are transferred to the HR Department for initiating disciplinary proceedings against them.

Vigilance Department also issue caution advices on a regular basis elaborating the modus operandi of various frauds occurring in the banking industry including our Bank. This enables the Branches/Offices to prevent similar kind of fraudulent attempts in future.

Branch and ATM Network Status

The Bank has opened 100 branches in the financial year 2023. The Bank had also opened 101 and 100 branches respectively in the last two financial years (FY2021 and FY2022), as part of its branch expansion strategy/programme.

As on March 31, 2023, the Bank has 703 branches excluding 3-service branches, 3- Asset Recovery Branches and 528 ATMs/CRMs spread across 16 states and 4 union territories. During the period under review, no branches of the Bank were merged with nearby branches/closed as part of its rationalisation strategy.

Branch Expansion Programme

As part of the branch expansion strategy/plan of the Bank, Bank has opened 100 branches in the financial year 2023. The Bank has opened 101 branches in FY2021 and 100 each in FY2022 and FY2023, as part of the same strategy.

96 out of the 100 branches opened in FY 23 were outside Kerala predominantly in Andhra Pradesh, Telengana and parts of Northern/Western India as part of the strategy of the Bank to expand beyond the home state to reduce the concentration risk. Newly opened branches since FY2022 have contributed to a total business of more than ₹5-,000 crore as on March 31, 2023.

In addition to 100 new branches opened in 2022-23, as part of expanding network to cover more geographies and create a national presence, the plans are afoot to open another set of new 100 branches PAN India, targeting the locations with CASA, Gold, Agri and SME/

MSME focus and the same is expected to be completed by the end of FY 2023-24.

Expansion of ATM Network and Value Additions

During the year, Bank installed 107 more new ATM/CRMs making the total to 528 on-site and off-site ATM/CRMs. For increasing the Security Controls at ATMs and for securing card transactions, multiple layers of security features were incorporated and EMV roll out has been completed in all Diebold and Vortex ATMs. With this, all ATMs of the Bank have become EMV complied. The Bank has implemented One Time Combination Lock for all ATMs. The newly opened ATM Kiosks are aesthetically designed with colour code and special ambience to increase customer pride, footfall and loyalty.

As part of offering value added services, the Bank has now enabled IMPS Fund Transfer, Stop Cheque Payment and Intra Bank Fund Transfer facility through ATMs/CDMs. Card-less cash withdrawal facility has also been introduced in CSB ATM/CRMs to provide customers the convenience of withdrawing money without using their debit card.

Currency Chest

Bank's Currency Chests are situated in Market Road, Ernakulam and Singanellur, Coimbatore. These chests are providing adequate support by supply of cash to branches and ATMs. The role of currency chest in providing effective and timely customer service is phenomenal.

Currency Chests play a vital role in adhering to Clean Note Policy of RBI and help branches to accept soiled and mutilated notes from general public and from customers over the cash counters.

Technology Adoption

As part of Digital Banking initiatives, Bank has successfully completed many new Projects and Enhancements in the year 2022-23. Listed are a few of the major projects and change requests of the year 2022-23, and also provided a quick glance on some of the important projects which were taken up in the current financial year and work is in progress.

1. Lead Management System

Lead Management system helps the Bank to capture leads for both asset and liability class at the branches as well as sales executives in the field. This system will help provide business intelligence in terms of lead conversion and increase revenue. This is a Software as a Service system and hosted in the AWS cloud. This system went live in Q4 FY 23

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Security Enhancement through TLS 1.2 Encryption

To increase the security of systems and restrict any fraudulent activities, all the ATMs, CRMs, self-service machines, and Core Banking system was upgraded to the TLS 1.2 encryption standard.

3. Digital Lending Systems

Bank has embarked on building new loan origination systems. These systems are being built with digital journey which will help to convert leads and disburse loans at a much faster pace. The solution is integrated with all the necessary interfaces which will significantly reduce the manual paperwork. This system is deployed in bank's own server. The application interacts with Core banking system via API. This is now enabled for Personal Loan and has gone live in the last financial year Q3 and Q4.

The Gold Loan system is now integrated with Hunter for fraud checking and Karza for Know Your Customer validation, Aadhar and CIBIL score verification.

The Corporate Loan Origination system went live in Q4 FY23. This will help Bank to serve the corporate customers much faster efficiently and securely.

Further through FY24, Bank will be working to roll out more lending systems like Education loan, Home loan, loan against property, Auto Loan, Loan Management system etc. to name a few.

4. CSB Bank-One Card Co-branded Credit Card

The Bank has launched credit card in Q4 FY23. This is rolled out for both existing Bank customers and new to bank customers. One Card app is designed for the digital onboarding journey.

5. Contact Center

The Bank has opened a second contact centre in Mumbai. This is an out bound contact centre which will help in sales and marketing of the products of the Bank. The leads for the business are being generated via this centre.

Bank is working on extending the contact centre to also have an inbound contact centre. This will cater to the customer complaints and requests. This will be operational by Q2 FY24.

6. Post Shipment Solution

Processing of export loans and bills are now moved to a centralized location. A centralized team will be doing the maker and checker process. This will ensure error free processing of loans.

7. Locker Module Revamp

Customers now get an intimation via SMS on the access of the lockers. This will ensure integrity for the customer and alert any fraudulent activities on the lockers.

8. VISA and RuPay Cards

- Contactless Tap & Pay: All the debit cards are now enabled with Tap and Pay facility. A limit can be set by the customers via net banking and mobile banking and use the tap and pay facility at POS.
- International mobile numbers for Rupay card holders are now enabled which will allow the international customer to transact using the Rupay debit cards.

9. UPI Based Enhancements

- The limit for UPI based transactions is increased to support customers.
- Autopay Standing Instructions option is enabled which will help the customers to schedule payment instructions via UPI.
- Enabling the UDIR online Settlement customers can now settle any failure transaction within an hour's time.

10. Net-Banking and Mobile Banking Enhancements

The system is made more secured and resilient following the suggestions by RBI.

- Geolocation capturing provides location-based restrictions, notifies customer and backs of unusual transactions.
- Device binding/SIM Binding to give the customer a greater security in user authentication.
- OTP has been made mandatory for all transactions.
- Enabling online dispute resolution: disputes can be raised online from the CSB Bank net banking portal or Mobile Banking portal.
- Introduced RTGS, Standing Instruction and card on-off facility in Net Banking. Customer can now transfer money via RTGS, schedule payment of bills (telephone, electricity etc) via Standing Instruction and customer now can switch on or switch off the debit card.
- Bank have now moved Net Banking to a 3-Tier Architecture. This will increase reliability, stability, and security of the system.
- Bank have integrated different government payment gateways into the Net banking.

- For the premier customer of the Bank a customised Net banking page is provided which will give an elevated customer experience.
- Transaction declines have been brought down to less than 0.5% both Net banking and Mobile banking.

11. New Core Banking System

The Bank has decided to replace the existing core banking system with a new advanced modern core banking system. Evaluation of the market leading systems is being done along with negotiations with the vendors. Bank plan to start the implementation and migration of the core banking system through the FY24.

12. OmniChannel, Net Banking and Mobile Banking revamp

With the growing need of the customer to manage the banking online, CSB bank has a strategy to implement Omnichannel – to provide a seamless experience to the customers across the geography, revamp the existing net banking and mobile banking.

13. New Data Center in Mumbai

To cater to the needs of business and manage the growth, Bank is working to open a new data centre in Mumbai and migrate the existing DR from Bangalore to Mumbai. The new data centre will be a state-of-art facility which is reliable, resilient, and scalable.

Cyber Security Framework in Banks vide notification dated 2nd June, 2016 issued by RBI.

As per the Cyber Security Frameworks in Banks, the Bank implemented the following measures:

- The Bank has also formulated Cyber Security Policy and Cyber Crisis Management Plan. The policy will highlight the risks from cyber threats and the measures to address/mitigate these risks. These policies are reviewed by the Board annually.
- The Bank has also identified the inherent risks and the controls in place to adopt appropriate cyber-security framework.
- To improve the Security posture of the Bank, implemented on premise SIEM solution using Splunk, Anti-phishing, Anti-malware and Anti-Rogue services, PIM (Privileged Identity Management) solution, Active Directory, Intrusion Detection and Prevention System, Network Access Control, Data leakage Prevention system, Deep Server Security, End Point Detection and Response, DDOS (Distributed Denial of Service) Mitigation Appliance, Refreshed internal and external

firewalls at DC and DR with next generation Firewalls, Implemented Link load Balancers for Internet leased lines at DC and DR, Upgrade of Link Load Balancer for replication links at DC and DR, implemented email security with Barracuda gateway and Anti-APT solution, implemented DDI solution (DNS, DHCP, and IPAM), API gateway security solution is implemented, Hard Disk encryption to prevent data leakage, Database Activity Monitoring, Data Classification etc.

- Conducting VAPT by an external agency every year to identify the vulnerabilities and mitigating them. Conducting Information Security Audit by an external agency every year to identify the vulnerabilities/bugs in various IT applications and mitigating them. Conducting Source code audit of critical applications by an external agency to identify the vulnerabilities in the applications and mitigating them. Internal team is also conducting vulnerability assessment of servers and the vulnerabilities identified are mitigated by regularly patching the system.
- Red team exercises are conducted frequently by external agency to assess the security posture and incident response of the Bank. Table top exercise related to Ransom ware is conducted to assess the ransom ware preparedness of the Bank and necessary action plans are defined to mitigate the gaps.
- Bank is participating in the cyber drills conducted by IDBRT to assess the security preparedness of the Bank.
- Bank has taken cyber insurance to mitigate the residual risk.
- Bank implemented On-premise SIEM and logs are collected from all critical systems to correlate and identify the cyber-attacks. All the critical alerts generated from SOC are being reviewed and appropriate action is being initiated to close the alerts regularly.
- All Public facing applications' traffic is routed through Web Application Firewall and any malicious traffic is quarantined.
- Bank is continuously educating its staff and customers on precautions to be taken while performing online transactions through SMS/E-mails/Newsletters, etc. Phishing exercises are being conducted to test the Cyber Security awareness among the employees and also guiding the employees on Do's and Don'ts.
- Role based cyber security training programs are conducted.
- Bank's Senior executives and directors have attended cyber security programme conducted by IDBRT.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- Bank is assessing the security posture by external rating agencies like Bitsight and STORMs and agency has given excellent rating to the Bank based on their assessment.
- Bank security controls are in alignment with CIS controls

Strategy for Digital Penetration and Customer Engagement

Digital Banking products have played a crucial role in enhancing the customer experience and loyalty, which are vital for any bank's long-term success in the highly competitive banking industry.

CSB Bank has been offering a secured, convenient, and cost effective 24*7 banking facility through its wide range of digital products & services; thereby boosting digital transactions, customer brand recall and stickiness.

The Bank has seen a significant increase in Digital Transactions this year compared to last year. The total digital transaction penetration in March 2023 improved to 89.59% as compared to 86.89% reported in the corresponding previous period.

Bank is observing a positive shift among customers towards active usage of Digital Banking Channels for their day-to-day banking needs, thereby contributing to an incremental reduction in operating costs.

Online Broking Services

Demat and Trading facility is being extended to the Bank's customers through 3-in-1 tie up with broking firm namely M/s IIFL Securities Ltd.

Under the 3-in-1 tie up, the current/savings account is maintained with the Bank while demat and trading account facility are provided by the third-party service providers. Fund transfer from customers CA/SB accounts to the trading account is enabled through the net banking platform of the Bank through API integration whereas the fund transfers from trading account to customer's bank account with CSB is executed by the brokerage, based on customer instruction. Under the referral arrangement, the leads generated by the Bank's branches are passed on to the brokerage firms for on-boarding the customer.

During the year under review, Bank received a commission income of ₹5.91 lakh from the broking firm.

Compliance Function

As part of its ongoing efforts to address Bank supervisory issues and enhance sound practices in Banking organizations, Reserve Bank of India in tandem with

the recommendations of Basel Committee on Banking Supervision, has issued guidelines on the 'compliance function' in Banking organizations. The Compliance Function envisages strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act etc. as well as to ensure observance of other regulatory guidelines issued from time to time; standards and codes prescribed by IBA, FEDAI, FIMMDA, BCSBI etc; and also Bank's internal policies and fair practices code.

The Bank has a full-fledged Compliance Cell that envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, PMLA Act, etc. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, BCSBI, etc., as well as the Bank's internal policies. The purpose of the compliance function is to assist the Bank in managing its compliance risk which can be defined as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its Banking activities'. Strong compliance culture is a pre-requisite for an effective compliance function. As the compliance area is critically important in identifying, evaluating and addressing legal and reputational risks, Bank-wide compliance program is being designed to look at across various business lines and activities as a whole and to consider how activities in one area of the Bank may affect the legal and reputational risks of other business lines and the entire enterprise. It is very important for the Bank to demonstrate a good Compliance Culture to maintain the reputation and win the trust of customers, investors and regulators. Such culture is essential element in the safe and sound functioning of the Bank and if not followed effectively may adversely affect the Bank's risk profile. The Bank's Board of Directors shall be overall responsible for overseeing the effective management of the Bank's compliance function and compliance risk.

Compliance Officers have been appointed at all Departments/Offices so as to effectively ensure compliance and report to the Chief Compliance Officer through the appointed Principal Officer of the Bank. The Chief Compliance Officer is the nodal point of contact between the Bank and the Regulator and in turn assists the top management in effectively managing the AML & Compliance risks faced by the Bank and will also be a participant in the quarterly informal discussions held

with RBI. The compliance function shall aim to measure compliance risk by using performance indicators during compliance risk assessment. Appropriate software's have also been put in place to monitor compliance of regulations and submission of returns effectively. The Compliance Cell also imparts annual training on compliance functions to the compliance officers. To ensure that the employees are kept abreast on the subject, necessary training on Compliance/KYC/AML/CFT is imparted to all members in coordination with Bank's Institute of Learning and Development on an ongoing basis. Members' awareness is also effectively enhanced through General E-learning, Targeted Online Trainings, Circulars, FAQ's, etc., and the Staff members are also encouraged to undertake Subject awareness Quiz programmes, Certification courses in KYC/AML/CFT by granting incentives/benefits upon passing the programmes/certifications.

Customer Service

Customer satisfaction always plays an important role in the growth of any organization, especially in a service industry like banking. In the present day competitive environment, customers have umpteen number of choices and customer retention is a challenging task.

Bank believes that satisfied customers will give word of mouth publicity, which will help in the customer acquisition efforts of employees of the Bank. Success of any business depends upon the fast and prompt service rendered to the customers. It is needless to mention that success of a service industry like banking is largely dependent on the level of customer satisfaction.

Bank ensures that customer complaints received through various sources are resolved within the shortest possible time and to the best satisfaction of the customers. Bank has always endeavoured to provide excellent service to customers and focused on keeping up with the industry trends.

The advances in technology has brought in a paradigm shift in the way banking business is conducted.

Leveraging on the technology platform, there has been a manifold increase in the penetration, productivity and efficiency of banking products and services.

Technology has also transformed the way in which Banks approach customer service. With multifarious modes of communication and 24*7 availability towards understanding customer issues and improving the customer experience, the Bank has put in place a well- defined Customer Grievances Redressal System, wherein customers can approach Bank through multiple channels for redressal of their grievances – Bank's

Branches, 24*7 Call Centre or register their complaints online on Bank's Complaint Management System.

Imbibing new technologies and the many ways they can be used to offer more convenient, secure and simply better service to their customers, Bank is committed to reaching out to the customers. Keeping abreast with the latest trends in Banking, Bank has launched a number of products and services that are aimed at satisfying specific needs of its clientele. Bank has always been receptive to Customer feedback and has fine-tuned the products and services to a very large extent. Customer service will continue to be the focal point in maintaining and improving the Bank's role within the Banking Industry.

Bank has already constituted a sub-committee of the Board, (known as the Customer Service Committee of the Board) in line with RBI directives, besides having an Executive Level Committee on Customer Service which has representation from customer groups. The functions of the sub- committee of the Board include, inter alia, suggesting, implementing and reviewing measures for enhancing the quality of customer services and improving the level of satisfaction for all the categories of clientele at all times. To ensure constant focus, the Board of Directors periodically reviews the functioning of this sub- committee.

Customer Satisfaction Surveys is an exercise to identify gaps, initiating corrective action and improving customer experience. Feedback from the survey is a source for evaluating customer's rating of services extended, ways and means for improving customer service, providing infrastructure at branches, and greater awareness on Bank's products and facilities. Bank has also introduced NPS system to identify the satisfaction level of services.

In order to carry the message of importance of customer service to the employees, especially the frontline staffs, efforts are taken for sensitising staff members at branches, through proper training. Redressal of customer complaints mostly starts at branch level. The primary ownership lies with Branch Head and Cluster Head. Bank has identified senior officers as Zonal Nodal Officer and these Zonal Nodal Officers are stationed at various Zonal Offices. Zonal Nodal Officers are closely coordinating with respective branches and departments and is ensuring early resolution of customer complaints. And those even beyond the purview of the Zonal Office are escalated to Branch Service Department at Head Office. Head of Branch Service Department is the Nodal Officer for Customer Grievances Redressal. Bank also identified a senior most officer as Principal Nodal Officer under Banking Ombudsman Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RBI has introduced Internal Ombudsman Scheme, and in line with this, Bank has appointed an Internal Ombudsman. The Internal Ombudsman examines customer complaints which are in the nature of deficiency in service that are partly or wholly being rejected by the Bank. The Bank internally referring all complaints which are not fully redressed to the Internal Ombudsman, before communicating the final decision to the customer.

All efforts are taken to address any kind of customer complaints and immediate resolution for the same. Bank believes that, satisfied customer is the Brand Ambassador of the Bank and CSB Bank will always ensure and deliver Customer Service at its Best.

Disposal statistics of Customer Complaints (Other than ATM) for the FY under review is given below:

	31.03.2023	31.03.2022
a) No. of complaints pending at the beginning of the year	62	97
b) No. of complaints received during the year	9,016	5,478
c) No. of complaints redressed during the year	9,039	5,513
d) No. of complaints pending at the end of the year	39	62

The resolution of customer complaints improved to 98% in the current year compared to 97% in the previous year.

Human Resource – An Overview

HR Department of the Bank plays a pivotal role in ensuring effective utilisation of its Human Resources who are considered to be the backbone of the Organization as a whole. The HR function assumes a critical role in enhancing employee performance and leveraging their potential in order to achieve the desired business outcomes. HR Department's role is to act as a driving force, ensuring balance and synergy between the Organization's vision and the interests of the workforce.

The Bank through its HR Department strives hard to ensure efficient as well as effective management of its Human Resources. As the entire work philosophy is shifting towards a modernized and automated approach, it is the duty of HR Department to develop effective HR frameworks and programs with a 360° view on all aspects of Human Resource Management.

Bank had implemented various modules under HRMS through software vendor M/s PeopleStrong. Most of the modules are stabilised. Continuous refinements have been made from time to time on the basis of feedback

from various stakeholders. All modules are being used extensively, and has resulted in reduced manual work and reduced use of papers. There is improved user experience after implementation of SuperApp. However, the Bank seeks for further betterment and hence is on the path of evaluating other solutions available in the market.

Bank has introduced the concept of HR Business Partnering (HRBP). A separate team has been framed and developed to address the requirements of Employees. The Employees of the Bank have been geographically divided and specific HRBP Officers have been assigned to each area. HRBP also serves as a mode for expressing their career growth, as well as grievances if any.

Employees handling sensitive positions have been disassociated to the extent of 100% on surprise intimation, as decided by the Bank. The Bank has not accounted such surprise disassociations as leave, and hence no leave has been deducted from the Employees' leave balances.

As a long term strategy, our Bank plans on expanding its branch banking network beyond the present borders and affirm its presence Pan India. In order to achieve our goal, talents have been pooled Pan India and qualified candidates matching each job role have been hired after rigorous recruitment process. These candidates are recruited on Cost to Company (CTC) basis and their remuneration is fixed on par with the industry standards. More recruitment is on the cards, in alignment with the organization's requirements.

HR Policy – Facts and Figures

HR Policies are formal rules and procedures that dictate as to how certain matters should be addressed in the workplace including employee rights and duties. HR Policies are tied to employment laws. To avoid non-compliance and penalties from the government, employer must adhere to HR policies.

Our HR Policies cover the entire gamut of Human Resource processes in the Bank, including and not limited to Recruitment Policy, Internal Hiring Policy, Succession Planning Policy, Background Verification Policy, Employee Referral Policy, Induction Policy, Compensation Policy, Policy on Granting of Incentives/ Benefits to Staff, Policy on Training and Development, Policy on disassociation from work desk, Travel Policy, Policy on POSH (Prohibition of Sexual Harassment of Women at Workplace), Transfer Policy, Promotion Policy, Performance Appraisal Policy, Welfare Aspects of HRM Policy in the Bank, Reward/ Recognition System, Management of Industrial Relations, Employee Exit Process, Code of conduct for Employees while using social media and Leave and Working Hours Policy.

The Policy on Code of Conduct while using Social Media educates Bank's employees, about the do's and don'ts to be kept in mind while sharing a comment, post, idea or concern on social media.

The total number of employees in the Bank during the end of FY 2023 is 6841 compared to 4663 in the previous financial year end. Rigorous talent acquisition in the recent years, especially in the fields of Sales portfolios such as CASA, Gold, etc. has contributed towards the increase in total employee count.

Financial Year	No. of employees recruited in the FY		No. of branches including Service and Recovery branches
	Operations	Sales	
2023	713	4,389	709

The Total Hiring for the Financial Year is as follows:

Sr. No	Cadre	No. of New Recruits
1	Officers (Including RSM/ASM/RE) etc.	1,673
2	Others (BDE/BSE's, RME's, CRE's/CRO's, GLOs)	3,429
Total		5,102

Wellbeing, Social Security and Safety Aspects for Employees of Human Resource Management

Staff Loans

The Bank offers various perquisites to its IBA staff which include staff loans at concessional rate of interest, viz. Housing Loan, Motor Vehicle Loan, etc. Such loans are considered to be secure and ensures prompt repayment. Concessional rate of interest is offered to employees for availing Educational Loan for their children for higher studies.

POSH for Women

Women Employees are offered protection against sexual harassment at workplace, in accordance with the provisions of POSH Act passed by the Government of India in the year 2013.

Health Insurance and Term Policies

Facilities such as medical reimbursement and cashless hospitalisation are provided to all employees through tie up with various Insurance Companies and TPAs, wherein the insurance Premium is borne by the Bank. The scheme undertaken by the Indian Banks' Association under arrangement with National Insurance Co. Ltd has been implemented and maintained successfully for IBA Employees. All Officers irrespective of their grade are covered for a Sum insured of ₹4,00,000/- and all Award Staff are covered for a Sum Insured of ₹3,00,000/-.

Group Insurance scheme is facilitated for IBA Employees with a death cover of ₹2.00 lakh for accidental death and ₹1.00 lakh otherwise. One of the group schemes facilitate death cover only, whereas the scheme GSLI, facilitates survival benefit where in the Employees are reimbursed with a certain sum at the time of exit from the organization.

Officers in IBA of Grade IV and above are covered under a Group personal accident policy for a sum insured of ₹7.50 lakh, for which the premium amount is borne by the Bank.

A Group personal accidental Policy has been introduced during FY 2022-23, for all employees, excluding Grade IV and above. The Policy offers two times of annual CTC capped at ₹20.00 lakh at the event of accidental death.

CTC Employees' Group Medical Insurance is administered by Reliance General Insurance . Graded Sum Insured is ₹3.00 lakh/₹4.00 lakh covering Employee + Spouse + 4 dependent Children. Apart from the medical insurance cover extended to employees by the Bank at its cost, Bank also have introduced Voluntary Parental Medical Insurance cover for all CTC employees, with premium at a very attractive rate, borne by the employees.

Option is available for both IBA & CTC Employee to opt for top-up of the sum insured if desired, wherein the premium amount for such portion is collected from the Employees. The scheme covers the Employees and their dependents.

All CTC employees, irrespective of their age have also been extended comprehensive annual health check- up package without any additional cost. This offer has been extended to the Bank by EkinCare Health which is also the TPA (Third Party Administrator) for the Group Medical Insurance with Reliance General Insurance Co. Ltd.

All Employees of the Bank are covered under a term Policy offered by Bajaj Allianz Life Insurance Co. Ltd. with a life cover of 2 times of CTC or ₹10.00 lakh, whichever is higher, subject to maximum 10 times of Annual CTC.

Medical Check-up

All IBA officers of the Bank, who have attained the age of 40 years, are eligible for reimbursement of expenses incurred for medical check-up once in a financial year, even without hospitalisation. All CTC employees are facilitated with one day leave every year for medical check-up.

Medical reimbursement and cashless hospitalisation is offered to CTC employees under arrangement with Reliance General Insurance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Bereavement Leave

The Bank has introduced Bereavement Leave for the employees, at the incident of demise of their close relatives.

Menstrual Leave

On the occasion of International Women’s day, the Bank has introduced Menstrual Leave for all women employees of the Bank, which can be availed once in a month. This is over and above the regular entitlement of other category of leaves.

Education Scholarship

Children of employees (IBA) who excel in their studies are provided with scholarship. Course fee and incentives are given to employees for passing various examinations/ courses conducted by the Indian Institute of Banking & Finance (IIBF), as decided by respective businesses.

National Pension Scheme

The Bank promotes National Pension Scheme shortly known as NPS, a social security initiative by the Central Government, encouraging people to invest in a pension account at regular intervals during the course of Employment. The Employees are facilitated with an online platform to instantly open their PRAN accounts under this scheme.

Employee Identity Cards

New Employee ID cards have been introduced in lieu of ID – cum – debit cards, as part of process simplification and quick availability of the same to the new joiners.

Learning and Development

The Learning and Development function continues to be aligned to the Bank’s business priorities during the financial year 2022-23. The focus has been majorly on getting the processes in place which will support the measurement of the ROI from learning initiatives taken.

Among the key initiatives taken, the “Institute of Learning and Development” (ILD) which is based at Ollur, Thrissur ensured that a roadmap was created for the capacity building programs which constituted the key functions of the Bank as mandated by RBI’s circular on capacity building. This roadmap ensures that personnel manning key functions in roles like Treasury, Risk, Credit and Accounting are holding mandated certifications (or those in lieu of). At the same time, it lays down guidelines for personnel who are yet to attain the same.

Keeping in mind the statutory and compliance requirements, the Learning and Development team ensured that 99% of the Bank’s personnel had undertaken the POSH module and had undergone an assessment

on the same. This included officials across all levels including officials in Top and Senior Management

Newly-recruited employees are taken through induction programmes immediately on joining the Bank which were held via online meeting platforms. Arrangements were made so that employees could attend the training sessions from their own locations. Additionally, a number of E-Courses, along with assessment tests have been assigned to employees during the year.

The Bank also avails of training programmes offered by renowned institutions like National Institute of Bank Management, Pune; Indian Institute of Banking & Finance, Institute for Development and Research in Banking Technology, Hyderabad;

Corporate Goals

CSB Bank is continuously engaged in improving the focus of its employees on linking their actions with the corporate goals. Our L&D Department’s mission is to develop the Bank into a Focused Learning Organisation. CSBILD has achieved its highest coverage of employees during the year, through online virtual classes and e-learning methodology. Bank is constantly on the look-out for innovation and technological improvements.

The L&D Department has retained its ISO 9001:2015 certification obtained during the previous year. Meanwhile, the Bank has already begun efforts to recruit apprentices under the Government of India’s Apprenticeship Act.

The L&D Department co-creates the annual training calendar through discussions with the different Business Verticals and other departments agreeing on the training objectives and related deltas. In this manner, L&D acts as a partner to the Business Verticals in facilitating achievement of their goals.

A certification programme on compliance was held over a 8 day window, with 3755 employees clearing the assessment.

Branch Heads, Senior Relationship Managers/ Relationship Managers/Customer Relationship Officers, Branch Operations Managers, Business Development Executives, Gold Loan Officers, and other role holders were covered by training during the year.

Additionally, in all, 200 E-Lessons were uploaded and assigned to 6340 employees, and 202 online programs were conducted with 20,802 participants. 13 physical programs with 425 participants, and 53 external programs with 150 participants were conducted, ensuring a staff coverage of over 100%. From a Year on Year perspective, this resulted in a growth of 164% employee participation

HR Verticalisation

The organisation has embarked on the path to improve customer experience, without compromising on quality and efficiency of existing processes. To ensure that this happens, HR jointly with all senior management is transforming existing businesses into vertical structures, which is contemporary to current outlook in the industry and is backed by technology. This is being done in order to create higher efficiency and reduced operational/ credit risk, improvement on customer service as well as responsiveness and indeed trying to achieve and create better benchmarks on an ongoing basis.

In the structure being introduced, monitoring and review is also being done with the help of Performance Score Cards for assessment at individual, Unit, Business/ Functional level. Clear and concise Job descriptions are available for 68% unique job roles; 79% of the Bank employees are covered under scorecard based performance evaluation.

Education/Communication with regards to creating clarity on expectations is being delivered through regular/objective feedback to employees/units/

functions and feedback from them during appraisals which enables the organisation to change what is needed for aiding faster growth. PMS workshops were conducted for supervisors to enable them to conduct fair and objective appraisals. Performance Improvement Program (PIP) process along with quarterly and mid-year reviews were carried out to strengthen the Banks performance management processes.

HR is also ensuring that all its efforts are directed towards attaining the said objectives, creating a winning solution for all stake holders.

Industrial Relations

The Bank is having 6,841 employees on its fold as on March 31, 2023. Out of 6,841 employees, 1,124 employees both officers and Award Staff are governed under IBA pay structure. Whereas 5,706 employees are governed under Cost to Company basis. Bank has been deploying retired officers from Nationalised Banks in identified areas to improve the necessary skill set and expertise in the Bank. The number of employees deployed under contract basis in the Bank is 11. The average age of the employees of the Bank is 33.10 years.

Financial Year	Total No. of Employees				Average Age (in Years)
	IBA	CTC	Contract Basis	Total	
2021-22	1,349	3,283	31	4,663	33.94
2022-23	1,124	5,706	11	6,841	33.10

The officers in Scale I to III under IBA pay structure which counts to 622 are affiliated to Officers’ Associations. There are two Officers’ Associations functioning in the Bank. There are three trade unions representing the Award Staff members (Clerks, Sub Staff and Part- time Sweepers) of the Bank. The Bank thrives to maintain a cordial and harmonious industrial relations with the Unions and Association by engaging with them.

By order of the Board

Sd/-
Bhama Krishnamurthy
Chairperson
(DIN:02196839)

Place: Thrissur
Date: June 22,2023

BOARD’S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting you the 102nd Annual Report of CSB Bank Limited (“CSB Bank/ the Bank”) together with the Audited Financial Statements, Independent Auditors’ Report and the Report on the business and operations of the Bank for the financial year ended March 31, 2023.

FINANCIAL PERFORMANCE AND STATE OF THE BANK’S AFFAIRS

The financial highlights of the Bank for the financial year under review, are presented below:

(₹ in Cr)		
Particulars	March 31, 2023	March 31, 2022
Deposits	24,505.81	20,188.30
Net Advances	20,650.65	15,814.68
Total Assets/Liabilities	29,162.28	25,356.27
Interest Income	2,319.65	2,038.31
Net Interest Income (NII)	1,333.84	1,153.30
Non-Interest Income	316.01	246.80
Operating Profit/ (Loss)	707.40	613.72
Provisions and Contingencies (Other than tax)	(26.21)	(0.51)
Profit /(Loss) before Tax	733.61	614.23
Provision for taxes	186.25	155.74
Net Profit /(Loss)	547.36	458.49
Add: Surplus/(Deficit) brought forward from last year	(198.83)	(509.49)
Profit & Loss Account balance before appropriations	348.53	(51.00)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act,1949.	136.84	114.62
Capital Reserve	0.14	9.83
Special Reserve	4.27	4.30
Investment Fluctuation Reserve	Nil	19.08
Balance carried over to Balance Sheet	207.29	(198.83)

(₹ in Cr)		
Particulars	March 31, 2023	March 31, 2022
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – III	27.10	25.90
Earnings per share (in ₹)	31.55	26.43
Book value per share (in ₹)	184.66	152.83
Net Interest Margin%	5.48	5.27
Cost-Income Ratio%	57.12	56.17
Return On Assets (ROA)%	2.06	1.90
Return On Equity (ROE)%	20.35	21.28
Gross NPA %	1.26	1.81
Net NPA %	0.35	0.68

Your Bank had rolled out the change management theme of **Sustain Build Scale 2030 (SBS 2030)** in FY 22, and a year has gone by. In every transformation journey, achieving the initial milestones builds the team’s confidence. The key milestones that were set for FY 23 were to sustain the core strengths and to initiate the build phase. In both the milestones, your Bank fared well. During the year, your Bank could demonstrate a YoY growth of 48% in gold loans, which we consider as our major strength. The key levers and enablers set forth for the build phase include proper segmentation/ verticalisation, good governance structure, growth-oriented policies, building infrastructure, robust and efficient customer centric process, strong and experienced leadership team, digital innovations etc. Fortunately, your Bank could achieve the milestones targeted for FY 23, for each of these in the expected lines. All the verticals planned for FY 23 have been set up and green shoots are visible. With a view to build a quality asset book, initiatives like revamped Retail/SME credit policies, loan products specific to businesses/ consumers including surrogates, scorecard-based products etc, processes like set up of – Real Estate Valuation Group (REVG), Fraud Control Unit (FCUs) etc have been rolled out. Coming to infrastructure, the Bank has for the third consecutive year opened 100+ branches in FY 23 and installed 63 new ATMs. On the technology front, though the major investments and plans are for the coming two years, we have created a blueprint of the structure and architecture that is to be implemented for the scale that we are aspiring for. However, the basic platforms like Loan Origination System (LOS), Lead Management System (LMS), product management tool, liability systems, payment/channel systems, cyber security etc., are put in place. The setting up of the Branch Service Quality Index Group (BSQIG) team is aimed towards ensuring the right culture and mindset among the team members to keep customer centricity at the heart of all our initiatives. On the leadership front, your Bank have a team with relevant experience to build and scale the franchise with long-term vision and commitment. The digital journey is picking up pace as the tech platform is getting ready. In short, the good start in FY 23 gives us the comfort to pursue this journey with more confidence.

PERFORMANCE OVERVIEW

During the period under review, your Bank continued to deliver on stakeholder expectations both in terms of topline and bottom line and registered a record net profit of ₹547.36 crore, up by 19% YoY, backed by 25% business growth, 31% net loan book growth, and 21% deposit growth. Your Bank was able to grow faster than the average industry growth trend in terms of deposits and advances.

In the Financial year 2022-23, the total income grew by ₹350.55 crore to ₹2,635.66 crore from ₹2,285.11 crore in the corresponding previous financial year. During the same period, Interest income increased by ₹281.34 crore to ₹2,319.65 crore from ₹2,038.31 crore and Non-Treasury Other Income increased by ₹78.27 Crore to ₹313.57 Crore from ₹235.30 Crore in the corresponding previous financial year. During the same period, Net Treasury Income decreased by ₹9.06 crore to ₹2.44 Crore from ₹11.50 Crore in the corresponding previous financial year.

During FY 2022-23, the total Operating Profit of the Bank increased by ₹93.68 crore to ₹707.40 crore from ₹613.72 crore and Net Profit increased by ₹88.87 crore to ₹547.36 crore from ₹458.49 crore in the corresponding previous financial year.

Your Bank reported a record net profit of ₹547.36 crore in the financial year 2022-23 compared to ₹458.49 crore in the corresponding previous financial year. The profit came in the backdrop of a strong growth in net interest income (NII). Non- interest income was backed by processing fee, commissions on selling third party products and charges collected from deposit accounts.

In the same period, the Bank’s total advances grew by ₹4,746.70 crore to ₹21,489.09 crore led by 48% growth in gold loans to ₹9,701 crore from ₹6,570 crore and 33% growth in Agriculture and MFI loans to ₹1,419 crore from ₹1,064 crore.

Deposits grew by ₹4,317.52 crore to ₹24,505.81 Crore from ₹20,188.30 crore in the corresponding previous financial year.

Gross non-performing assets (GNPAs) decreased by ₹26.95 crore to ₹262.56 crore as on March 31, 2023 from ₹289.51 crore as on March 31, 2022. Net non-performing assets (Net NPAs) decreased by ₹35.17 crore to ₹71.82 crore as on March 31, 2023 from ₹106.99 crore as on March 31, 2022. The gross NPA as percentage of advances improved by 55 basis points to 1.26% as on March 31, 2023 as against 1.81% as on March 31, 2022. Net NPAs improved by 33 basis points to 0.35% as of March 31, 2023 from 0.68% as on March 31, 2022. Provision Coverage Ratio improved to 92.11% at the end of the financial year from 89.65% in the corresponding previous financial year.

Total Assets have increased by ₹3,806.01 crore and stood at ₹29,162.28 crore as on March 31, 2023 as against ₹25,356.27 crore as on March 31, 2022. Net Advances have increased by ₹4,835.97 crore and stood at ₹20,650.65 crore as on March 31, 2023 as against ₹15,814.68 crore as on March 31, 2022.

TOTAL BUSINESS

Total business of the Bank stood at ₹45,995 crore as on March 31, 2023, as against ₹36,931 crore a year before, registering a y-o-y growth of 25%.

CASA DEPOSITS

Total CASA deposits grew by ₹1,091.09 crore to ₹7,886.26 crore as on March 31, 2023 from ₹6,795.17 crore as on March 31, 2022. Total Term Deposits grew by ₹3,226.42 crore to ₹16,619.55 crore in the same period from ₹13,393.13 crore of the corresponding previous financial year. Total Non-Resident Deposits grew by ₹400.15 crore to ₹4,925.62 crore in the same period from ₹4,525.47 crore of corresponding previous year.

ADVANCES

Total advances stood at ₹21,489.09 crore as on March 31, 2023 as against ₹16,742.39 crore as on March 31, 2022, registering a y-o-y growth of 28%. The gross CD Ratio of the Bank as on March 31, 2023 stood at 87.69% as against 82.93 % in the corresponding previous financial year.

Gold loan portfolio grew by 48% to ₹9701 crore as on March 31, 2023 from ₹6,570 crore as on March 31, 2022, whereas Retail other than gold and Corporate portfolios grew by 30% and 16% respectively in the same period

PRIORITY SECTOR LENDING

Priority Sector Advance extended by the Bank grew by ₹2,292.25 crore to ₹10,283.87 crore from ₹7,991.62 crore in the corresponding previous financial year, registering a y-o-y growth of 28.68%.Your Bank has achieved all the regulatory targets set under the priority sector lending.

ASSETS QUALITY

Indian banks asset quality has improved over the last couple of years and is soon expected to be better than what it was in the earlier days before the beginning of the massive cleansing of balance sheets under regulatory guidance. Experts predict that the gross NPA ratios of scheduled commercial banks to reduce in the coming FY’s due to lower incremental slippages, reduction in SMA accounts, restructuring portfolios and healthy growth in advances.

A decline in the overall stressed assets due to a reduction in GNPA's on account of resolution and /or write-offs and improvement in restructured assets with control on asset slippages is expected to continue.

Write off contributed to improving asset quality in Public Sector Banks (PSBs) while upgradation of assets & collections has contributed in reduction of GNPAs in Private sector Banks. There is lurking apprehension that asset quality may deteriorate once the restructuring

BOARD'S REPORT (CONTINUED)

period of loans allowed during pandemic time gets over. Though the share of GNPA's from large credit of the Indian Banking system declined from 66.4 % in 2020-21 to 63.4 % in 2021-22, the pipeline stress reflected in the data of special mention accounts (SMA) of banks shows increased potential stress in large credit for both PSBs and private banks. The data on SMA 0 with over dues from 0 to 30 days indicates early pipeline stress while SMA1 – 31 to 60 days of over dues and SMA2 – 61 to 90 days of over dues is indicative of accumulating stress in loan portfolio. It all depends on how the monitoring and control is organised by banks to improve the state of asset quality.

Close monitoring of Special Mention Accounts (SMA) including SMA-0 accounts was one of the Bank's focus areas during the year in its pursuit of improving asset quality. Multi-level monitoring of SMA portfolio, effective response to the signals thrown up by the automated Early Warning Signal (EWS) systems, monitoring of stressed accounts in the SME segment by dedicated Relationship Managers, tele-calling for improving collection of retail loans and collection through external agencies in some of the business segments have paid rich dividends in the area of stress containment and asset quality improvement during the year.

By initiating appropriate recovery steps in a time bound manner, your Bank could recover / upgrade substantial amounts of NPAs during the year. Account wise follow up of small & large value NPAs at Head Office level has also proved to be very effective in recovery maximisation.

Major chunk of the NPA recovery achieved by the Bank was through negotiated settlements. Organising Recovery Melas / Camps, participating in LOK Adalats, referring of small value accounts for recovery under Revenue Recovery Act in the State of Kerala, repossession and sale of secured assets under SARFAESI Act, 2002 and pursuing legal action by filing suits in Civil Courts / DRT etc., have been the strategies pursued by the Bank for recovery maximisation during the period under review. Compromise / One Time Settlement of NPAs was also pursued by the Bank for NPA recovery during the year which too proved as an effective tool.

The initiatives taken by the Bank have helped in containing the SMA portfolio at all-time low. During the period under review, your Bank could achieve cash recovery to the tune of ₹73.39 Crore and up-gradation of NPAs to the tune of ₹18.90 Crore. The recovery from the PWO portfolio and interest cash recovery amounted to ₹70.74 Crore and ₹16.49 Crore, respectively.

The Gross NPA of the Bank as on March 31, 2023 stood at a level of ₹262.56 Crore as compared to ₹289.51 Crore

in the corresponding previous financial year. The Gross NPA and Net NPA ratios are at 1.26% & 0.35% respectively as against 1.81% and 0.68% respectively in the previous financial year. The provision coverage ratio as on March 31, 2023 improved to 92.11% from the level of 89.65% in the previous financial year.

Your Bank continues to focus on arresting fresh delinquencies through close monitoring and recovery of NPAs by initiating appropriate and timely recovery steps.

FINANCIAL PERFORMANCE

Net Interest Income (NII) increased to ₹1,333.85 Crore in FY 2022-23 from ₹1,153.30 Crore in FY 2021-22. Non-Treasury Other Income increased to ₹313.57 Crore in FY 2022-23 from ₹235.30 Crore in FY 2021-22. However, the Net Treasury Income decreased to ₹2.44 Crore in FY 2022-23 from ₹11.50 Crore in FY 2021-22.

Provisions other than taxes decreased by ₹25.70 crore from ₹(0.51) crore to ₹(26.21) crore. The Operating Profit for the financial year 2022-23 was ₹707.40 crore before taxes and provisions as against ₹613.72 crore in the financial year 2021-22 mainly on account of increased net interest income and other income excluding treasury profits.

The Net Profit for the financial year 2022-23 was ₹547.36 crore as compared to a Net Profit of ₹458.49 crore in the financial year 2021-22.

DIVIDEND

Your Bank has formulated the Dividend Distribution Policy as per the requirements of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and guidelines issued by Reserve Bank of India.

The objective of the Policy is to lay down the criteria to be considered by the Board, before recommending dividend to its shareholders, whether it be Interim/ Special Dividend or Final Dividend. The Bank believes in optimizing the shareholder's wealth by offering them various corporate benefits from time to time after considering the Capital to Risk (Weighted) Assets Ratio (CRAR) and reserve requirements subject to regulatory stipulations.

Though the Bank posted the highest ever net profit in its history during the financial year, with the object of conserving the capital for future expansion, strengthening its balance sheet and reserves further, your directors do not propose to recommend any dividend for the financial year ended March 31, 2023.

The Dividend Distribution Policy is available on the Bank's website at https://www.csb.co.in/pdf/Dividend_Distribution_Policy_y_20122022.pdf

CHANGE IN THE NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Bank.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e., March 31, 2023 and the date of the Directors' Report.

CAPITAL STRUCTURE

The Authorised share capital of the Bank stood at ₹220.00 Crore divided into 22 Crore equity shares with a face value of ₹10/- each as on March 31, 2023. During the financial year under review, there has been no change in the Authorised share capital of the Bank.

The Paid-up Equity Capital of the Bank stood at ₹173.49 crore comprising 17,34,85,827 fully paid-up Equity Shares of ₹10/- each as on March 31, 2023. The Bank has not allotted any shares during the financial year 2022-23, and as a result, the paid-up capital of the Bank remains unchanged, i.e., ₹173.49 crore.

RESERVES

The free reserves and surplus stood at ₹2,309.41 crore as on March 31, 2023 as against ₹1,901.97 crore (including debit balance in Profit and Loss Account) as on March 31, 2022.

The Bank's Net owned funds grew to ₹2,964.10 crore from ₹2,416.51 crore as of the previous financial year, and its market capitalization stood at ₹4,252.14 crore as on March 31, 2023 as against ₹3,663.15 crore as on March 31, 2022.

CAPITAL ADEQUACY RATIO

The Bank's overall Capital Adequacy Ratio (CRAR) under Basel III stood at 27.10% at the end of fiscal 2023, well above the benchmark requirement of 11.50% stipulated by Reserve Bank of India.

Of this, the Common Equity Tier I (CET I) CRAR was 25.87% (against minimum regulatory requirement of 8.00%) and Tier I CRAR was 25.87% (against minimum regulatory requirement of 7.00%)

As on March 31, 2023, the Bank's Tier II CRAR under Basel III stood at 1.23%.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, confirm that

- In the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2022-23 and of the profit and loss of the Bank for that period.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The directors had prepared the annual accounts for the financial year ended on March 31, 2023 on a going concern basis.
- The directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PROMOTER HOLDING – FIH MAURITIUS INVESTMENTS LTD

FIH Mauritius Investments Ltd (FIHM), the promoter of the Bank holds, 49.72 % in the paid-up capital of the Bank which is in line with Reserve Bank of India vide Master Direction No. DBR. PSBD. No.56/16.13.100/2015-16 dated November 19, 2015 on 'Prior approval for acquisition of shares or voting rights in Private Sector Banks' and Reserve Bank of India Master Direction DBR.PSBD.No.95/16.13.100/2015-16 dated May 12, 2016 on 'Ownership in Private Sector Banks Directions, 2016' which were subsequently repealed and replaced with the Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 ("Master Direction") read with Reserve Bank of India Guidelines on Acquisition and

BOARD’S REPORT (CONTINUED)

Holding of Shares or Voting Rights in Banking Companies (“Guidelines”), dated January 16, 2023.

There is no change in the promoter holding during the financial year under review.

FIHM holding in the Bank is subject to the dilution schedule as mandated by Reserve Bank of India while according to its approval to acquire up to 51 % of the post issue paid-up capital of the Bank and the relevant RBI guidelines as applicable, from time to time.

Pursuant to Section 12(2) of Banking Regulation Act and a Gazette Notification no. DBR.PSBD. No.1084/16.13.100/2016-17 dated July 21, 2016, read with Guidelines dated January 16, 2023, voting rights of FIHM are currently capped at 26% of the total voting rights of the Bank.

QUALITY INITIATIVES

Bank focuses on maintaining highest standards of quality through innovative technology platforms thereby ensuring superior services to customers and other stakeholders. Bank is having ISO 27001:2013 certification for IT, IS and data-centres which is valid till 27-9-2024 and the rating awarded for Bank’s information security system is ‘very good’ by rating agency, STORMS, and is in advanced security category by the rating agency, BitSight.

CSB Institute of Learning & Development (CSBILD) has retained its ISO 9001:2015 certification obtained during the previous financial year. Using a combination of e-learning methodology and virtual programs, CSBILD has covered a diverse spectrum of employees across the Bank in the current FY. The coverage of employees in FY 2022-23 is 20,802 for various internal and external programs. This is higher than the coverage in FY 2021-22 which was 16,143. Among the various initiatives taken in the current financial year, we have achieved the highest coverage of employees for various compliance related trainings through our LMS platform.

CREDIT RATINGS OF DEBT INSTRUMENTS

CRISIL, vide letter dated May 24, 2023, has reaffirmed the rating ‘CRISIL A1+’ to the ₹2,000 crore Certificate of Deposits Programme and ₹2,000 crore Short Term Fixed Deposits Programme of the Bank.

CRISIL, vide letter dated May 24, 2023 has reaffirmed ‘CRISIL A /Stable’ rating to the proposed ₹500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank. India Ratings and Research, vide letter dated August 18, 2022, has reaffirmed its rating of ‘IND A’ with Outlook Stable, to the proposed ₹500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank.

The Bank has not yet issued any bonds as part of the programme.

Further details of all credit ratings obtained by the Bank along with revisions thereto, if any, during fiscal 2023, for all the debt instruments outstanding as on March 31, 2023, are provided in the Report on Corporate Governance, forming part of this annual report.

DEPOSITS ISSUANCE PROGRAMME

During the period under review, your Bank raised ₹1,000 Cr (FV) under the Certificate of Deposits programme from various mutual funds and banks, and out of the same, the outstanding as on March 31, 2023 was ₹100 crore (FV). The Bank has not raised deposits under the Short Term Fixed Deposits Programme during the period under review.

ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

As on the date of this Report, the Bank has not issued any equity shares with differential voting rights.

ISSUE OF SWEAT EQUITY SHARES

As on the date of this Report, the Bank has not issued any sweat equity shares.

EMPLOYEES STOCK OPTION SCHEME

CSB Employees Stock Option Scheme 2019

The Bank, on receipt of approval of the shareholders by postal ballot on May 4, 2019, formulated a stock option scheme called “CSB Employees Stock Option Scheme 2019” (“**ESOS 2019**” or “**Scheme**”). The first amendment was made in the Scheme at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. The second amendment was made in the Scheme at the Annual General meeting of the Bank held on August 12, 2021, permitting vesting of unvested employee stock options after the date of retirement/early retirement as per original Vesting schedule as specified in the Grant Letter, subject to the provision of the applicable laws and at the discretion of the Nomination and Remuneration Committee of the Board.

The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 which was subsequently repealed and replaced with the Securities

and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The scheme is intended to enable the employees, present and future, to get a share in the value that they help to create for the organization over a period of time, aligning the objectives of an individual with those of the Bank as well as to attract and retain critical senior talents with Employee Stock Options as a compensation tool.

The Scheme shall be administered through an employee stock option trust (“ESOS Trust”) in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹10/- per share.

None of the amendments made were detrimental to the interests of any existing option grantees, at the respective times. Further, no amendments were made in the Scheme during the FY 2022-23.

Under the Scheme, 7,47,456 stock options were granted in the financial year 2022-23. Out of these, 3,76,067 options were granted on June 28, 2022, at an exercise price of ₹196.60 per option, 2,15,000 options were granted on July 21, 2022, at an exercise price of 207.00 per option and 1,56,389 options were granted on September 23, 2022, at an exercise price of ₹236.45 per option.

All the options were granted at market price, to be vested subject to the vesting conditions/ malus and claw back arrangements and be exercised within the period as per the terms of the grant and the Scheme.

During the period under review, 2,53,787 options were vested in line with the vesting schedule, of which 1,09,418 options were lapsed due to non-exercise of the options by the grantee within the exercise period allowed. Apart from that, 12,000 options granted during the financial year 2022-23 also lapsed prior to vesting due to the resignation of the grantee.

As on March 31, 2023, the number of options outstanding is 21,32,474 of which vested and in force is 2,88,738 options.

Pursuant to the approval received from Reserve Bank of India on May 4, 2023, the Nomination & Remuneration Committee of the Board on May 10, 2023, granted 13,145 stock options to Mr. Pralay Mondal, Managing Director & CEO, at an exercise price of ₹293.80 per option, for the period (February 17, 2022 to September 14, 2022) he held the position of Deputy Managing Director of the Bank.

Amendment proposed in the CSB Employees Stock Option Scheme 2019.

No amendment was proposed to the CSB Employees Stock Option Scheme 2019 in the ensuing Annual General Meeting of the Bank.

CSB Employees Stock Option Scheme – Statutory Compliance

A Certificate of Secretarial Auditors of the Bank pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, that the CSB Employees Stock Option Scheme 2019 has been implemented in the Bank in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and the resolution passed by the Shareholders for the Scheme, will be placed to the Annual General Meeting for the scrutiny of Shareholders.

The statutory disclosures as required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, are given on the website of the Bank at www.csb.co.in which forms part of this report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

CSB Bank has a legacy embedded with the trust of over 100 years. Ethics, trust, and transparency are the founding legacies of the Bank. CSB Bank always believed and stood for customers who are in the need-based category of society, built its business over a century by supporting effectively through the delivery of basic banking products responsibly and transparently, thereby making a significant difference in the livelihood of the segments it serves. Bank, without losing its focus on business and other key areas, always emphasized on issues related to environment, social and governance which is very evident and reflected through its approach and activities, maintaining exemplary corporate governance standards through transparency and disclosures.

Bank in compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) read with the SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, presents the Business Responsibility and Sustainability Report (BRSR) of the Bank for the FY 2022-23, being the second report of its kind, in the format as specified by SEBI, describing the initiatives taken by the Bank from an environmental, social and governance perspective, forms part of this Report as **Annexure-II**.

BOARD'S REPORT (CONTINUED)

The Report indicates the Bank's performance against the nine principles of the 'National Guidelines on Responsible Business Conduct'. Reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis.

The report has also been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations>General meetings>Annual General Meeting – 2023>.

BUY-BACK OF SHARES OR PROVISION OF FINANCIAL ASSISTANCE FOR PURCHASE OF THE BANK'S SHARES

The Bank has not effected any buy-back of its shares or provided any financial assistance for purchase of its shares, to any persons including directors and employees of the Bank in terms of Section 67 of the Companies Act, 2013.

BONDS

Bank has not issued any bonds during the period under review. Bonds issued by the Bank in earlier periods were redeemed as per the redemption schedule and no bonds were outstanding at the beginning and end of the financial year.

DISCLOSURE RELATED TO DETAILS OF DEPOSITS ACCEPTED

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 are not applicable to the Bank.

SUBSIDIARIES AND ASSOCIATES

Your Bank does not have any subsidiaries, joint ventures or associate companies.

There are no companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year under review.

Bank has formulated a Policy for determining material subsidiaries pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/2.Policy-for-Determining-Material-Subsidiary.pdf>

RISK MANAGEMENT POLICY

The Bank has a comprehensive policy framework which contains separate policies for identification,

measurement, monitoring & control and mitigation of all material risks including but not limited to credit, market, operational, liquidity and other Pillar- II risks. The Bank has put in place an integrated risk management policy which ensures independence of the risk governance structure. IRMD Charter is included in the Integrated Risk Management policy. The risk management policy details the principles, rules and guidelines to be adopted by the Bank for managing and controlling various kinds of risks through various sub-policies. The policies are implemented in an uninterrupted, reliable and comprehensive manner across the entire Bank. The details of risk management practices are provided in the Management Discussion and Analysis Report annexed to the Director's Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Vigilance Department as part of its ongoing Vigilance Mechanism has a set of laid down policies viz 1. Fraud Risk Management Policy, 2. Whistle Blower Policy, 3. Anti-Bribery & Anti-Corruption Policy which are scrupulously followed, for surveillance, control, and monitoring of day-to-day activities, in order to prevent frauds and thereby manage the risk of eventual financial loss or damage to the reputation of the Bank. These policies are in tune with the directions of RBI.

Whistle Blower policy is an effective tool to report concerns regarding unethical behaviour, violation of systems & procedures, questions of law, wrong business practices or grave misconduct by the employees. As per this Policy /Mechanism, all stake holders viz Directors & employees of the Bank, customers, Non-Governmental Organizations (NGO) and others can lodge complaints. It is published in the Website of the Bank and thereby creates awareness amongst all the stake holders. The Audit Committee of the Board (ACB) oversees the vigil mechanism through its committee processes. The Chairman of ACB directly hear grievances/ victimisation of employees, who use this mechanism to report such genuine concerns. No employee who is aggrieved is denied access to ACB under this policy. It provides reassurance/protection to the whistle blower from victimisation, discrimination or reprisals for having blown the whistle, in good faith and in the interest of the Bank. The investigation under this policy shall be completed within three months from the date of receipt of the complaint and the report thereof should be placed before the ACB.

Moreover, awareness regarding the said policy as well as the Ethics & Code of conduct for staff, are included in every session of the training programme conducted at the Bank's Staff Training College, for enhancing awareness of fraud risk and for promoting a culture of compliance amongst the employees.

Similarly, the Fraud Risk Management policy followed by the Bank also covers all aspects of the said vigilance mechanism. Every instance of fraud reported is thoroughly investigated. It ensures that all the systems and procedures are scrupulously followed by all its employees. Bank is taking stringent action against the employees who do not comply with the instructions of the Bank. Deficiencies/irregularities/Lacunae in the system and procedures, if any observed during the investigation, are plugged and wherever necessary systemic corrections are suggested and placed before the ACB, for necessary directions. Further the concerned branches are suitably cautioned so that such deficiencies do not recur, and incidents of frauds minimized. Vigilance Department issues caution advice on a regular basis that disseminates the different modus operandi adopted by the fraudsters in the banking industry, including that occurred in our Bank. This enables the Branches / Offices to prevent similar kind of fraudulent attempts in future. This policy is reviewed every year by the Board and suitably amended, as required. A reference to the Whistle Blower Policy/Vigil Mechanism is also made in every caution note issued by the Vigilance Department.

Further the Anti-Bribery and Anti-Corruption Policy ensures that the stakeholders including employees (whether full-time or contractual, including trainees and interns), Directors, Agents, Associates, Vendors, Consultants, Advisors, Representatives, or Intermediaries do not indulge in any act of 'Bribery' or 'Corruption' while discharging their official duties, either in their own name or in the name of the Bank.

Besides investigation of frauds reported/detected, the department also undertakes Preventive Vigilance Audits, to ensure the effectiveness of the prevention mechanism. This promotes a culture of compliance amongst its employees. Moreover, Bank is making all out efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems & procedures, to update and alert its employees. Bank has a well-organized Inspection Department that conducts regular and comprehensive Inspection (RBIA) of branches and offices at specified intervals and also oversees all other Audits and Inspection of the Bank. The Bank is taking several measures to plug the gaps in the areas of appraisal, monitoring, internal systems, etc., to strengthen the overall control system on loan assets. The Bank has strengthened the internal audit system, functions of vigilance department and put in place an appropriate mechanism, information system and the required infrastructure to prevent recurrence, early detection of frauds on an ongoing basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the provisions of Regulation 34(2)(e) of the SEBI Listing Regulations, the Management Discussion and Analysis Report for the year under review is provided in a separate section forming part of this Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Bank has designed and implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. For the year ended March 31, 2023, the Board is of the opinion that the Bank has sound Internal Financial Controls commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses exist.

Bank is operating in a fully computerized environment with Core Banking System supported by diverse application platforms for handling special business such as treasury, trade finance, retail loans, etc. The process of recording transactions in each application platform is subject to various forms of control such as in-built system checks, maker – checker authorisations and independent post transaction reviews. The financial statements are prepared based on computer system outputs. Responsibility of preparations of financial statements is entrusted to a dedicated unit which is independent of business.

For mitigating risks and for KYC norms compliance, Bank has put in place centralized processing for opening of CASA accounts and modifications in customer information. For login to CBS, in addition to login passwords, finger-scan-authentication is implemented and as control measure, dual custody for cash and gold are in place in all branches.

The Bank has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Bank's operation. During the year under review, there are no material or serious observations of inefficiency or inadequacy of such controls.

CORPORATE GOVERNANCE

The Bank continues its endeavor to adopt the best prevalent corporate governance practices. A separate section/Report on corporate governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure

BOARD'S REPORT (CONTINUED)

Requirements) Regulations, 2015 and the Companies Act, 2013 and the rules made thereunder are incorporated in the Corporate Governance Report that forms part of this Annual Report.

A certificate from Bhandari & Associates, Company Secretaries, Mumbai, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI Listing Regulations is annexed to this report.

UPDATE ON IND AS IMPLEMENTATION

Reserve Bank of India (RBI) vide press release RBI/2018-2019/146 DBR.BP.BC.No.29/ 21.07.001/2018-19, dated March 22, 2019, advised all scheduled commercial Banks about deferment of implementation of Ind AS till further notice in the context of legislative amendments recommended by RBI on implementation of Ind AS were under consideration of the Government of India.

The implementation of IND AS is expected to result in significant changes to the way the Bank prepares and presents its financial statements. The key impact areas during the implementation of Ind AS for the Bank include impairment requirements of Financial Instruments based on Expected Credit Loss, interest recognition using effective interest method and Fair valuation of financial assets.

Your Bank is gearing itself for seamless transition to IND AS and to bring the necessary systems in place to facilitate submission of the Proforma IND AS financial statements to RBI. With respect to the various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by Bank are summarized as follows:

- Bank has set up a Steering Committee comprising members from cross-functional areas of the Bank to initiate the implementation process.
- Bank is in the process of implementing changes as required in existing IT architecture and other processes to enable smooth transition to Ind AS. This include automation of computation of Expected Credit Losses (ECL), Effective interest Rate, Fair valuation, related accounting changes and generation of MIS reports.
- As directed by the RBI, the Bank is submitting half yearly Proforma Ind AS financial statements within the stipulated timeline.
- Training to the employees is imparted in a phased manner.

There may be new regulatory guidelines and clarifications in some critical areas of Ind AS application, which the Bank will need to suitably incorporate in its

implementation. The Bank will continue its preparedness towards adoption of 'IND AS' as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

Pursuant to Section 186 (ii) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub - section (i), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business, hence being excepted from disclosure requirements under Section 134(3)(g) of the said Act.

The particulars of investments made by the Bank are disclosed in Schedule 8 of the financial statements as per the applicable provisions of the Banking Regulation Act, 1949.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

As per the Bank's 'Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions', Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Bank pursuant to each of the omnibus approval given and such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. As per the Policy, omnibus approval is required from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodical basis. Further, all transactions with related parties in the ordinary course of business and on arm's length basis requires approval of the Audit Committee of the Board.

As per the amendments made in the SEBI Listing Regulations, 2015, effective from April 1, 2022, all related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Bank, review of the same by the Board and further all the material related party transactions and subsequent material modifications as defined by the Audit Committee shall require the prior approval of the members of the Bank.

In line with the said amendment, your Bank has obtained prior approvals of the Audit Committee, the Board, and the members of the Bank via postal ballot resolutions/ at the Annual General meeting for all the related party transactions/material related party transactions as per the said amendments, with effect from April 1, 2022. No transactions were entered into with related parties,

which were not in the ordinary course of the business of the Bank or which were not on an arm's length basis.

During fiscal 2023, the Bank has not entered into any materially significant transactions with its related parties, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into with them in the ordinary course of its business.

The particulars of contracts or arrangements with related parties entered into during the year under review in terms of Section 188(i) of the Companies Act, 2013 are provided in Form AOC-2 as Annexure -III in terms of 134(3) (h) of the Companies Act, 2013.

The 'Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions' has been reviewed by the ACB and the Board and the same is available on the website of the Bank at <https://www.csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionnew.pdf> in terms of the SEBI Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank recognizes the society as one of its chief stakeholders, and has always given top priority to Corporate Social Responsibility activities. The main objective of CSR policy of the Bank is to make CSR a key business process for sustainable development of the society. The CSR Policy will serve as a guiding document to help identify, execute and monitor CSR projects in accordance with the spirit of the statute.

The Bank, in terms of the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, has set up a Corporate Social Responsibility (CSR) Committee to supervise the CSR initiatives of the Bank. The CSR Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Section 135 of the Companies Act, 2013 and further in accordance with Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR programme of the Bank; (c) monitor the corporate social responsibility policy of the Bank from time to time and (d) formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

During the financial year 2022-23, your Bank has identified various projects and has spent the requisite amount in terms of Section 135 of the Companies Act, 2013 towards CSR activities as per annual action plan approved, spread across areas such as healthcare,

sanitation, education, housing etc. In the financial year 2022-23, the Bank has spent ₹6.72 Crore (100% of CSR budget) for CSR activities, as against ₹0.84 Crore in the financial year 2021-22. As a responsible citizen, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

The Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year 2022-23 has been provided in **Annexure - IV** to this report.

The Corporate Social Responsibility Policy as recommended by the CSR Committee and as approved by the Board is available on the website of the Bank and can be accessed at https://www.csb.co.in/pdf/CSR%20Policy_Final_-30032022.pdf

AUDITORS

a) Statutory Auditors

The members of the Bank in the 100th Annual General Meeting held on August 12, 2021, approved the appointment of B S R & Co. LLP, Chartered Accountants, Mumbai- 400011, for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, Mumbai - 400057 for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100th Annual General Meeting till the conclusion of the 102nd and 103rd Annual General Meetings of the Bank respectively, subject to the specific approval of Reserve Bank of India for each year during their tenure in terms of Section 30(1A) of the Banking Regulation Act, 1949. B S R & Co. LLP, Chartered Accountants was the Statutory Auditors of the Bank to audit the accounts for the financial year ended March 31, 2021.

Bank in terms of Section 30(1A) of the Banking Regulation Act, 1949, obtained approval of Reserve Bank of India for the appointment of B S R & Co. LLP, Chartered Accountants Mumbai and Mukund M. Chitale & Co, Chartered Accountants, Mumbai as the Joint Statutory Central Auditors of the Bank for the financial year 2021-22 and thereafter obtained on a yearly basis.

As per Reserve Bank of India Guidelines No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, regarding "Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) in Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" read with FAQ dated June 11, 2021 and the Bank's policy with regard to Appointment of Statutory Auditors, an audit firm/s will be allowed to continue as the Statutory Auditor/s (SCA) in the Bank for a period of three years and thereafter the said firm will be compulsorily rested

BOARD'S REPORT (CONTINUED)

for a period of six years. Accordingly, M/s. B S R & Co. LLP, Chartered Accountants Mumbai, who will be completing continuous tenure of three years as the Statutory Auditors of the Bank in the ensuing Annual General Meeting, will not be eligible for re-appointment in terms of the said guidelines.

Accordingly, in line with said guidelines, the Board on recommendation of the Audit Committee of the Board, recommends the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, being the first preferred choice of firm to the RBI in place of retiring statutory auditor, B S R & Co. LLP, Chartered Accountants Mumbai, for a period of three (3) years as the second Joint Statutory Auditors of the Bank, to hold office from the conclusion of 102nd Annual General Meeting till the conclusion of the 105th Annual General Meeting of the Bank, subject to the specific approval of Reserve Bank of India for each year during their tenure in terms of Section 30(1A) of the Banking Regulation Act, 1949, for the purpose of audit of the Bank, including certifications, reporting on internal financial controls, of the Bank's accounts at its head office, branches and all the controlling and other offices.

Bank has received consent from the said firm/s and confirmation to the effect that they are not disqualified to be appointed as the Statutory Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made thereunder and Reserve Bank of India Guidelines dated April 27, 2021 and accordingly the recommendation was made to Reserve Bank of India for their appointment being the first preferred choice of firm subject to the approval of Reserve Bank of India (RBI) in terms of Section 30(1A) of the Banking Regulation Act, 1949 and approval of the shareholders of the Bank in terms of Section 139, 142, 143 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules.

Bank in terms of Section 30(1A) of the Banking Regulation Act, 1949, obtained approval of Reserve Bank of India for appointment of M/s. Mukund M. Chitale & Co, Chartered Accountants, Mumbai together with M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai as the Joint Statutory Auditors of the Bank for the financial year 2023-24 for their third year and first year, respectively.

Pursuant to the amendment made to Rule 3 of the Companies (Audit and Auditors) Rules, 2014 via the Companies (Audit and Auditors) Amendment Rules, 2018, effective from May 07, 2018, the requirement of seeking ratification of the members for the re-appointment of the Statutory Auditors has been

withdrawn from the Statute. Hence, ratification of the members for re-appointment of M/s. Mukund M. Chitale & Co. Chartered Accountants, Mumbai as one of the Joint Statutory Auditors of the Bank at the ensuing Annual General Meeting is not being sought for. However, the Bank will continue to seek approval of the shareholders for payment of fees/ remuneration to the Auditors on a yearly basis though approval of the shareholders be sought for their appointment for a period of three years together, in line with the extant guidelines.

Pursuant to the Regulation 33(1) (d) of the SEBI Listing Regulations, the Joint Statutory Auditors have confirmed that they are subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

The Board places on record their appreciation and gratitude to M/s. B S R & Co. LLP, Chartered Accountants, Mumbai- 400011, retiring auditors, for the valuable services rendered by them as Statutory Auditors of the Bank.

b) Independent Auditors' Report

The Joint Statutory Auditors of the Bank viz., M/s. B S R & Co. LLP, Chartered Accountants, Mumbai and M/s. Mukund M. Chitale & Co, Chartered Accountants, Mumbai, have audited the accounts of the Bank for the FY 2022-23 and their Report is annexed.

Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to the Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for FY 2022-23.

c) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed M/s. Bhandari & Associates, Company Secretaries, Mumbai as its Secretarial Auditors in place of M/s. SVJS & Associates, Company Secretaries, Kochi to conduct the secretarial audit of the Bank for the Financial Year 2022-23. The Bank produced all necessary records to the Secretarial Auditors for the smooth conduct of their Audit.

M/s. SVJS & Associates, Company Secretaries, Kochi, was the Secretarial Auditors of the Bank for the period from 2014-15 to 2021-22, and the decision to appoint new auditors in place of them was in line with the

decision of the Bank to rotate/change Secretarial Auditors by the end of every three financial from the date of appointment, similar to the approach being followed in the matter of the appointment of statutory auditors in the Bank.

The Report of Secretarial Auditors for the said period is annexed to this report as **Annexure - VI**. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2022-23.

d) Secretarial Compliance Report

Pursuant to Regulation 24A of SEBI Listing Regulations read with circular No. CIR/CFD/ CMDI/27/2019 dated February 08, 2019, issued by SEBI, the Bank has obtained Secretarial Compliance Report for the financial year ended March 31, 2023, from M/s. Bhandari & Associates, , Company Secretaries, Mumbai, the Secretarial Auditors of the Bank on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges within the prescribed timelines.

(e) Certificate in terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a Certificate from Bhandari & Associates, Company Secretaries, Mumbai, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory / Regulatory Authorities. The said certificate is annexed to this Report.

(f) Reporting of Frauds by Auditors

During fiscal 2023, pursuant to Section 143(12) of the Companies Act, 2013, neither the Statutory Auditors nor the Secretarial Auditor of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

COMPLIANCE TO SECRETARIAL STANDARDS

Your Bank is in compliance with the relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings (SS-1) and the General Meeting (SS-2) during the financial year 2022-23. Further, the Bank has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

TRANSFER OF UN-CLAIMED/UN-PAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend transferred to Unpaid Dividend account and remaining unpaid or unclaimed for a period of seven years from the date of such transfer, has to be transferred to Investor Education and Protection Fund as per Section 124 (5) of the Companies Act, 2013.

Since the Bank had not declared any dividends since the financial year 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the "Fund") by the Bank for the financial year ended March 31, 2023.

All the unclaimed dividends pertaining to the prior period/ financial years, except the amount of ₹9,101, which could not be transferred due to regulatory restraints on such transfers and remained unclaimed for a period of seven (7) consecutive years or more, were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

In terms of the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended) and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years, to the Investor Education Protection Fund (IEPF) Authority.

Since the Bank had not declared any dividends since the financial year 2014-15, no shares were required to be transferred to the Investor Education and Protection Fund Authority by the Bank for the financial year ended March 31, 2023.

UNCLAIMED SHARE APPLICATION MONEY

There is no unclaimed Share application money pending with the Bank or to be transferred to Investor Education and Protection Fund.

COMPENSATION/ REMUNERATION POLICY

The Bank has formulated and adopted a Compensation Policy in terms of Reserve Bank of India circular no. DOR.

BOARD'S REPORT (CONTINUED)

Appt. BC.No.23/29.67.001/2019 20 dated November 04, 2019, the relevant provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder and the SEBI Listing Regulations. The Policy formulates the criteria for determining the remuneration and further deals with the compensation and benefits of Non-Executive Chairman, Non-Executive Directors, Managing Director & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and all other officials and employees of the Bank.

The details of the policy have been included in the Report on Corporate Governance, which forms part of this Report. The Policy was reviewed by the Nomination and Remuneration committee and the Board in their respective meetings held on October 21, 2022.

The excerpts from compensation policy are available on the website of the Bank.

NOMINATION POLICY

The Bank has formulated and adopted Nomination policy for appointment and orderly succession of appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. The Policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director. The details of the same have been included in the Report on Corporate Governance, which forms part of this Annual Report.

The Nomination Policy was reviewed by the Nomination and Remuneration Committee and the Board in their respective meetings held on January 17, 2023 and the same is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/NominationPolicy.pdf>

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of Directors / Employees of the Bank, is attached as **Annexure-V** to this Report.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in an Annexure and forms part of this report.

In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are

being sent to the members, excluding the aforesaid Annexure. The said Annexure is available for inspection at the registered office of the Bank, and any member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank at board@csb.co.in.

BOARD OF DIRECTORS

The Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, Circulars and Guidelines issued by the Reserve Bank of India, from time to time, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the best practices/principles in corporate governance adopted by the Bank.

As on the date of this report, the Board comprises of nine (9) Directors, out of which six (6) are Independent Directors, two (2) are Non-executive, Non-Independent Directors and one was Executive Director. The Directors possess rich experience and specialized knowledge in various areas of relevance to the Bank viz. like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Information Technology, Economics, Finance, MSME, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management, etc.

The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

Appointment/changes in the Board Directors of the Bank since the last Board's Report dated June 28, 2022 and up to the date of the Report is as given under:

Re-Appointment of Non-Executive Directors

Director Mr. Sumit Maheshwari (DIN: 06920646), liable to retire by rotation, was re-appointed at the Annual General Meeting held on September 27, 2022.

Part-Time Chairperson

Mr. Madhavan Aravamuthan (DIN : 01865555), Non-Executive Independent Director ceased to be the Part-Time Chairman of the Bank with effect from the close of business hours of June 28, 2022 upon expiry of his tenure of appointment as Part-Time Chairman as per Reserve Bank of India letter August 10, 2020. Further, Mr. Madhavan Aravamuthan stepped down from the position of independent director of the Bank with effect

from the close of business hours of June 28, 2022, as his term of appointment as the Part-Time Chairman and first term as Independent Director of the Bank ended on the same day.

The Board places on record its appreciation of the valuable contributions, advises and services of Mr. Madhavan Aravamuthan during his tenure as the Part-Time Chairman as well as an independent director of the Bank. The Board also took note of the sheer professionalism displayed by Mr. Madhavan Aravamuthan during his tenure by sharing unbiased, decisive and professional opinions, keeping in view of all the stakeholders' interest at hand.

Mrs. Bhama Krishnamurthy (DIN: 02196839), Non-Executive Independent Director, was appointed as the Part-Time Chairperson of the Bank in place of Mr. Madhavan Aravamuthan for the period starting from November 17, 2022 up to September 28, 2024 (both dates inclusive), on receipt of approval of Reserve Bank of India on November 17, 2022 pursuant to section 10B(1A) (i) of the Banking Regulation Act, 1949 which is coterminous with Ms. Bhama Krishnamurthy's second term of appointment as Independent Director of the Bank.

Mrs. Bhama Krishnamurthy has been on the Board of the Bank since September 3, 2018, as an Independent Director.

Re-Appointment of Independent Directors

Mrs. Sharmila Abhay Karve (DIN: 05018751) was re-appointed for a second term as a Non-Executive Independent Director of the Bank for a period of 5 (five) years commencing July 20, 2023, up to July 19, 2028 (both dates inclusive) as per the postal ballot resolution dated December 8, 2022. Mrs. Sharmila Abhay Karve is not liable to retire by rotation, in terms of Section 149(13) of the Act. Her first term as a Non-Executive Independent Director of the Bank ends on July 19, 2023. Mrs. Sharmila Abhay Karve is representing "Majority Sector -Economics, Finance and Accountancy" on the Board of the Bank.

Appointment of Mr. Pralay Mondal as the Managing Director & CEO

Pursuant to the approval received from Reserve Bank of India on September 15, 2022, in terms of Section 35B of the Banking Regulation Act, 1949, for the appointment of Mr. Pralay Mondal (DIN: 00117994) as Managing Director & CEO of the Bank for a period of 3 (three) years with effect from the date of its approval i.e. from September 15, 2022, the Board of Directors of the Bank in its meeting held on September 15, 2022, on the recommendations of the Nomination and Remuneration Committee, elevated and appointed Mr. Pralay Mondal, Deputy Managing Director as the Managing Director & CEO of the Bank, for

a period of three (3) years, with effect from September 15, 2022, up to September 14, 2025 (both dates inclusive).

The appointment of Mr. Pralay Mondal as the Managing Director & CEO and acceptance of the position by him on September 15, 2022, simultaneously ended his tenure as the interim Managing Director & CEO of the Bank.

The approval of the shareholders was obtained on December 8, 2022, for the appointment as well as the terms, including remuneration, of Mr. Pralay Mondal as the Managing Director & CEO, with effect from the date of approval by Reserve Bank of India.

Interim Arrangement

The appointment of Mr. Pralay Mondal (DIN: 00117994), Deputy Managing Director, as interim Managing Director & CEO of the Bank, initially for a period of three months with effect from April 1, 2022, which was extended for a further period of three months with effect from July 1, 2022, or till the appointment of a regular Managing Director & CEO in the Bank, whichever is earlier, pursuant to the approval received from Reserve Bank of India on June 29, 2022, was ended on September 15, 2022, on receipt of the approval of Reserve Bank of India for the appointment of Mr. Pralay Mondal as the Managing Director & CEO of the Bank with effect from the date of approval.

Accordingly, the interim arrangement ceased to be in exist simultaneously on the day of the appointment of Mr. Pralay Mondal as the Managing Director & CEO and his acceptance of the position, i.e., on September 15, 2022.

The approval of the shareholders was obtained in the 101st Annual General Meeting of the Bank held on September 27, 2022, for the appointment of Mr. Pralay Mondal, Deputy Managing Director as interim Managing Director & CEO of the Bank, for the said period. The terms and conditions of appointment, including remuneration of Mr. Pralay Mondal as Interim Managing Director & CEO remained the same as those for the position of Deputy Managing Director.

Woman Director

In terms of the provisions of Section 149(1) of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, the Bank is required to have at least one independent woman director on the board. Currently, there are two independent women directors on the Board of the Bank. Mrs. Bhama Krishnamurthy (DIN: 02196839) has been appointed as a Director since September 3, 2018 and Mrs. Sharmila Abhay Karve (DIN: 05018751) since July 20, 2020.

BOARD’S REPORT (CONTINUED)

Appointment of Independent Director

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank in their meeting held on June 20, 2023, appointed Mr. Biswamohan Mahapatra, (DIN: 06990345) as an Additional Director (Non-Executive Independent category) of the Bank w.e.f. June 20, 2023 for a period of five (5) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, SEBI Listing Regulations and Article 133 of the Articles of Association of the Bank. The said appointment is subject to the approval of the Shareholders of the Bank.

Mr. Biswamohan Mahapatra is a career central banker with over 33 years of experience in various departments of the Reserve Bank of India and retired as Executive Director of Reserve Bank of India in August 2014 where he was in charge of banking regulation, policy, and supervision. Post retirement, he has been an Advisor to RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees and was also the Member-Secretary to the Committee set up to introduce a financial holding company structure in India and involved in the formulation of Basel II and Basel III regulations. Mr. Biswamohan Mahapatra is representing Majority Sector – ‘Banking, Finance, Law, Risk Management and Payment Systems’ on the Board.

Necessary resolution seeking approval of the members in connection with appointment of Mr. Biswamohan Mahapatra as Independent Director of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mr. Biswamohan Mahapatra recommended for his appointment as Independent Director in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI Listing Regulations and the Secretarial Standard on General Meetings (SS-2).

Opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:

Board has appointed Mr. Biswamohan Mahapatra (DIN: 06990345), as Additional Director of the Bank under (Non- Executive Independent category) based on the extensive due diligence carried out by the NRC on the declarations submitted by him in terms of fit & proper criteria and other applicable statutory guidelines issued by Reserve Bank of India from time to time.

Board noted that Mr. Biswamohan Mahapatra is a career central banker with over 33 years of intense experience in various departments of Reserve Bank of India and retired as Executive Director in RBI.

Adverting to the above, in the opinion of the Board, the said Independent Director appointed on June 20, 2023, possesses the requisite qualifications, proficiency, expertise, track record, integrity, independence, as well as vast and rich experience in the field of Banking.

Re-appointment of Independent Director

Mr. Sudhin Bhagwandas Choksey’s (DIN: 01865555) first term as Non-Executive Independent Director of the Bank ends on January 31, 2024. The Board of Directors and Nomination & Remuneration Committee of the Board, post satisfactory evaluation of his performance, recommended the reappointment of Mr. Sudhin Bhagwandas Choksey as Non-Executive Independent Director of the Bank to hold office for a period of five consecutive years (second term), with effect from January 31, 2024 to January 30, 2029.

Necessary resolution seeking approval of the members in connection with reappointment of Mr. Sudhin Bhagwandas Choksey as Independent Director of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mr. Sudhin Bhagwandas Choksey, recommended for his reappointment as Independent Director in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Secretarial Standard on General Meetings (SS-2).

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Non- Executive Director, Mr. Madhavan Menon (DIN: 00008542) shall retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Madhavan Menon (DIN: 00008542) was at first appointed as an Additional Director of the Bank with effect from September 03, 2018 under Section 161(1) of the Companies Act, 2013 and his appointment was regularized at the 97th AGM held on September 29, 2018 and he was liable to retire by rotation.

Mr. Madhavan Menon was last re-appointed as director to retire by rotation at the 100th Annual General Meeting held on August 12, 2021, in terms of Section 152 of the Companies Act, 2013.

Approval of the members of the Bank is being requested for re-appointed of Mr. Madhavan Menon as Non-Executive, Non-Independent Director of the Bank.

The detailed profile of Mr. Madhavan Menon recommended for re-appointed in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI Listing Regulations and the Secretarial Standard on General Meetings (SS-2).

INDEPENDENT DIRECTORS – COMPLIANCE STATUS

The Bank fully satisfies the requirements of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations in connection with the appointment of Independent Directors and the following are the Independent Directors of the Bank as on the date of this report.

Sl. No	Name of the Independent Director	Term	Term of Appointment is up to
1	Mrs. Bhama Krishnamurthy (DIN: 02196839)	Second	September 28, 2024
2	Mrs. Sharmila Abhay Karve (DIN: 05018751)	First	July 19, 2023*
3	Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	First	January 30, 2024
4	Mr. Sunil Srivastav (DIN: 00237561)	First	June 7, 2024
5	Mr. Sharad Kumar Saxena (DIN: 08238872)	First	February 18, 2025
6	Mr. Biswamohan Mahapatra (06990345)	First	June 19, 2028

**Vide postal ballot resolution dated December 8, 2022, shareholders have approved the re-appointment for a period of five (5) years, commencing from July 20, 2023, up to July 19, 2028 (both dates inclusive).*

The performance of the Independent Directors is subject to evaluation as per Section 149(8) of the Companies Act, 2013 and read with Schedule IV to the said Act.

The Board is confident about their integrity, expertise and experience in the relevant functional areas.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have confirmed of having complied with the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI Listing Regulations read with 25(8) of the Regulations that they meet the criteria of independence laid down thereunder. Further, they have also complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct and Ethics for Board

of Directors and Senior Management Personnel of the Bank. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management. There has been no change in the circumstances affecting their status as independent directors of the Bank.

Pursuant to rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank have affirmed that, they had registered as an Independent Director in the Independent Directors Data Bank as required under rule 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and had also complied with the requirements of passing the online proficiency self- assessment test/ exempted from online proficiency self- assessment test in terms of Rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

Board is of the opinion that Independent Directors appointed since the date of last report and up to the date of this report are persons of integrity, and has the necessary knowledge, experience and expertise and further, the Board has ensured that the independent directors have also complied with the requirements of passing the online proficiency self-assessment test/ exempted from online proficiency self-assessment test in terms of Rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended for being appointed/continue to be appointed as an Independent Director of the Bank.

FAMILIARISATION PROGRAMMES OF INDEPENDENT DIRECTORS

All directors including Independent Directors are familiar with their roles, rights and responsibilities in the Bank at the time of appointment and also on a recurrent basis. The Bank facilitates familiarisation programme and other programmes including Certification programme in IT and Cyber Security for its directors.

The details of various programmes undertaken/ arranged for familiarizing the Independent Directors and other programmes arranged for the directors are disclosed in the Report on Corporate Governance, which forms part of this Report.

Details of familiarisation programmes attended by all Directors including Independent Directors are provided at https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Independent_Directors_of_the_Bank_14032023.pdf, pursuant to regulation 46 of SEBI Listing Regulations.

BOARD'S REPORT (CONTINUED)

APPOINTMENT/CHANGES IN KEY MANAGERIAL PERSONNEL

Mr. Pralay Mondal, Deputy Managing Director was elevated and appointed as the Managing Director & CEO of the Bank, for a period of three (3) years, with effect from September 15, 2022, up to September 14, 2025 (both dates inclusive). He has been designated as Key Managerial Personnel with effect from his date of appointment as Deputy Managing Director on February 17, 2022.

Mr. Satish Gundewar was appointed as Chief Financial Officer and as Key Managerial Personnel of the Bank with effect from June 5, 2023, in place of Mr. B. K. Divakara, who ceased to be the Chief Financial Officer of the Bank with effect from the close of office hours on June 4, 2023, as part of the change in the Bank's management structure. Mr. B. K. Divakara ceased to be Key Managerial Personnel with effect from the said date.

Mr. Sijo Varghese, Company Secretary, continues to be the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

BOARD AND ITS COMMITTEES

Board and Number of Meetings

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain decisions are taken by Board through resolution passed by circulation from time to time.

The Board met eighteen (18) times during the FY 2022-23 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder and the applicable SEBI Listing Regulations.

The schedule of the meetings of the Board is fixed on a yearly basis and circulated in advance to the members of the Board for their consideration and approval.

Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Report.

Committees of the Board

The Bank has eleven sub-committees of the Board and the same have been formed as part of the best corporate governance practices and/or in compliance with the requirements of the relevant provisions of applicable laws and regulatory prescriptions.

The details with respect to the compositions, powers, roles, terms of reference, etc., of the above Committees are given in detail in the Report on Corporate Governance which forms part of this Report.

AUDIT COMMITTEE

The Bank has constituted the Audit Committee of the Board in terms of the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The Committee discharges the functions laid down in the Companies Act, 2013 and those prescribed by the Reserve Bank of India and SEBI Listing Regulations. It also discharges the functions delegated by the Board of Directors from time to time. The Committee acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

Board has accepted all the recommendations of the Audit Committee. The composition, role and functions of Committee, is provided in the Report on Corporate Governance, which forms part of this annual report.

ANNUAL EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the SEBI Listing Regulations and also in line with Board evaluation policy, Bank has put in place criteria for annual evaluation of performance of Chairperson, Managing Director & CEO, Executive Directors, Non-executive Directors, Independent Directors, Board Level Committees and the Board as a whole.

The performance of the members of the Board other than independent Directors and the Board as a whole has been evaluated separately at the meeting of the Independent Directors.

The performance of the independent Directors has been reviewed by the Board as provided for under Section 149(8) read with Schedule IV of the Companies Act, 2013.

The Statement indicating the manner in which formal annual evaluation of the Directors, Committees of the Board and the Board are given in detail in the report on Corporate Governance, which forms part of the Annual Report.

The Nomination and Remuneration Committee of the Board annually reviews and approves the criteria and the mechanism for carrying out the said exercise effectively.

The Board evaluation policy is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/Board-Evaluation-Policy-10052023.pdf>

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of activities of the Bank, with respect to the provisions of Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy and technology adoption, the Bank is constantly pursuing and making all-out efforts to achieve the desired goals as contained in the Act.

Ensuring compliance of the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, the relevant disclosures to be made are as under:

a) Conservation of Energy

All attempts are being made to reduce energy consumption to the maximum extent possible. As part of these measures, the Bank is installing LED lights and other energy saving equipments in a phased manner across.

b) Technology Absorption

The required technology absorption is being made considering the nature of activities undertaken by the Bank.

c) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo are part of the normal banking business of the Bank. Being an Authorised Dealer in Foreign Exchange, the Bank has been taking all possible steps to augment export credit.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the financial year 2022-23, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Bank's operations in future.

MAINTENANCE OF COST RECORDS

Being a banking company the Bank is not required to make and maintain such accounts and cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

CEO & CFO CERTIFICATION

Pursuant to Regulation 17(8) of the SEBI Listing Regulations, the Certificate issued by Mr. Pralay Mondal, Managing

Director & CEO and Mr. B.K. Divakara, Chief Financial Officer of the Bank, for the financial year ended March 31, 2023, was placed before the Board at its meeting held on April 28, 2023.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has formulated and adopted a Policy on Prevention of Sexual Harassment of Women at workplace.

The Bank has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during the financial year 2022-23, is disclosed in the Report on Corporate Governance, which forms part of the Annual report.

STRICTURES AND PENALTIES

There are no instances of non-compliance by the Bank and no penalties or strictures have been imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market activities, during the last three years.

DISCLOSURE UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Being a banking company, the disclosures required as per Rule 8(5)(xi)&(xii) of the Companies (Accounts) Rules, 2014, on the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year and the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are not applicable to the Bank.

However, being a banking company, during the period under review, your Bank was part of the Corporate Insolvency Resolution Process (CIRP) initiated against the two corporate debtors before NCLT for a total book value of ₹2.78 crore.

ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return (MGT-7) as on March 31, 2023, will be displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2023.

BOARD’S REPORT (CONTINUED)

ACKNOWLEDGEMENTS AND APPRECIATIONS

The Board of Directors is grateful to the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Stock Exchanges, Insurance Regulatory and Development Authority of India, the domestic banking community, the Registrar and Share Transfer Agents, Depositories and rating agencies for their continued support and guidance. The Board of Directors would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage.

The Board also expresses its deep sense of appreciation and heartfelt thanks to every member of the CSB family

for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led the Bank towards reinforcing its customer centric image and making commendable progress in today’s challenging environment. The Board looks forward to their continued, dedicated and sincere service to take the Bank to new heights.

Finally, the Board of Directors wish to record their deep sense of obligation and gratitude to all the Shareholders, well-wishers and all other stakeholders of the Bank for their patronage and look forward to continuing this mutually supportive and beneficial relationship in future as well.

By Order of the Board

Sd/-
Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

Place: Thrissur
Date: June 22, 2023

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Message From MD & CEO

In an era earmarked by profound global challenges, the concept of sustainable development has taken center stage, with organizations around the world recognizing the imperative to embrace responsible practices that go beyond mere financial performance. At CSB Bank, we have always believed that our success is intricately linked to the well-being of the society and the environment in which we operate. This belief continues to drive our pursuit of creating shared value for all our stakeholders.

It is my privilege and honor to stand before you today as the Managing Director and CEO of CSB Bank, as we embark on a journey towards a more sustainable and responsible future. With great enthusiasm, I present the Opening Statement for our Bank’s Business Responsibility and Sustainability Report for the year 2023.

Throughout the year, we have made significant strides in our journey towards a more sustainable and responsible future. Our efforts have been focused on three core pillars: environmental stewardship, social empowerment, and ethical governance. We have embraced eco friendly initiatives like sustainable lending, waste management and technological innovation to contribute to greener economy.

CSB Bank recognizes the vital importance of fostering strong relationships with the community, CSB Bank actively caters to the requirements of marginalized and economically disadvantaged groups through loans extended to self-help groups, joint liability groups, and economically weak borrowers, addressing their urgent financial needs and promoting inclusive growth. The Bank’s CSR project selection is thoughtfully designed to achieve the stated objectives, with a primary focus on prioritizing the well-being and empowerment of vulnerable and marginalized groups.

Bank has put in place a strong corporate governance framework as per regulatory guidelines and also a fair, transparent & accountable Corporate Governance structure across its hierarchy to safeguard the interests of all stakeholders.

Let us recognize that sustainability is not merely a box to be ticked, but a continuous journey of improvement and innovation. As we move forward, we remain committed to integrating responsible practices into every facet of our operations, creating sustainable value for our stakeholders and contributing to a better world.

Finally, I would like to thank our employees, customers, and stakeholders for their ongoing support of our sustainability efforts.

Warm Regards,

Pralay Mondal
Managing Director & CEO

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

SECTION A: GENERAL DISCLOSURES

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	: L65191KL1920PLC000175
2	Name of the Listed Entity	: CSB Bank Limited
3	Year of incorporation	: 1920
4	Registered office address	: Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur – 680020, Kerala, India
5	Corporate address	: Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur – 680020, Kerala, India
6	E-mail	: board@csb.co.in
7	Telephone	: 0487 2333 020
8	Website	: www.csb.co.in
9	Financial year for which reporting is being done	: April 1, 2022 to March 31, 2023
10	Name of the Stock Exchange(s) where shares are listed	: 1. BSE Limited 2. National Stock Exchange of India Limited
11	Paid-up Capital (In ₹)	: ₹173.48 crore
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	: Mr. Sijo Varghese Company Secretary & Compliance Officer Tel: 0487 6619 228 Email: board@csb.co.in
13	Reporting boundary – Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	: The disclosure under this report are made on a standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of turnover of the Entity
1	Financial and Insurance Service	Banking activities by Central, Commercial and Saving banks	100

15. Products /Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% of total Turnover Contributed
1	Bank operates in four business verticals – Retail Banking which includes both deposits and loans, Wholesale Banking, SME Banking and Treasury Management. All the products and services are offered under these Segments. For details, please refer to the 'Management Discussion and Analysis' section of the Annual Report.	64191	100

III. Operations

16. Number of locations where Branches or operations/offices of the entity are situated:

Location	Number of Plants	Number of Branches	Number of Offices	Total
National*	NA	703	35	738
International	NA	NIL	NIL	NA

*As on March 31, 2023

17. Markets served by the entity:

a. Number of Locations

Locations	Number
National (No. of States)	16 States and 4 union territories.
International (No. of Countries)	Nil

Annexure II to the Board's Report

b. What is the Contribution of Exports as a Percentage of the Total Turnover of the Entity?

Being a banking company, there is no export earnings.

c. A brief on Types of Customers

Overall, the Bank has a wide range of asset and liability products and also offers third party insurance and investment products, viz. life and non-life insurance products. There are various types of Deposits products to its customers including fixed deposits, Reinvestment deposit plans, recurring deposits, Savings Bank and Current accounts. On the Advances/ Asset side, the Bank offers Gold Loans, Two-Wheeler Loans, Business Loans (MSME), Home Loans, Loans against Property, Education Loans, Microfinance Loans and Agriculture Loans. The Bank also offers Micro, Small and Medium Enterprise loans to various businesses across geographies of India. The Existing Product offering is in the form of Term loans, cash credits and overdraft against collateral to self-employed businesses. Further, as mentioned above, Bank through its branches offers third party products (TPP), viz. Life Insurance, General and Health Insurance products and other investment avenues for its customers like Mutual Funds, online trading accounts, etc. by tie-up with selected corporates in respective business.

Under Priority sector advance to Agriculture, Small & Marginal Farmers, Weaker Sections and Micro- Enterprises, the Bank offers loans to farmers, micro & small enterprises, education, housing, social infrastructure, etc. Under Financial Inclusion scheme, the Bank offers Pradhan Mantri Jan Dhan Yojana (PMJDY) and three social security schemes namely Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY).

The Bank caters to the need of corporate clients through Corporate Lending/Wholesale Banking, primarily for medium-sized enterprises, Capital Markets, Securitisation and Supply Chain Finance division consisting of Working Capital Financing, Corporate Loans, Term Loans, Trade Credit, Bill Financing, Supply Chain Financing, Securitisation Transactions, TReDS etc.

IV. Employees

Details as at the end of Financial Year, ended March 31, 2023.

a. Employees and Workers (including Differently Abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	6830	4680	68.52%	2150	31.48%
2.	Other than Permanent (E) #	11	11	100%	-	-
3.	Total employees (D + E)	6841	4691	68.57%	2150	31.43%
WORKERS®						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Workers (F + G)	NA	NA	NA	NA	NA

which includes 11 employees who are on a contract basis.

®Being a banking company, the entire workforce is categorized as 'Employees' and none as 'Workers'. Hence in all sections, details sought of the 'Workers' category are not applicable to the Bank.

b. Differently Abled Employees and Workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	NIL	NIL	NIL	NIL	NIL
2.	Contract employees (E)	NIL	NIL	NIL	NIL	NIL
3.	Total differently abled employees (D + E)	NIL	NIL	NIL	NIL	NIL
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than permanent (G)	NA	NA	NA	NA	NA
6.	Total differently abled workers (F + G)	NA	NA	NA	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

18. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	2	25%
Key Managerial Personnel (KMP)	3	0	0%

19. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years) (Numbers shown in the table are in %)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	51.20	46.32	49.90	28.95	26.45	28.24	17.46	17.23	17.39
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

V. Holding, Subsidiary and Associate Companies (including joint ventures)

20. (a) Names of holding / subsidiary / associate companies / joint ventures

Not Applicable as the Bank does not have a holding, subsidiary, associate or joint venture.

VI. CSR Details

21.

(i)	Whether CSR is applicable as per section 135 of Companies Act, 2013	:	Yes
(ii)	Turnover	:	₹26,35,66,32,355.18
(iii)	Net worth	:	₹29,64,09,93,596.39

VII. Transparency and Disclosures Compliances

22. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	(If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	https://www.csb.co.in/pdf/CSR%20Policy_Final_-30032022.pdf https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf	NIL	NIL	NIL	NIL	NIL	NIL
Investors (other than shareholders)	Yes	https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf	NIL	NIL	NIL	NIL	NIL	NIL

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	(If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes	As per SEBI Listing Regulations	1	0	Investor complaint received through Bank's Registrar and Share Transfer Agent	1	0	Investor complaint received through SEBI Scores platform of Bank's Registrar and Share Transfer Agent
Employees and workers	YES	As per internal policies and https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf	12	6	Bank has initiated timely measures for an effective redressal of grievances.	4	4	Bank has initiated timely measures for an effective redressal of grievances.
Customers	YES	Various policies on customer rights as provided in the following link https://www.csb.co.in/bank-policies https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf	12621	45	The pending cases are under process and will be settled in a timely manner.	9071	70	All pending complaints were subsequently attended and closed.
Value Chain Partners	YES	https://www.csb.co.in/pdf/ABC-Policy-website-version-17052022.pdf https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf	NIL	NIL	NIL	NIL	NIL	NIL
Other (please specify)	NA		NA	NA	NA	NA	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

23. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Risk Crop Failure	Risk	It has direct impact on the business. Borrowers are unable to repay the loan amount due to natural hazards like flood, draught, irregular rainfall etc.	There are targets for banks for the priority sector. Hence these risks cannot be eliminated. However, with proper product composition, portfolio mix, geographic diversification, support from the government, risk can be mitigated to certain extent.	Negative
2	Climate Change Credit Risk	Risk	Credit Risk due to climate change can emerge from exposures to units having high carbon emission, units following technologies which fails to shift and comply with ESG guidelines. Further collapse of real estate prices due to natural hazards will have serious impact leading to higher LGD when impairment happens.	As a policy matter, to reduce the greenhouse effect, the Bank does not finance borrowers for setting up new units producing/consuming Ozone Depleting Substances (ODS) and small/medium scale units engaged in the manufacturing of aerosol units using Chlorofluorocarbons (CFC) which enables a reduction in the greenhouse effect.	Negative
		Opportunity	Bank has wide scope lending money to the Development and use of emerging technologies such as renewable energy, battery storage, energy efficiency, making advances in LED lighting technology, industrial motor technology, electrical vehicles		Positive
3	Corporate Governance – Board oversight, Conflict of Interest, Ethics, Risk and Compliance, Succession Planning	Risk	Strong corporate governance is core to achieving the organisation's mission and any risks can undermine stakeholder trust, damage reputation and disrupt business.	Bank has put in place strong corporate governance framework as per regulatory guidelines. The Bank has in place a fair, transparent & accountable Corporate Governance structure across its hierarchy to safeguard the interests of all stakeholders. • There is an effective mechanism, supported by strong policies to supervise the Executive Management and oversee the critical functions of the Bank. • There is an effective grievance redressal mechanism for customer to address their concerns.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Social Responsibility	Risk	The business must be rooted in community and be in alignment with the community's larger interests. Any adverse relationship can hurt the company's ability to create longer term value.	Fostering communities, job creation, skill development, supporting local relief efforts wherever required in times of crisis and paying taxes.	Negative
		Opportunity	Improve the CSB brand equity by promoting/ structuring products and services to uplift society and improve social/living standards	Bank has created separate verticals for promoting educational loans, housing loans, MSME, Agri and Micro segments, targeting its responsibility towards upliftment of society through serving the needs of those who aspire for higher education, building houses, starting micro/ small enterprises. The Bank is also in a big way extending loans to SHG/JLG to cater the needs of weaker and socially backward society. Through gold loans, the Bank addresses urgent needs of public. The portfolio of the Bank also includes direct assignment transaction wherein the ultimate beneficiary is the economically weak borrowers	Positive
5	Environmental Risk – Waste management	Risk	Non-compliance with the emerging regulations around recycling and waste management can lead to penalties and reputational risk	Reduction in waste generation, creation of awareness among employees Bank has taken Green initiatives such as Document Management System, E-passbook, video KYC, etc.	Negative
6	Climate Risk	Risk	Extreme weather events due to climate change pose physical risk of disruption to the Bank's operation and safety and wellbeing of its employees.	Bank has put in place the BCP framework which is a guiding document in case of any such eventuality	Negative

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Climate Risk Change – Market Risk	Risk	Reduction in financial asset values including the potential to trigger large, sudden and negative price adjustments where climate risk is not yet incorporated into prices. Climate risk could also lead to a breakdown in correlation between assets or a change in market liquidity for particular assets, undermining risk management assumptions.	As part of addressing climate related financial risk, Bank has enhanced stress testing methodologies to assess the likely impact on Bank's NII and CRAR. Bank has also adopted computation of Pillar 2 capital towards climate related financial risks and the same is incorporated in Bank's ICAAP Policy.	Negative
8.	Climate Risk Change – Liquidity Risk	Risk	Bank's access to stable sources of funding could be reduced as market conditions change. Climate risk drivers may cause Bank's counterparties to draw down on deposits and credit lines.	Govt of India directives indicate that sovereign green bonds will be eligible for SLR and repo transactions and are tradable. These measures will help to maintain liquidity and enable trading of these bonds. Bank can participate in Green bond issues and mitigate the risk of liquidity and erosion in its market value as the trading volumes build up going forward.	Negative.
		Opportunity	Facilitating Bank's to garner Green Deposits which shall be used to finance nine specified sectors as per RBI recent directives.	The RBI regulated entities have been told to put in place a comprehensive Board-approved policy on green deposits, laying down all aspects in detail for the issuance and allocation of such deposits. The same shall support Bank in addressing liquidity concerns to a certain extent. The same will be taken up in due course.	Positive.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Policies of the Bank are recommended by respective Committees of the Board and approved by the Board. The Policies of the Bank are signed by the respective departmental Heads and Managing Director & CEO before placing it to the Committee and Board for approval /annual review.								
c. Web Link of the Policies, if available	Y	Y	Y	Y	Y	Y	N	Y	Y
	The policies are available in Bank's website at https://csb.co.in/investor-relations and https://csb.co.in/bank-policies . The policies other than those which are available in the Bank's website, being internal documents are available only to the employees through the Bank's intranet.								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	Guidelines and Standard Operating Procedures have been framed to the extent required in line with and covering 8 principles related to the respective policy.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	In general No. However, specifically applicable wherever the same policies have been incorporated specifically in the Memorandum of Understanding executed between Bank and value chain partners.								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	No specific National or International standards are applicable for the policies framed, but all the same comply with the statutory guidelines to the extent as applicable. However, the policies based on NGRBC are adhered to, as far as applicable to the Banking industry.								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	The nature of business being banking and not involved into any manufacturing or factory related activities, Bank is committed for enhancing the business and other core activities with minimal impacts to environment and society. The Bank has a focus on digitalization of various manual activities thereby reducing the usage of natural resources and minimizing the carbon footprints.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	There has been no reported adverse impact to the environment due to the business activities. All efforts are being made for limited usage of material resources which affects the environment and society as a whole. Substantial reduction in paper use is achieved through Go Green initiative and reduction in power usage through installation of energy saving equipment in major centres. Bank offers a wide range of banking products to fulfil customer expectations through an extensive network of branches, ATM/ CDMs, and through technologies like Mobile Banking, WhatsApp Banking, Internet Banking, Point of sale services and UPI. Bank has taken Green initiatives such as Document Management System, E-passbook, video KYC etc. The Bank's digital banking initiatives enables the customers to do banking activities, without being physically present at Bank's branch/office, which substantially reduces carbon footprint, unnecessary travel, wastage of time and energy. These products are safe and secure to use and contribute to sustainability throughout their life cycle.								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Corporate Social Responsibility Committee of the Board
The message from the Managing Director & CEO has been put at the beginning of this report.	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9										
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<div>Yes.</div> <div>The Corporate Social Responsibility Committee of the Bank is responsible for decision making on the sustainability related issues. The members of the Committee are as under:</div> <table><tr><th>Name</th><th>Designation</th></tr><tr><td>Bhama Krishnamurthy, Part-Time Chairperson -Independent</td><td>Chairperson</td></tr><tr><td>Pralay Mondal, Managing Director & CEO</td><td>Member</td></tr><tr><td>Sudhin Choksey, Non-Executive Independent Director</td><td>Member</td></tr><tr><td>Sumit Maheshwari, Non-Executive Non Independent Director</td><td>Member</td></tr></table>									Name	Designation	Bhama Krishnamurthy, Part-Time Chairperson -Independent	Chairperson	Pralay Mondal, Managing Director & CEO	Member	Sudhin Choksey, Non-Executive Independent Director	Member	Sumit Maheshwari, Non-Executive Non Independent Director	Member
Name	Designation																		
Bhama Krishnamurthy, Part-Time Chairperson -Independent	Chairperson																		
Pralay Mondal, Managing Director & CEO	Member																		
Sudhin Choksey, Non-Executive Independent Director	Member																		
Sumit Maheshwari, Non-Executive Non Independent Director	Member																		

10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	NA	Y	Y	Annually.								
	Yes. Directors, Committee of Board and any other Committee to the extent as applicable																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes. Directors, Committee of Board and any other Committee to the extent as applicable									Quarterly.								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	NO	NO	NO	NO	NO	NO	NO	NO	NO
	Evaluation is done through internal mechanism and seeks external assistance and advice as and when required. The policies are annually reviewed /approved by the Board. Compliance Department reviews the policies periodically for submission to the Committee and Board and the concerned department monitors adherence to implementation of policy mandated by RBI and other regulators.								

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:									
Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7*	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable.								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Not applicable								
The entity does not have the financial or/human and technical resources available for the task (Yes/ No)	Not applicable								
It is planned to be done in the next financial year (Yes/No)	Not applicable								
Any other reason (please specify)	*In the case of Principle No. 7, the Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry.								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the FY 2022-23.

Segment	Total Number of Trainings and Awareness Programmes Held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	2	Familiarization Program for Independent Directors and Program on ESG Reporting	100 %
Key Managerial Personnel	3	Top Management Webinar for Enhancing Bank's Preparedness in IRRBB, Corporate governance, Information Technology, Cyber Security, Bank Exposure to Climate Change Risk Framework for Assessment and Action Planning, Cyber Risk & Resilience: New Frontiers, Certificate Program on Anti Money Laundering, Digital Strategy and Digital Risk Management	100 %
Employees other than Board of Directors and KMPs	268	Compliance functions, Cyber Security, Financial Literacy, Prevention of fraud, Managing risk under Basel 3, ESG and Climate Risk, PoSH/Whistle Blower Policy, Soft skills like stress / Time Management, Motivation, Change readiness, Forex & Trade Finance, Disciplinary Proceedings, International Banking Statistics, Emotional Intelligence, Bond Mathematics, Locker Modules, APY, NPS, Credit Information Sheets, etc.	100 %
Workers	0	NA	0%

2. Details of fines/ penalties/punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year in the following format: (Note: the entity shall make Disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and as disclosed on the entity's website)

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty /Fine	Nil	NA	NA	NA	No
Settlement	Nil	NA	NA	NA	NA
Compounding fee	Nil	NA	NA	NA	NA
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	NA	NA	NA	NA
Punishment	Nil	NA	NA	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable as no fines/penalties etc. has been levied or paid by the organisation.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

The Bank does have a specific policy viz. Anti-Bribery & Anti-Corruption Policy. Your Bank is committed to upholding the highest moral and ethical standards, and does not tolerate bribery or corruption in any form.

The policy is available on the Bank's website at <https://www.csb.co.in/pdf/ABC-Policy-website-version-10102022.pdf>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
Key Managerial Personnel	NIL	NIL
Employees	NIL	1
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors.	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs.	NIL	NA	NIL	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year.

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL	NA	NA

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If Yes, provide details of the same.

Yes.

The Bank has a process in place to monitor / manage conflict of interests involving members of the Board. As part of the process, the Bank obtains declaration on an annual basis from the Board of Directors on the entities they are interested in. Any changes in interests are also immediately obtained, including approvals required under the statute and as per Bank's policies before transacting with any individuals and entities in which Directors are interested.

The 'Code of conduct and Ethics for Board of Directors and Senior Management Personnel of the bank' and Policy document on corporate governance, principles and procedures are applicable to the Board members and senior management which includes explaining the circumstances to avoid which may likely lead to conflict of interest. Further, Bank obtains an annual declaration from all Independent Directors to the effect that they meet the criteria of independence as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Further, the Bank in compliance with Para 10(ii) of 'RBI Circular No. DBOD.

No.BP.BC.71/21.01.01/2004-05 dated February 28, 2005 – Guidelines on Ownership and Governance in Private Sector Banks', conducts fit and proper exercise on all the directors on an annual basis, with a cutoff date of March 31, to ensure that all the directors meet with the 'Fit and Proper' criteria in order to continue to hold the office of directorship of the Bank.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R & D	0%	0%	Not applicable being a Banking company.
Capex	0%	0%	Bank's capital investments in information technology for digital services, viz. Mobile banking, internet banking, various ATMs and CRMs, and other digital initiatives, reduce the impact on environmental and social issues, thereby indirectly reducing carbon footprints.

2.

a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)-

No.

b. If yes, what percentage of inputs were sourced sustainably? – N.A

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

- a) Plastics (including packaging) – The plastic waste is transported to Local Government bodies/vendors for processing and disposal.
- b) E- Waste – Handling E-Waste is crucial not only from security point of view, but also from the environment angle. Computers and related accessories are handed over to vendors or to certified disposal agencies.
- c) Hazardous Waste – There is no hazardous waste generation owing to the nature of business.
- d) Other waste – Not relevant, given the nature of business of the Bank.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities(Yes/No).
No.

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? (Yes/No).

No.

If not, provide steps taken to address the same.

Not applicable to the Bank.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Not applicable to the Bank.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not applicable to the Bank.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not applicable to the Bank.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable to the Bank.					
E-waste	Not applicable to the Bank.					
Hazardous waste	Not applicable to the Bank.					
Other Waste	Not applicable to the Bank.					

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category
Not applicable to the Bank.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1.

a. Details of measures for the well-being of employees

Category	% of employees covered by Insurance Policies										
	Total A	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	4680	4680	100%	4680	100%	NA	NA	-	-	4680	100%
Female	2150	2150	100%	2150	100%	2150	100%	NA	NA	2150	100%
Total	6830	6830	100%	6830	100%	2150	31.48%	-	-	6830	100%
Other than Permanent Employees											
Male	11	11	100%	11	100%	NIL	NIL	NIL	NIL	11	100%
Female	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total	11	11	100%	11	100%	NIL	NIL	NIL	NIL	11	100%

b. Details of measures for the well-being of workers

Category	% of workers covered by Insurance Policies										
	Total A	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Being a banking company, the entire workforce is categorized as 'Employees' and none as 'Workers'. Hence, in all sections, details sought of the 'Workers' category are not applicable to the Bank.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022- 23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and Deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and Deposited with the authority (Y/N/N.A.)
PF or Pension including NPS®	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	0	NA	0	0	NA	0
Others	NA	NA	NA	NA	NA	NA

@ Employees who are part of National Pension Scheme are not covered under PF Scheme of the Bank.

3. **Accessibility of workplaces:** Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? (Yes/No) If not, whether any steps are being taken by the entity in this regard.

Yes.

As per the regulatory requirements, all branch/office premises are designed and provided for easy access to differently abled employees. Ramps are facilitated wherever possible in the premises of Bank branches and ATMs.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? (Yes/No) If so, provide a web-link to the policy.

No.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	89 employees	100%	NA	NA
Female	166 employees	97%	NA	NA
Total	255	98.5%	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? (Yes/No) If yes, give details of the mechanism in brief.

Yes.

	Details of the Mechanism
Permanent workers	NA
Other than permanent workers	NA
Permanent employees	Yes. The Bank has put in place a grievance redressal mechanism which includes policy framework in the form of POSH Policy, Whistle Blower Policy, Anti-Corruption and Anti-Bribery Policy, as applicable, for the employees to raise their concerns. Further, the Bank has internal guidelines to attend the grievances of all employees. Transfer Grievance Committee is available for award staff to attend transfer related grievances. The committee comprises of a group of executives to review the grievance and will recommend the course of action based on merit of each case.
Other than permanent employees	Yes. The grievance redressal mechanism available to permanent employees and detailed in the preceding paragraph is available and extended to employees other than permanent employees.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total Employees / Workers (A)	No of employees or workers who are part of the association (B)	% B/A	Total Employees / Workers (C)	No of employees or workers who are part of the association (D)	% C/D
Total Permanent Employees	6830	1034	15.14%	4663	1225	26.27%
- Male	4680	650	13.89%	3294	767	23.28%
- Female	2150	384	17.86%	1369	458	33.45%
Total Permanent Workers	NA	NA	NA	NA	NA	NA
- Male	NA	NA	NA	NA	NA	NA
- Female	NA	NA	NA	NA	NA	NA

8. Details of training given to employees and workers

Category	FY 2022-23					FY 2021- 22				
	Total A	On health and safety measures		On skill upgradation		Total D	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	4691	3484	74.26	4614	98.35	3294	2628	79.80	3162	96.00
Female	2150	1565	72.79	2120	98.60	1369	1158	84.60	1099	80.30
Total	6841	5049	73.80	6734	98.43	4663	3786	82.20	4261	91.40
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

9. Details of performance and career development reviews of employees and workers

Category	FY 2022-23			FY 2021- 22		
	Total (A)	No. (B)	% (B/A)	Total (D)	No.(E)	% (E/D)
Employees						
Male	4691	2889	61.58	3294	2409	73.13
Female	2150	1283	59.67	1369	1003	73.26
Total	6841	4172	60.98	4663	3412	73.17
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?
Yes.
Owing to the nature of business, there are no major possibilities or significant occupational health risks in the operating premises. However, in general, the Bank has a definite standard set for the well-being of its employees. The Bank has recently introduced GPA (Group Personal Accident) insurance cover for all active employees as a preventive measure. At present, the Bank has Group Term Life, Group Personal Accident and Group Medical Insurance scheme running for its employees. The Bank ensures the effectiveness of internal safety systems periodically, including that of safety alarms, fire extinguishers and CCTV equipment.
- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?
Being a banking company, no major threats envisaged. However, there is a system for conducting periodic fire drills for assessing the risk. Employees are provided access to first aid mechanisms.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)
No.
- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)
Yes.

11. Details of Safety Related Incidents in the following format:

Safety Incident /Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No of Fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Bank ensures that it is committed for being a responsible business entity by providing fair and safe working environment for all its employees through various initiatives detailed in principle 3.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed During the Year	Pending Resolutions end of the year	Remarks	Filed During the Year	Pending Resolutions end of the year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments of the year

% of your plants and Offices/Branches that were assessed (by the entity or by the authorities or third parties)	
Health & Safety Practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.
Not applicable.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of
(A) Employees (Y/N) – Yes.
(B) Workers (Y/N) – NA
2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.
NA
Not applicable generally, however, the Bank ensures that statutory dues, wherever applicable, are deducted and paid to respective authorities by the Bank or by the compliance partner on behalf of the Bank if the same part of the engagement letter /agreement is executed due to legal/ regulatory requirements.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

		No of affected employees/ workers		No of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
		FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees		0	0	0	0
Workers		NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No.

5. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Health & Safety Practices	0
Working Conditions	0

6. Provide details of any corrective actions taken / underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Being a banking company, the stakeholders are investors, regulators, employees, customers and the community at large. The Bank follows structured processes for the identification and prioritisation of stakeholder groups. The Bank focuses more on creating organisational excellence that leads to increased employee satisfaction, customer satisfaction and shareholder value. Further, the Bank, through high standards of corporate governance, ensures that it balances the interests of diverse stakeholder groups in all strategic decision-making processes and timely responds to their concerns.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Sl. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half Yearly/ Quarterly/ Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Customer	No	E-mail, SMS's, Customer meets. Official communication channels: Advertisements, publications, website and social media, Conferences events, Phone calls, emails and meetings.	On-going basis	Services, digital banking operations and customer satisfaction
2	Employees	No	Intranet portal, Newsletters, Employee satisfaction surveys – Emails and meetings, Training programs, Performance appraisal, Grievance redressal mechanisms, Notice boards	Intranet – Daily Newsletter – Quarterly Emails – Otherwise on-going basis	Performance Appraisal, Career growth, fair remuneration, skill developments, employee satisfaction and grievance

Sl. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half Yearly/ Quarterly/ Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
3	Suppliers	No	Vendor assessment and review, Official communication channels; website and social media	As and when required	Service and existing business
4	Investors/ Shareholders/ Analyst	No	E-mail, website, newspaper releases, Analyst meets and conference calls, Annual General Meeting, publications, and social media, roadshows	Quarterly/Annually or otherwise on event based/ corporate action	Financial Performance and other relevant information including corporate action.
5	Institutions & Industry Bodies	No	Networking through meetings, sessions, discussions, etc.	As and when required	Networking so as to be abreast of new opportunities in sector and drive change
6	Governments & Regulatory Authorities	No	Press release, publications, website and social media, Phone calls, emails and meetings, Regulatory audits/ inspections	As and when required	Highest standards of Corporate Governance and Compliance
7	Communities & Civil Society/ NGOs	No	E-mail, Newspaper, Advertisements, publications, website and social media, Complaints and grievance mechanism	Frequent and as and when required	Support CSR projects, Financial inclusion and other relevant matters affecting the communities and the Bank's involvement therein.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Bank regularly communicates with all stakeholders through stakeholders' relationship committee, corporate social responsibility committee and customer service committee meetings which spread from branch to board levels. The Bank conducts customer surveys on a regular basis to assess customer satisfaction with the Bank's services. The feedback is a critical input in developing new products and services as well as enhancing existing ones. The Bank takes note of suggestions for the benefit of long-term value generation.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes.

Through proactive engagement with the stakeholder groups, the Bank identified key focus areas, especially CSR intervention. Further, the inputs and suggestions of shareholders are being incorporated into the policies and activities wherever considered feasible.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker sections, etc., and government-led initiatives to improve access to financial services for disadvantaged, vulnerable, and marginalised stakeholders.

Under Financial Inclusion, the Bank is rendering services to rural/semi-urban sections of society. The Bank has appointed individual business correspondents for distribution of old age pension in Tamil Nadu. In addition, the Bank has also engaged financial literacy counsellors in seven blocks in the state of Kerala for financial literacy activities.

Apart from the above, there are CSR initiatives of the Bank with the intention of improving the living conditions of the underprivileged and marginalised sections of society.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

PRINCIPLE 5: Businesses should respect and promote human rights.

Essential Indicators.

- Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format.

Category	FY 2022-23			FY 2021-22		
	Total A	No of Employees/workers covered (B)	% (B/A)	Total C	No of Employees/workers covered (D)	% (D/C)
Employees						
Permanent	6841	6256	91.44%	4663	1392	30%
Other than permanent	0	0	0	0	0	0
Total Employees	6841	6256	91.44%	4663	1392	30%
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total Workers	NA	NA	NA	NA	NA	NA

- Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimal Wage		More than Minimal Wages		Total (D)	Equal to Minimal Wage		More than Minimal Wages	
		(B)	% (B/A)	(C)	% (C/A)		(E)	% E/D	(F)	% F/D
Employees										
Permanent	6841	1	0.01%	6840	99.99%	4663	2	0.04%	4661	99.96%
Male	4691	1	0.02%	4690	99.98%	3294	1	0.03%	3293	99.97%
Female	2150	0	0.00%	2150	100%	1369	1	0.07%	1368	99.93%
Other than Permanent	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Male	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Female	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Workers										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

- Details of remuneration /salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/ wages of respective category	Number	Median remuneration/salary/ wages of respective category
Board of Directors (BoD) – Part-Time Chairperson [#]	1	4,40,000	1	6,70,000
Key Managerial Personnel (KMP) ^s	3	81,16,500	0	0
Employees other than BoD and KMP [#]	6816	2,32,324	3018	1,54,457
Workers	0	0	0	0

[#] Payment of remuneration to the Managing Director & CEO and the Chairperson is subject to the approval of Reserve Bank of India and shareholders of the Bank. The Chairperson is paid honorarium, and directors other than the Managing Director & CEO and Non-executive, Non-Independent Directors, including the Chairperson, are paid sitting fees.

^s Managing Director & CEO, Chief Financial Officer and Company Secretary are the key managerial personnel of the Bank.

For further details, please refer to the 'Remuneration of the Directors' as part of the Corporate Governance section of the Annual Report.

- Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? **(Yes/No)**

Yes.

- Describe the internal mechanisms in place to redress grievances related to human rights issues.

Every staff member of the Bank has the right to be treated with dignity and respect. For any grievances on human rights issues, the employees have access to raise their concerns through the HR department, apart from the mechanisms mentioned in P3 E6, as above.

- Number of Complaints on the following made by employees and workers:

Complaints	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolutions end of the year	Remarks	Filed during the year	Pending resolutions end of the year	Remarks
Sexual Harassment	7	3	#Pending	4	4	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labor	0	0	NA	0	0	NA
Forced labor/Involuntary labor	0	0	NA	0	0	NA
Wages	NA	NA	NA	NA	NA	NA
Other human rights related issues	0	0	NA	0	0	NA

[#] Bank has initiated timely measures for an effective redressal of grievances and is within the statutory resolution period.

- Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Bank does not tolerate or encourage any kind of discrimination at any of its workplaces. Employees can raise any concerns pertaining to discrimination and harassment at the workplace with the HR Department. The Bank initiates appropriate and stringent action if guilt is proven post enquiry.

Apart from the above, the Bank has in place an appropriate policy on Prevention of Sexual Harassment of Women at Workplace in accordance with the provisions of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees. Internal Committees ("IC") have been in force in all zones in order to receive and address complaints of any sort of sexual harassment from women in a time-bound and extremely confidential manner. The ICs have adequate power to investigate the sexual harassment complaints and redress them in the manner enumerated under the PoSH Act and PoSH Rules.

Further, Bank sensitises the employees on the prevention of sexual harassment and discrimination at the workplace periodically through internal communications and awareness programmes.

- Do human rights requirements form part of your business agreements and contracts? **(Yes/No)**

No.

- Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

All assessments have been done internally as part of business operations.

- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

Leadership Indicators

1.

Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Bank through its various policies on human rights, viz. POSH, Anti-corruption and bribery related etc., protects the rights of employees in raising their concerns through proper mechanism in place and thereby prevent unethical activities at workplace. No modifications were carried out in the business process as a result of addressing human rights/grievances/complaints during the reporting period.
2.

Details of the scope and coverage of any Human rights due-diligence conducted.

The details and coverage of human rights due diligence is covered in the essential indicators of the principle 5.
3.

Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.
4.

Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0%
Discrimination at workplace	0%
Child Labour	0%
Forced Labour/Involuntary Labour	0%
Wages	0%
Others – please specify	-

Bank does not conduct any assessment of value chain partners.
5.

Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1.

Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	28,080 GJ	-
Total fuel consumption (B)	63,694 GJ	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	91,774 GJ	-
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	348.20 GJ / Crore of Turnover	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Bank’s branches and other offices are spread across 700+ locations, and the energy bills are paid individually/separately at the same locations itself. As stated in last year’s report, centralization of monitoring of energy bills/water consumption/ waste management was in the process of implementation, and hence the data from all branches/offices was made available centrally only starting in the FY 2022–23. Hence, full reporting was made available with effect from the said period only in this chapter of the Report.

Note: Indicate if any Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No.
2.

Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set

under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable.

3.
- Provide details of the following disclosures related to water in the following format:

Parameter	FY 2022-23	FY 2021-22*
Water withdrawal by source (in kilolitres)		
i. Surface Water	448.5991	
ii. Ground Water	1,485.0101	
iii. Third party water	1,275.65361	
iv. Seawater / Desalinated water	3.6112	
v. Others	2,394.927362	
Total Volume of Water Withdrawn (in kilolitres) (i+ii+iii+iv+v)	5,607.801372	
Total volume of water consumption (in kilolitres)	5,346.0628842	
Water Intensity per rupee of turnover (Water consumed/ turnover)	2.028 KL / Crore of Turnover	
Water Intensity (optional) – the relevant metric may be selected by the entity		

* Please refer to the Note provided in P6 EI -1

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

4.

Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No,.
5.

Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: –

Not applicable, as there are no other emissions other than GHG emissions.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.
6.

Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	The activity is banking at various outlets and no chance of emission of effluent gases, since no production facilities are carried out. However, there are diesel generators made available at various branch offices which would be causing emissions. To mitigate this, Bank is carrying out periodic servicing of diesel generators through AMC and using mostly 5 star rated equipment.	
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent		
Total Scope 1 and Scope 2 emissions per rupee of turnover			
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity			

Note: Indicate if any Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7.

Does the entity have any project related to reducing Green House Gas emissions? (Yes/No).If Yes, then provide details

Not applicable.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22*
Total waste generated (In metric tonnes)		
Plastic Waste (A)	23.12895	
E-Waste (B)	25.3126	
Bio Medical Waste (C)	26.81030801	
Construction and Demolition Waste (D)	1.35331	
Battery Waste (E)	6.90892	
Radioactive Waste (F)	0.0315	
Other Hazardous waste (G)	0.58265	
Other Non-hazardous Waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	2.1374	
Total (A+B+C+D+E+F+G+H)	86.26563801	
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	3.18329	
(ii) Re-Used	0.3351	
(iii) Other recovery options	0.5267	
Total	4.04509	
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of Waste		
(i) Incineration	1.639261	
(ii) Landfilling	6.54961	
(iii) Other disposal operations	74.03167701	
Total	82.22054801	

* Please refer to the Note provided in P6 EI -1

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a banking company, no hazardous or toxic chemicals are used in operations, resulting in the generation of such waste. For further details, please refer to P2 EI 3.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable. The Bank does not have any facilities in and around ecologically sensitive areas, and as such, no special environmental/ clearances are required. However, in the case of Bank's offices situated near ecologically sensitive areas (ESA), the local body/statutory clearances are obtained by Bank for its own property, and the same is obtained by the landlord for leased premises.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable for the period under review.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Bank is compliant with the applicable environmental law/regulations/guidelines in India to the extent as applicable.

Leadership Indicator

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From Renewable Sources		
Total electricity consumption (A)	Not quantifiable as the Bank heavily depends on various state electricity boards for its energy requirements and the boards generate and distribute both renewable and non-renewable energies but the same cannot be identifiable at the consumer end. The Bank does not own renewable sources for generating energy.	
Total Fuel consumption (B)		
Energy consumption through other sources (C)		
Total Energy consumed from renewable sources (A+B+C)		
From Non Renewable Sources		
Total electricity consumption (D)*	As detailed in P6 E 1 of the Report	
Total Fuel consumption (E)		
Energy consumption through other sources (F)		
Total Energy consumed from non-renewable sources (D+E+F)		

*in the state of Kerala where Bank has prominent presence of branches, the state board is generating most of power through hydel projects.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NO

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in Kilolitres)		
(i) To Surface Water		Bank's operations are outside the purview of any manufacturing/ factory activity and, hence the water discharge is limited to normal domestic discharges out of office and personal use only. Accordingly, the clause is not strictly applicable to the Bank.
- No treatment		
- With Treatment – please specify level of treatment		
(ii) To Ground Water		
- No treatment		
- With Treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With Treatment – please specify level of treatment		
(iv) Sent to third parties		
- No treatment		
- With Treatment – please specify level of treatment		
(v) Other		
- No treatment		
- With Treatment with Level of Treatment		
Total Water Discharged (In Kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/ plant located in areas of water stress, provide the following information:

- (i) Name of the area : Not applicable
- (ii) Nature of operations : Not applicable

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
i. Surface Water	Being a banking company and service industry, water consumption is limited to office and personal usage only. Please refer P6 E3 of the report.	
ii. Ground Water		
iii. Third party water		
iv. Seawater / Desalinated water		
v. Others		
Total Volume of Water Withdrawn (in Kiloliters)		
Total volume of water consumption (in Kiloliters)		
Water Intensity per rupee of turnover (<i>Water consumed/turnover</i>)		
Water Intensity (optional) - the relevant metric may be selected by the Entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface Water	Generally, not applicable, given the nature of business.	
- No treatment		
- With Treatment – please specify level of treatment		
(ii) Into Ground Water		
- No treatment		
- With Treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With Treatment – please specify level of treatment		
(iv) Sent to third parties		
- No treatment		
- With Treatment – please specify level of treatment		
(v) Other		
- No treatment		
- With Treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO2 equivalent	The activity is banking at various outlets and no chance of emission of effluent gases, since no production facilities are carried out. However, there are diesel generators made available at various branch offices which would be causing emissions. To mitigate this, Bank is carrying out periodic servicing of diesel generators through AMC and using mostly 5 star rated equipments.	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emissionintensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives as per the following format:

Not Applicable. As mentioned above, the usages are normal and limited for personal /office usage only.

7. Does the entity have a business continuity and disaster management plan?(Yes/No)

Yes.

Details of entity at which business continuity and disaster management plan is placed or weblink.

The Bank is having a comprehensive Business Continuity Plan (BCP) to ensure continuity of critical business operations of the Bank (identified through criticality assessment using Business impact analysis (BIA) at times of disruptions. In line with the Business Continuity Plan, Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke business continuity plan as needed. A core team called Emergency Operation Team is also in place to act immediately upon a crisis and for the supervision of recovery under alternative operations arrangements during a disaster and the team ensures that the business functions are back to normalcy with minimum delay. During the pandemic, Bank was able to work seamlessly as Bank has BCP plans in place with defined BCP locations and resources for critical applications. Secured Work from home facilities are provided for critical teams. Disaster Recovery drill for the core banking system (CBS) and critical systems of the Bank is conducted at regular intervals to ensure the competence of the same during emergencies apart from undertaking periodical testing of recovery speed of critical applications from alternate locations.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures taken by the entity in this regard.

No significant adverse impact envisaged due to the nature of business activities and arrangement with value chain partners.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

0%

PRINCIPLE 7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1.

a. Number of affiliations with trade and industry chambers/ associations

Four (4)

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Banks’ Association	National
2	Banking Codes and Standards Board of India	National
3	Fixed Income Money Market & Derivatives Association	National
4	Foreign Exchange Dealers Association of India	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

No incidents of anti-competitive behavior reported during the review period.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

Leadership Indicators

1. Details of public policy positions advocated by the entity
- No, the Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry.

PRINCIPLE 8. Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.
- No Projects have been undertaken which require Social Impact Assessments (SIA)
2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:
- No projects have been undertaken which require Rehabilitation and Resettlement (R&R)
3. Describe the mechanisms to receive and redress grievances of the community.
- Bank has systems in place to receive and redress grievances of various stakeholder groups, including customer complaints. The stakeholders can register their grievances through various modes by accessing the Bank’s website. The Bank has a mechanism in place to monitor the implementation of the CSR projects and the concerns of the beneficiary community. The Bank may undertake assessment by external agency on the impact of the projects and its reach, if necessary.
4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.
- Not applicable in view of the nature of business carried out

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):
- Not applicable
2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.
- Nil.
3.
- (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)
- No.
- (b) From which marginalized /vulnerable groups do you procure?
- Not applicable, considering the nature of business.
- (c) What percentage of total procurement (by value) does it constitute?
- 0%
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.
- Nil
5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.
- Not applicable

6. Details of Beneficiaries of CSR Projects

S No.	CSR Project	No of Persons Benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Project Dialysis – Fairfax India Charitable Foundation	348	100%
2	Financial aid to ‘Families for Children’ for providing housing, education, special medical care and vocational training to children and young adults with physical and/or mental disabilities	202	100%
3	Financial aid towards ‘Sponsor for Success – Education Funding Initiative’ by ‘Thuvakkam Welfare Association’*		
4	Financial aid towards ‘Suhadharam Hygeine Project’ by ‘Thuvakkam Welfare Association’*		
5	Financial aid towards ‘Help for Humanity Healthcare Project’ by ‘Thuvakkam Welfare Association’*		
6	Financial aid towards project ‘Maha-Arogya Shibir’ by ‘RK HIV Aids Research & Care Centre’*		
7	Financial aid towards ‘Housing programme for destitute women’ by ‘Trichur Archdiocese Buon Natale Trust’	2	100%
8	Financial aid towards project ‘Sara! Satya Legacy’ by ‘Dharampal Satyapal Charitable Trust’*		
9	Financial aid to ‘Liza’s Home’ for providing rehabilitation, training and therapy to the mentally disabled of all ages regardless of their caste, creed or religion	20	100%

For further details, please refer **Annexure - IV** – Annual Report on CSR Activities of the Bank for the financial year 2022-23

**Since the project is in implementation stage, the number of persons benefitted from the CSR project will be ascertained at a later stage.*

PRINCIPLE 9. Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to customer complaints and feedback.
- As per RBI guidelines, the Bank has a three-tier structure for handling customer complaints. Customers, in general, approach the branch for redressel of their grievances. Those within the powers of branch managers are resolved at the branch level itself. Other complaints are escalated to the Zonal Office and Head Office levels for customer service redressals. The Bank has taken various initiatives to handle the customer complaints promptly, and the Complaint Management System (CMS) portal is an effective tool in handling customer complaints to track and ensure proper resolution. The Branch Service Department at Head Office is following up with branches / departments to ensure early resolution / closure of complaints and sharing weekly MIS on pending complaints. Customers can also reach out to call centres through the customer care number to register their grievances.
- The Bank conducts online customer satisfaction survey, and the results of the survey are being continuously monitored. The Bank also conducts branch level customer service committee meetings at all branches within 15th of every month. During these meetings, customer feedback, suggestions, etc. about various products are directly collected and consolidated. Feasible suggestions for improvements on service/products are implemented and monitored at various forums, including the standing committee on customer service and the Customer Service Committee of the Board.
- The Bank appointed Principal Nodal Officer for grievances, Nodal Officer for customer grievances and Zonal Nodal Officers at respective zones. Bank also appointed Internal Ombudsman under the Banking Ombudsman Scheme.
2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about.
- 0%
- Not applicable considering the nature of the business.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (CONTINUED)

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received During the Year	Pending Resolution at the end of the year		Received During the Year	Pending Resolution at the end of the year	
Data Privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber Security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of Essential Services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other (Customer Complaints including ATMs related complaints)	12621	45	Nil	9071	70	Nil

4. Details of instances of product recalls on account of safety issues.

Not applicable considering the nature of the business.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes.

Bank is having Information Security Policy in which data privacy policy is defined. In addition, the Bank has Cybersecurity Policy and Cyber Crisis Management Plan in place. Bank is ISO 27001:2013 certified for its IT, IS and Datacenters. Bank is following industry standard like CIS benchmarking, Zero trust Architecture and role based access to enhance the security posture of the Bank. Bank is in the process of getting PCI DSS certified. Data leakage prevention solution for endpoints, web and email is in place. External drives/USB's are blocked in Bank's network. Internet access is restricted through Proxy and only whitelisted websites can be accessed. DNS Security solution is in place to prevent C&C calls and data exfiltration through Domain generation algorithms and tokenization. Data is encrypted as per industrial standards at rest, in use and in transit. User Behavior analysis and sandbox enabled Endpoint Detection and response solution is available in all endpoints to detect and prevent malicious activities. Have AI and ML based SIEM in place for incident detection and response.

The web-link of the policy: <https://www.csb.co.in/pdf/PolicyonCustomerProtectionLimiting.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Bank always strives to have a cordial relationship with its customers and attempts to have an amicable settlements of any disputes. In the ordinary course of banking business, some customers may raise disputes with Bank which could result in their filing a civil suit or a customer complaint against the Bank alleging deficiency of services. In such cases, the Bank intervenes and sorts unresolved issues amicably. But only in rare instances, where the issues cannot be settled mutually, legal recourse is resorted. Further no complaints were received on cyber security and data privacy in the reporting period. Rest of the cases are not applicable, considering the nature of business.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All information regarding business and products and services being offered can be accessed through the Bank's website www.csb.co.in and in its periodic disclosures such as the annual report. Link - <https://www.csb.co.in/investor-relations>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Bank through its website, WhatsApp messages and e-mails, promotional materials like brochures and by SMS's, educate customers on its various products and services. Further in general, public are made aware of various safety measures to be adopted by customers for preventing ATM frauds, Phishing attacks, etc., by sending bulk SMSs, e-mails, auto voice calls from call centers to reiterate not to share ATM PIN, Internet/Mobile banking passwords, One Time Passwords (OTP), etc.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Bank informs the customers in the event of any disruption/discontinuation of essential services via e-mails and SMS, as well as through display in the bank branches through notice boards.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Yes.

As the Bank operates in a highly customer-focused sector, product-related transparency and communications are of the utmost priority to us. In line with the guidelines of Reserve Bank of India, the Bank provides transparent information on its products through its website (www.csb.co.in) and at its branches. This includes details on product features, service charges, and fees applicable. Interest rates are published and updated on the website as and when there is a change in interest for various deposit/loan schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates, and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied on their account.

Further, the Bank through its brochures and posters displayed within the branches communicates the various features of products to its customers at large. Further, on opening of an account, a welcome voice call will be originated from call centre/ centralized hub detailing the product features and other criteria in maintaining the account. Further, Bank through its website, WhatsApp messages and e-mails, educate customers on its various products and services and also mark caution to avoid sharing of ATM PIN, Internet Banking passwords, OTPs, etc.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

0

b. Percentage of data breaches involving personally identifiable information of customers

0%

By Order of the Board

Sd/-

Bhama Krishnamurthy

Chairperson

(DIN: 02196839)

Place: Thrissur

Date: June 22, 2023

Annexure – III

Form No. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis in fiscal 2023

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board (latest approvals)	Amount paid as advances, if any	Date of passing special resolution
NIL								

2. Details of material contracts or arrangements or transactions at arm's length basis in fiscal 2023

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1. [^]	IIFL Finance Limited (Entities wherein Promoter/ Promoter Group has direct equity investment) [#]	Acquisition of Gold Loan Receivables by way of Direct Assignment Transactions (DA) / Pass Through Certificate (PTC), originated by IIFL Finance Limited, up to ₹900 Crore for the financial year 2022-23. This is in continuation of the arrangement entered pursuant to the Board resolutions dated July 20, 2020 and September 22, 2021, for the financial year 2022-23. By the nature of the transactions, the exposure is not on IIFL Finance, but on the underlying borrowers.	For the financial year 2022-23.	Transaction(s) up to a value of ₹900 Crore for the financial year 2022-23. Rate of interest for transactions is 7.75% p.a., secured by loans given to underlying borrowers purchased in the pool. No processing fee has been levied.	February 24, 2022 and approval of the shareholders was obtained vide postal ballot resolution dated March 30, 2022.	No advance paid.
2.*	IIFL Finance Limited (Entities wherein Promoter/ Promoter Group has direct equity investment) [#]	Engagement of IIFL Finance Limited as Business correspondent (BC) of the Bank, up to a sanctioned limit of ₹500 Crore for the financial year 2022-23, for loan sourcing, servicing, collection and recovery related to gold loans.	For the financial year 2022-23.	Pricing is decided on mutual terms and forms part of the contract as detailed below: 1. Bank shall be entitled up to 10.5% on the principal amount of loans granted to borrowers minus interest income on fixed deposit maintained by BC under this arrangement. 2. BC shall be entitled to all receipts in excess of the entitlement of the Bank as stated in clause (1) above including without limitation all fees, charges and penal interest. This is in continuation of the arrangement entered pursuant to the Board resolution dated August 19, 2020, for the financial year 2022- 23.	February 24, 2022 approval of the shareholders was obtained vide postal ballot resolution dated March 30, 2022.	No advance paid.

ANNEXURE – III (CONTINUED)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
3. ^{\$}	IIFL Finance Limited (Entities wherein Promoter/ Promoter Group has direct equity investment) [#]	Investment made in Non-Convertible Debentures issued by the Company which was acquired through secondary Market on different dates.	Till maturity date, i.e. on May 07, 2022.	An investment of ₹90 Crore in 9.50% IIFL Finance SR 1 Secured, Redeemable, Listed, Rated Non-Convertible Debentures issued by the Company. The said. NCDs secured by way of first pari passu charge in favour of the Debenture Trustee on an identified immovable property and first pari passu charge on receivables of the IIFL Finance, both present and future, book debts, loans and advances and current assets of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables present and/or future specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the Secured NCDs and interest thereon is maintained at all time until the Maturity Date.	February 24, 2022 approval of the shareholders was obtained vide postal ballot resolution dated March 30, 2022.	-

[^] The Audit Committee and the Board, in their respective meetings held on October 21, 2022, approved the transaction pertaining to the acquisition of gold loan receivables by way of Direct Assignment Transactions (DA) / Pass Through Certificates (PTC), originated by IIFL Finance, up to ₹1,200 Crore for the period from April 1, 2023 to March 31, 2026, and further approval of the shareholders was obtained for the same via postal ballot resolution dated December 8, 2022. The salient terms of the transaction are slightly modified for the said period, which is provided in the postal ballot notice dated October 21, 2022. The link for the said postal ballot notice is https://www.csb.co.in/pdf/NOTICE_OF_POSTAL_BALLOT-08112022.pdf.

* Engagement of IIFL Finance Limited as Business Correspondent of the Bank was discontinued with effect from December 31, 2022.

^{\$} Investment made in Non-Convertible Debentures issued by IIFL Finance Limited matured on May 7, 2022.

By Order of the Board

Sd/-

Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

Place: Thrissur
Date: June 22, 2023

ANNEXURE – IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Bank.

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of the Companies Act, 2013, as amended and the Schedule VII of the said Act, as amended read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time.

The policy serves as a guiding principle/document to help identify, execute and monitor CSR projects/activities as well as formulation of the annual action plan in pursuance and in keeping with the spirit of the policy.

The annual action plan for CSR activities of the Bank includes the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act, the manner of execution of such projects or programmes, the modalities of utilisation of funds and implementation schedules for the projects or programmes, monitoring and reporting mechanism for the projects or programmes, etc.

The Bank's Annual Action Plan has been consistently focused on healthcare, education, and gender equality, and the financial year 2022-23 is no exception, and the Bank in the said financial year spent more than 90% of the CSR budget for the said activities in line with the Annual Action Plan and CSR Policy of the Bank. The Bank, while selecting a project as part of its CSR plan ensures that the benefit of the programme reaches out to the maximum number of deserved people, irrespective of caste, creed or religion.

During the financial year 2022-23, the Bank has performed its CSR activities by partnering with various like-minded eligible charitable organisations. The Bank has also encouraged its business units or functions to seek out opportunities for performing CSR activities.

Bank as part of CSR Policy, is committed to continue its focus towards sustainable development and responsible banking with a clear understanding that Bank has a key role of job and wealth creation in the society. CSR is generally understood to be the way an organization achieves a balance between economic, environmental and social imperatives while addressing the expectations of shareholders and stakeholders.

2. Composition of CSR Committee:

Constitution of the Corporate Social Responsibility Committee (CSR Committee) in the Bank is in line with Section 135 of the Companies Act, 2013 and rules made thereunder. The CSR Committee is empowered to monitor the CSR activities as per the CSR policy and annual action plan and the CSR Committee is responsible for overall governance of CSR activities in the Bank as per the policy.

The composition of the CSR Committee during the financial year 2022-23 was as follows:

Sl No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Bhama Krishnamurthy, Part-Time Chairperson, Independent Director	Chairperson	3	3
2.	Mr. Pralay Mondal, Managing Director & CEO	Member	3	3
3.	Mr. Sumit Maheshwari, Non-Executive Director	Member	3	3
4.	Mr. Sudhin Choksey, Independent Director	Member	3	3

There was no change in the composition of the CSR Committee during the financial year 2022-23.

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. Composition of CSR Committee : https://www.csb.co.in/pdf/List_of_Sub_Committees-of_the_Board_Final_07072023.pdf

CSR Policy : https://www.csb.co.in/pdf/CSR%20Policy_Final_-30032022.pdf

CSR projects approved by the Board : <https://www.csb.co.in/corporate-social-responsibility>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. Not Applicable

ANNEXURE – IV (CONTINUED)

5. (a) Average net profit of the company as per sub-section (5) of section 135.

Financial Year 2019-20	:	₹133.69 Crore
Financial Year 2020-21	:	₹285.87 Crore
Financial Year 2021-22	:	₹588.33 Crore
Average Net Profit/(Loss) before tax of the Bank for the last 3 financial years	:	₹335.96 Crore

(b) Two percent of average net profit of the company as per sub-section (5) of section 135. ₹6.72 Crore

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. NIL

(d) Amount required to be set-off for the financial year, if any. NIL

(e) Total CSR obligation for the financial year [(b)+(c)-(d)] ₹6.72 Crore

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). ₹6.72 Crore

(b) Amount spent in Administrative Overheads. Nil

(c) Amount spent on Impact Assessment, if applicable. Not applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. ₹6.72 Crore

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer
₹6,72,00,000			Nil		

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	6.72 Crore
(ii)	Total amount spent for the Financial Year	6.72 Crore
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to section 135(5), if any.		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
				Amount (in ₹)	Date of transfer		
-----Not applicable-----							

ANNEXURE – IV (CONTINUED)

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐ Yes ☒ No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Finanial Year:

1.	2.	3.	4.	5.	6.
Sl. No.	Short Particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner
(1)	(2)	(3)	(4)	(5)	(6)
				CSR Registration Number, if applicable	Name Registered Address
-----Not Applicable-----					

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).	Not applicable. As per the annual action plan, the Bank had selected certain specific areas such as healthcare, education, gender equality etc. and had decided to focus its CSR activities in these areas during the financial year 2022-23. The Bank has successfully utilised the whole of the CSR budget for the financial year 2022-23 earmarked for the purpose of undertaking various CSR activities in line with the annual action plan as approved by the CSR Committee and the Board within the framework of the Companies Act, 2013 and Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time. Since financial aid to some of the implementing agencies were granted only by the end of the financial year 2022-23 and further since certain projects undertaken by such implementing agencies require more time for their completion according to their nature, some of the projects are still in implementation stage.
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Sd/-
Pralay Mondal
Managing Director & CEO
(DIN: 00117994)

Place: Thrissur
Date: June 22, 2023

Sd/-
Bhama Krishnamurthy
Chairperson – CSR Committee
(DIN: 02196839)

ANNEXURE – V

PARTICULARS OF EMPLOYEES

The Bank had 6841 employees as on March 31, 2023. The disclosure under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended are given below:

1. DISCLOSURE AS PER RULE 5(1) –THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE’S REMUNERATION AND OTHER DETAILS: –

Sl No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2022-23	Part-Time Chairman (Non-Executive Independent) 2.18 x Shri. Madhavan Aravamuthan- Refer Note -I (From 01.04.2022 to 28.06.2022) Part-Time Chairperson (Non-Executive Independent) 3.31 x Smt. Bhama Krishnamurthy (From 17.11.2022 to 31.03.2023) Refer Note -II Managing Director & CEO 91.57 x Shri. Pralay Mondal -Refer Note -III
2	The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2022-23	Part-Time Chairman (Non-Executive Independent) NIL Shri. Madhavan Aravamuthan (From 01.04.2022 to 28.06.2022) Part-Time Chairperson (Non-Executive Independent) NA Smt. Bhama Krishnamurthy (From 17.11.2022 to 31.03.2023) Deputy Managing Director Shri. Pralay Mondal- Refer Point -III (From 01.04.2022 to 14.09.2022) (31.77) % Managing Director & CEO Shri. Pralay Mondal (From 15.09.2022 to 31.03.2023) Chief Financial Officer 47.52 % Shri. B K Divakara Company Secretary 167.45 % Shri. Sijo Varghese- Refer Note -IV
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2022-23	Median remuneration of the employees in the financial year was decreased by 25.26% as compared to corresponding previous financial year 2021-22.
4	The number of permanent employees on the rolls of the Bank as on March 31 st , 2023	Bank has 6841 permanent employees as on March 31, 2023.
5	Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2022-23 and its comparison with the percentile increase/ (decrease) in the managerial remuneration and justification thereof. Point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage of salaries of employees other than managerial personnel in the financial year 2022-23 has increased by 30.43% due to an increase in head count of approximately 46%, which includes new hires at senior management level as well during the said financial year. The average percentage of the salaries of the managerial personnel (Managing Director & CEO, Chief Financial Officer and Company Secretary) in FY 2022-23 has decreased by 6.21%. There are no exceptional circumstances for an increase in managerial remuneration except the remuneration of the company secretary, and the reason for the same is given below as part of the 'Notes-IV'.
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	The Bank has a Board approved Compensation Policy, which is in line with the RBI guidelines and the applicable provisions of the Companies Act, 2013. We affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank

Note:

1. Mr. Madhavan Aravamuthan (DIN: 01865555) ceased to be the Part-Time Chairman of the Bank, with effect from the close of business hours of June 28, 2022 upon expiry of his tenure of appointment as the Part-Time Chairman as per Reserve Bank of India letter dated August 10, 2020. There is no increase in the remuneration paid to him for the period he held the position as the Part-Time Chairman of the Bank in the financial year 2022-23 compared to the previous period.

ANNEXURE – V (CONTINUED)

- II. Appointed as Part-Time Chairperson of the Bank with effect from November 17, 2022, as per Reserve Bank of India letter dated November 17, 2022.
- III. Remuneration paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 1, 2021 to February 16, 2022, during which he held the position of 'President – Retail, SME, Technology and Operations'. Since the Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, was under consideration of Reserve Bank of India till the end of the financial year, pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022, onwards, the same remuneration as stands approved by Reserve Bank of India for the position of Deputy Managing Director. The remuneration approved by Reserve Bank of India for the position of Deputy Managing Director is 52 % less than the remuneration that was paid to him for the position of 'President – Retail, SME, Technology and Operations'.
- IV. The increase in salary is mainly due to the change in role from the IBA structure to the CTC structure with effect from May 6, 2022, and the encashment of privilege leave entitlement due to the said change.
- V. The remuneration for the purpose of this table includes gross salary, including NPS and PF contributions paid out during the financial year, excluding exceptional items of the nature of LFC, PL encashment, gratuity, pension etc., and stock options.
- VI. 'X' denotes the median remuneration of the employees in the Financial Year which is calculated in line with point No. V.
- VII. The details of the remuneration disclosed in the table are on payment basis since the approval of Reserve Bank of India is required for payment of remuneration to the Whole Time Directors and Part-Time Chairman. Hence, for the sake of uniformity across, all remuneration was disclosed on payment basis.
- VIII. The sitting fees paid to Independent Directors is not considered for calculation of median remuneration. No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.

By Order of the Board

Sd/-
Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

Place: Thrissur
Date: June 22, 2023

ANNEXURE – VI

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2023
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
CSB BANK LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CSB Bank Limited (CIN: L65191KL1920PLC000175)** (hereinafter called "the Bank"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period covering the year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#; and
- i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

- vi. The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations"].

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

ANNEXURE – VI (CONTINUED)

We further report that –

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors at least seven days in advance to schedule the Board Meetings other than those held at a shorter notice. Agenda and detailed notes on agenda were sent in advance for the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the

size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has no specific events/actions, having a major bearing on the Bank’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: PI981MH043700

Sd/-
Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai| June 22, 2023
UDIN: A030224E000517326

This report is to be read with our letter of even date which is annexed as Annexure ‘A’ and forms an integral part of this report.

‘Annexure A’

To,
The Members,
CSB BANK LIMITED
CIN: L65191KL1920PLC000175

Our Secretarial Audit Report for the Year ended on **March 31, 2023** of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: PI981MH043700

Sd/-
Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai| June 22, 2023
UDIN: A030224E000517326

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK AT CSB BANK

The corporate governance framework at CSB Bank is based on an effective independent board, the separation of the board’s supervisory role from executive management, and the constitution of board committees to oversee critical areas/functions. As on March 31, 2023, independent directors constituted a majority on most of the board level committees, and further, most committees were chaired by independent directors.



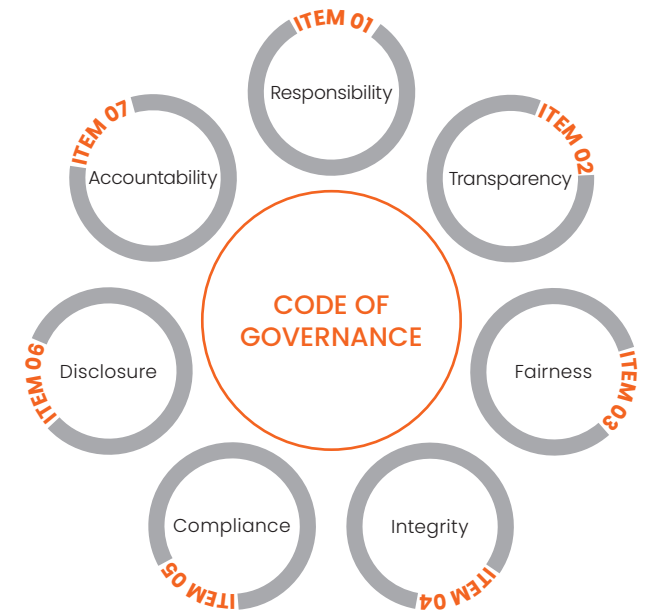
BANK’S PHILOSOPHY ON CODE OF GOVERNANCE

The Bank’s corporate governance philosophy emphasises the need to promote corporate fairness, business excellence, transparency, accountability, integrity, social responsibility, and regulatory compliance to enhance enduring value creation for all its stakeholders. This philosophy is embodied in the Bank’s commitment to working towards excellence in portfolio, operations, and reputation, with a focus on improving systems and controls. Your Bank has consistently adapted and accepted changes in corporate governance standards, thus aiming to align corporate governance standards in the Bank in line with global best practices.

Your Bank believes that corporate governance is not just limited to creating checks and balances; it is more about creating organisational excellence, leading to increased employee morale, customer satisfaction, and shareholder value. The Bank always endeavours to leverage its all available and accessible resources to translate opportunities into reality, create awareness of corporate vision and mission, spark dynamism and entrepreneurship among all resources. Your Bank also believes that sound corporate governance is essential to reinforce and maintain the trust of all stakeholders. Your Bank’s commitment to corporate governance steams is not only based on the letter of law, but also on

an inherent belief in doing business the right way, and to achieve this, the Bank consistently monitor its policies, practices, actions, and decisions of top management and all the affected stakeholders.

Being a banking company, your Bank is a guardian of public money, maintains the highest standards of corporate governance with a commitment to ensure accountability, fairness, diversity and transparency and takes exceptional care in governance matters so as to enjoy the trust and goodwill of the public at large. This approach is designed as central, with the Board of Directors functioning as the brain, laying down strong principles, foundations, policies, and processes for the day-to-day functioning of the Bank and in the implementation of its business strategy, maintaining high ethical standards.



CODE OF BUSINESS CONDUCT AND ETHICS

The Bank’s Code of Conduct and Ethics for Board of Directors and Senior Management personnel envisages and expects the members covered under the Code to have highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with situations/aspects in relation to the business of the Bank and thus maintain high standards of Corporate Governance.

The Bank expects all Directors and the Senior Management to exercise good judgment, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment. The Directors and the members of the Senior Management, while discharging their duties of their office, must act honestly and with due diligence.

CORPORATE GOVERNANCE REPORT (CONTINUED)

They are expected to act with utmost care and prudence, which an ordinary person is expected to take in his/her own business.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior management forms part of the Annual Report.

Further, the Bank has "Code of Conduct- Prohibition of Insider Trading Policy" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

BOARD COMPOSITION

The Bank recognizes that a well-balanced Board of Directors reflects a diverse range of thought, backgrounds, skills, experiences and expertise ultimately creates a culture of leadership in the Bank to deliver a long-term vision, ensure good governance and protect interests of all stakeholders. The Corporate Governance Philosophy of the Bank defines the roles of the Board, management and shareholders, their relationships with each other, and their relationships with all stakeholders. The Bank's corporate governance philosophy emphasises directors' independence and objective independent judgement to represent/protect the interests of all stakeholders, which are essential for effective corporate governance.

In line with the corporate governance philosophy and principles, your Bank has a broad-based Board, constituted in compliance with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Articles of Association of the Bank and all other applicable laws and in accordance with the best practices in corporate governance.

The Bank, as on March 31, 2023, has eight (8) directors on its Board chaired by the Non-Executive-Independent Chairperson and the Composition of Board are furnished as under:

Sl. No.	Name of the Director	Nature of Directorship	Category
1	Ms. Bhama Krishnamurthy*	Non – Executive Chairperson	Independent
2	Mr. Pralay Mondal#	Managing Director & CEO	Executive Director
3	Mr. Madhavan Menon	Non – Executive Director	Non-Independent

Sl. No.	Name of the Director	Nature of Directorship	Category
4	Mr. Sumit Maheshwari§	Non – Executive Director	Non-Independent
5	Ms. Sharmila Abhay Karve®	Non – Executive Director	Independent
6	Mr. Sudhin Choksey	Non – Executive Director	Independent
7	Mr. Sunil Srivastav	Non – Executive Director	Independent
8	Mr. Sharad Kumar Saxena	Non – Executive Director	Independent

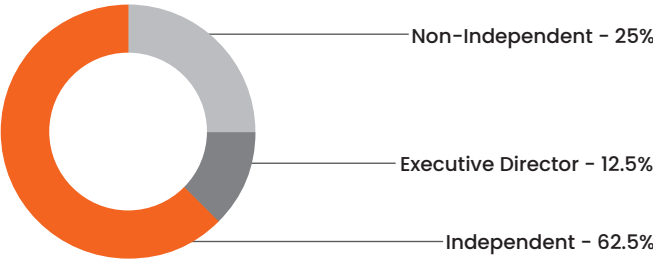
* Appointed as Non – Executive Independent Chairperson of the Bank with effect from November 17, 2022, pursuant to the approval granted by Reserve Bank of India.

®Elevated and appointed as the Managing Director & CEO of the Bank for a period of three years with effect from September 15, 2022, pursuant to the approval received from Reserve Bank of India on September 15, 2022.

§ Re-appointed as Director (Non-executive, Non- Independent category) of the Bank at the Annual General Meeting (AGM) of the Bank held on September 27, 2022, liable to retire by rotation at the AGM.

® Re-appointed as Director (Non-executive, Independent category) of the Bank for a tenure of five (5) years with effect from July 20, 2023, as per resolution passed through Postal Ballot dated December 08, 2022.

Composition



POLICY ON BOARD DIVERSITY

Your Bank believes that a diversified board will improve the quality of decisions made at the board level, resulting in sustainable and balanced development. Diversity is ensured in the Bank through consideration of a number of factors, including but not limited to skills, regional, age and industry experience, background, gender and other qualities. In informing its perspective on diversity, the Bank also takes into account, factors based on its own business model and specific needs from time to time.

The Policy on Board Diversity of the Bank sets out the approach to ensure diversity on the Board in terms of thought, experience, knowledge, perspective and gender, based on the Listing Regulations, the Banking Regulation Act, 1949, Companies Act, 2013 as well as other laws, rules and regulations applicable to the Bank subject to satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI and the applicable provisions of the Companies Act, 2013 and

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board as designed according to the policy, reflects a diversity of thought, backgrounds, skills, experiences and expertise and a range of tenures that are appropriate given the Bank's current and anticipated circumstances and that collectively, enable the Board to perform its oversight functions effectively.

The Nomination & Remuneration Committee has responsibilities for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the requirement as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of at least one woman director on the Board of the Bank is also considered.

PROFILE OF DIRECTORS

Ms. Bhama Krishnamurthy
DIN: 02196839
Non – Executive Independent (Part – Time) Chairperson
Educational Qualification : Master's Degree in Science
Date of Joining the Board: September 03, 2018 and appointed as Part-Time Chairperson of the Bank with effect from November 17, 2022
Sectorial representation on the Board : Banking, Human Resource, Risk Management and Small Scale Industry
Tenure on the Board : > 4 Years
No. of shares held : Nil

Ms. Bhama Krishnamurthy is a seasoned banker with a sparkling career spanning over 35 years in IDBI (presently IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations, viz., Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk Management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch operations and member of various credit committees. She has also handled

Human Resources Development division covering recruitment, training and promotion aspects. 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 as Nominee of SIDBI. Ms. Bhama Krishnamurthy was instrumental in bringing about several policy changes in various State Financial Corporations, while serving on the Boards, as nominee of SIDBI.

Mr. Pralay Mondal
DIN: 00117994
Managing Director & Chief Executive Officer
Educational Qualification: Engineering from IIT, Kharagpur and Management graduate from IIM, Calcutta
Date of Joining the Board: February 17, 2022
Sectorial representation on the Board: Banking
Tenure on the Board : > 1 Year
No. of shares held : Nil

Mr. Pralay Mondal has over 30 years of banking experience across multiple businesses and functions including retail assets, retail liabilities, business banking, products and technology. Mr. Pralay Mondal was appointed as the Managing Director & CEO of the Bank with effect from September 15, 2022. He held the position of Deputy Managing Director of the Bank from February 17, 2022 and up to September 14, 2022, and prior to that, he held the position of President (Retail, SME, Operations and IT). He was appointed as the Managing Director & CEO (Interim) from April 1, 2022, till September 14, 2022. Prior to joining the Bank, Mr. Pralay was Executive Director & Head of Retail Banking at Axis Bank. Before joining Axis Bank, Mr. Pralay was the Senior Group President and Head of Retail and Business Banking at Yes Bank. He was instrumental in setting up the entire retail franchise in that bank in a short period of time. At Yes Bank, Mr. Pralay used to frequently meet the Investors and Analysts and have been part of the core group engaging with relevant people in India or overseas to represent the bank for raising capital. Prior to that he had a successful 12 years stint at HDFC Bank and was earlier associated with Standard Chartered Bank, Wipro InfoTech and Colgate Palmolive.

Mr. Pralay's achievements include pioneering efforts in doorstep banking and direct sales, creating deep geography distribution, and building and scaling up of retail businesses. He is also credited with building capital market, wealth management, private banking, NBFC, credit cards, payments and digital businesses, from scratch.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Mr. Madhavan Menon
DIN: 00008542
Non-executive Non-independent Director
Educational Qualification: Master’s Degree in Business Administration from the George Washington University
Date of Joining the Board: September 03, 2018
Sectorial representation on the Board: Banking, Economics, Finance, Human Resource and Business Management
Tenure on the Board: >4 years
No. of shares held: 9897 (0.0057% of the share capital of the Bank)

Mr. Madhavan Menon was the Part-Time Chairman of the Bank for the period from April 24, 2019 and up to July 21, 2020. Mr. Madhavan Menon has a varied background having commenced his career in ANZ Grindlays Bank and subsequently worked in Citibank, Emirates Bank and in the Financial Services Division of the Aditya Birla Group. His areas of interest include Treasury, Corporate Lending, Operations, Corporate Governance and Strategic Planning. Mr. Menon is presently the Chairman & Managing Director of Thomas Cook (India) Ltd (TCIL), a Fairfax Company, which is the leading integrated travel and travel related financial services company in the country, offering a broad spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa & Passport Services and E-Business. Mr. Menon holds Directorships in various subsidiaries of TCIL and is also the Chairman of the Fairfax India Charitable Foundation that focuses on bringing down the cost of treating kidney related ailments in the country.

Mr. Sumit Maheshwari
DIN: 06920646
Non-executive Non-independent Director
Educational Qualification: Master’s Degree in Commerce, Master of Business Administration & a member of the ICAI
Date of Joining the Board: September 03, 2018
Sectorial representation on the Board: Economics, Finance, Accountancy and Business Management
Tenure on the Board: > 4 Years
No. of shares held: Nil

Mr. Sumit Maheshwari joined Fairbridge Capital in 2011 and has been the Managing Director of Fairbridge Capital since May 2018. Mr. Maheshwari is responsible to source, evaluate, negotiate, execute and exit investment opportunities. He is also responsible to monitor the portfolio companies. Mr. Maheshwari has been involved in the investments of Bangalore Airport, Sanmar Group, CSB Bank, Fairchem Organics, Seven Islands Shipping, Thomas Cook, Qess Corp and Sterling Holidays

amongst others. Mr. Maheshwari serves on the board of directors of many of Fairfax’s portfolio companies. Prior to joining Fairbridge Capital, Mr. Maheshwari worked with KPMG in India and the UK in their audit and accounting advisory functions. Mr. Maheshwari is a resident of Mumbai, Maharashtra, India.

Ms. Sharmila Abhay Karve
DIN: 05018751
Non-executive Independent Director
Educational Qualification: Bachelor’s Degree in Commerce and a member of the ICAI
Date of Joining the Board: July 20, 2020
Sectorial representation on the Board: Economics, Finance and Accountancy
Tenure on the Board: 3 Years
No. of shares held: Nil

Ms. Sharmila Karve has over three decades of association with the Network of Price Waterhouse firms in India in various capacities till she retired on 30 June, 2019. In the Price Waterhouse India network, Ms. Sharmila held various positions. She was an audit partner for several Indian and Multinational clients for many years. She was appointed as the 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. Later, she took over as the Head of Audit. She has also been the Head for Risk & Quality, which restructured the risk profile of their clients’ products and services and implemented mitigating controls. In 2017, she was appointed as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

Mr. Sudhin Choksey
DIN: 00036085
Non-executive Independent Director
Educational Qualification: Bachelor’s Degree in Commerce and also a fellow member of the ICAI
Date of Joining the Board: March 30, 2021
Sectorial representation on the Board: Banking, Finance and Accountancy
Tenure on the Board: > 2 years
No. of shares held: 10521 (0.0061% of the share capital of the Bank)

Mr. Sudhin Choksey has over 40 years of professional experience, both in India and overseas. Mr. Sudhin Choksey was the former Managing Director of GRUH Finance Ltd. which was merged with Bandhan Bank. As a part of the scheme of merger, Mr. Sudhin Choksey joined

Bandhan Bank as Executive Director (Designate) in October 2019 and retired on February 16, 2021. Mr. Sudhin Choksey was an experienced CEO at GRUH Finance with a demonstrated history of working in the mortgage finance business and skilled in lending business. During the span of 26 years of working with GRUH Finance, he has held various positions including that of General Manager, Executive Director, Chief Executive Director and Managing Director. At Bandhan Bank, he was the vertical head of the housing finance business. Mr. Sudhin Choksey has also served as an Independent Director on the Boards of many listed and unlisted companies. He was the recipient of BUSINESS LEADER – FINANCIAL SERVICES Award for 2015 from The Institute of Chartered Accountants of India, New Delhi.

Mr. Sunil Srivastav
DIN: 00237561
Non – Executive Independent Director
Educational Qualification : Bachelor’s Degree in Science, MBA from Banaras Hindu University and a Certified Associate of Indian Institute of Bankers.
Date of Joining the Board: June 8, 2021
Sectorial representation on the Board: Banking, Business Management and Agriculture & Rural Economy
Tenure on the Board : > 2 Years
No. of shares held : Nil

Mr. Srivastav was associated with the State Bank of India for more than 38 years. He had joined State Bank of India in 1980 as a probationary officer and held various positions in State Bank of India until he retired as Deputy Managing Director of Corporate Banking from State Bank of India, in 2018. Mr. Srivastav’s rich experience in banking includes Credit Risk, Project Finance, Corporate Finance, International Banking, Investment Banking, Corporate Strategy, National/elite Banking, Corporate Banking and Digital & Retail Banking with varied experience across geographies in India & abroad, having been a part of various cycles in the development of the Indian economy. Mr. Srivastav was a keen analyst and commentator on developments in the field of Corporate Finance and Banking. Post retirement in April 2018, Mr. Srivastav has been engaged as a Senior Advisor (Part time) with Edelweiss Group, Vedanta India, and The World Bank – Energy and Extractives program in India. Mr. Srivastav had previously served on the Boards of SBICAP Trustee and Custodial Services, West Bengal Financial Development Corp., National Payments Corporation of India and as a Member of Global Advisory Board of Master Card, to name a few. He also has a deep understanding of the NBFC Sector, gained while heading the Corporate Banking function of the SBI. He is

currently serving as Independent Director on the Board of many companies.

Mr. Sharad Kumar Saxena
DIN: 08238872
Non – Executive Independent Director
Educational Qualification: Engineering graduate in Electronics & Telecommunication and Certified Information System Auditor (CISA) from ISACA, US.
Date of Joining the Board: February 19, 2022
Sectorial representation on the Board: Banking, Information Technology and Payment & Settlement System
Tenure on the Board : > 1 Year
No. of shares held : 5000 (0.0028% of the share capital of the Bank)

Mr. Sharad Saxena has more than 30 years 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. Some of his key accomplishments were execution of numerous business and productivity enabling projects, transformation and migration of live Data Centres across the cities, migration of large applications and technology platforms, co-creating new technology enabled business models, setting up of IT Governance and Compliance function within IT, etc. As a member of the core technical committees of RBI for the following initiatives, he was in-charge of automation of Regulatory Returns filing, NG-RTGS, RBI Core Banking and Interface with Government Departments and Managing Outsourcing Risks. Later, as Chief Technology Officer for amalgamated Bank of Baroda, as the Chief Technology Officer and the head of IT of Bank of Baroda, erstwhile Vijaya Bank, and erstwhile Dena Bank, successfully led the most complex and the biggest bank merger in the country. Made a strategic roadmap for IT landscape of the amalgamated bank to sustain its business strategies for the next five years. This included movement to cloud, renewal of IT infrastructure, development of big data lake platform, consolidation and movement of data centres and large-scale digitization. Mr. Sharad Saxena is a Certified ISO 27001 Implementer and Certified Senior Examiner for Quality Management for the Indian Merchant’s Chamber.

CORPORATE GOVERNANCE REPORT (CONTINUED)

RESIGNATION / STEP DOWN FROM THE POSITION OF INDEPENDENT DIRECTOR

Mr. Madhavan Aravamuthan (DIN: 01865555) stepped down from the position of the Non-Executive Independent Director 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.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Clause 7B of Part A of Schedule III, Mr. Madhavan Aravamuthan, confirmed that there were no other material reasons for his decision to step down from the position of Independent Director of the Bank other than those mentioned in his letter dated June 28, 2022 that he does not wish to take up the second term just as an Independent Director.

Mr. Madhavan Aravamuthan (DIN: 01865555) term as the Part-Time Chairman of the Bank was completed with effect from the close of business hours on June 28, 2022, upon expiry of his tenure of appointment as per Reserve Bank of India letter dated August 10, 2020.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

None of the Directors of the Bank are related to one another.

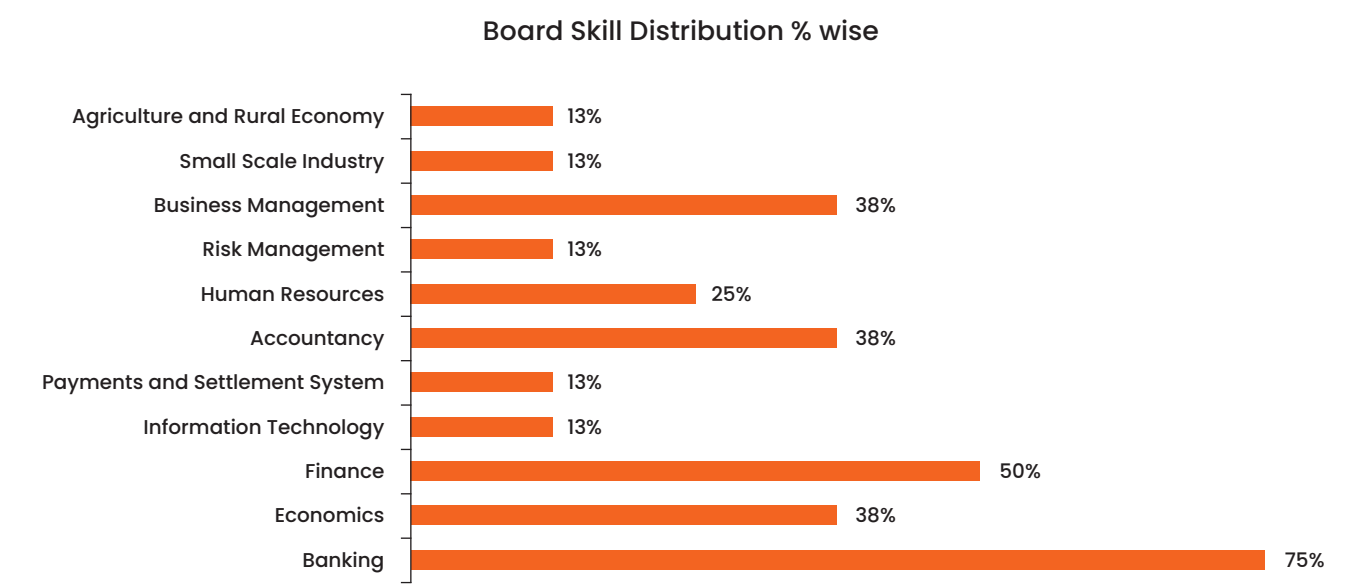
LIST OF CORE SKILLS/EXPERTISE/ COMPETENCIES IDENTIFIED BY THE BOARD

Board, in tune with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949, guidelines issued by RBI from time to time, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations, have identified Accountancy, Agriculture, Rural Economy, Banking, Co-operation, Economics, Finance, SSI, Law, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management as the Core Skills/ Practical Experience/Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively.

For appointment of independent directors, the balance of skills, knowledge, wide range of backgrounds and experience on the Board will also be considered while filling up position on the Board of the Bank.

Nature of interest/ core skills/expertise/ competencies	Name of the Director having the identified Skill/Expertise/ Competencies
Banking	1. Ms. Bhama Krishnamurthy
	2. Mr. Pralay Mondal
	3. Mr. Madhavan Menon
	4. Mr. Sudhin Choksey
	5. Mr. Sunil Srivastav
	6. Mr. Sharad Kumar Saxena
Economics	1. Mr. Madhavan Menon
	2. Mr. Sumit Maheshwari
	3. Ms. Sharmila Abhay Karve
Finance	1. Mr. Madhavan Menon
	2. Mr. Sumit Maheshwari
	3. Ms. Sharmila Abhay Karve
	4. Mr. Sudhin Choksey
Information Technology	1. Mr. Sharad Kumar Saxena
Payment and Settlement Systems	1. Mr. Sharad Kumar Saxena
Accountancy	1. Mr. Sumit Maheshwari
	2. Ms. Sharmila Abhay Karve
	3. Mr. Sudhin Choksey
Human Resources	1. Ms. Bhama Krishnamurthy
	2. Mr. Madhavan Menon
Risk Management	1. Ms. Bhama Krishnamurthy

Nature of interest/ core skills/expertise/ competencies	Name of the Director having the identified Skill/Expertise/ Competencies
Business Management	1. Mr. Sumit Maheshwari
	2. Mr. Sunil Srivastav
	3. Mr. Madhavan Menon
Small Scale Industry	1. Ms. Bhama Krishnamurthy
Agriculture and Rural Economy	1. Mr. Sunil Srivastav



DETAILS OF ATTENDANCE OF EACH DIRECTOR AT BOARD MEETINGS AND AT THE LAST YEAR'S ANNUAL GENERAL MEETING:

Name of Director	Executive / Non – Executive Director	Independent / Non- Independent Director	No. of Board Meetings Held during the Tenure	No. of Board Meetings Attended	% of Attendance	Attendance of last AGM held on 27.09.2022
Part-Time Chairperson- Independent						
Ms. Bhama Krishnamurthy*	Non – Executive	Independent	18	18	100%	Present
Managing Director & CEO						
Mr. Pralay Mondal#	Executive	Non- Independent	18	18	100%	Present
Non – Executive Directors						
Mr. Madhavan Menon	Non – Executive	Non- Independent	18	15	83.33%	Present
Mr. Sumit Maheshwari§	Non – Executive	Non- Independent	18	17	94.44%	Present
Independent Directors						
Ms. Sharmila Abhay Karve®	Non – Executive	Independent	18	15	83.33%	Present
Mr. Sudhin Choksey	Non – Executive	Independent	18	17	94.44%	Present
Mr. Sunil Srivastav	Non – Executive	Independent	18	18	100%	Present
Mr. Sharad Kumar Saxena	Non – Executive	Independent	18	18	100%	Present

*Appointed as Part-Time Chairperson of the Bank with effect from November 17, 2022, pursuant to the approval received Reserve Bank of India, vide letter November 17, 2022.

#Elevated and appointed as the Managing Director& CEO of the Bank for a period of three years with effect from September 15, 2022, pursuant to the approval received from Reserve Bank of India, vide letter dated September 15, 2022.

§Re-appointed at the Annual General Meeting (AGM) of the Bank held on September 27, 2022, liable to retire by rotation at the AGM.

®Re-appointed for a second term as a Non-Executive Independent Director of the Bank for a period of five (5) years with effect from July 20, 2023, as per resolution passed through postal ballot dated December 08, 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD MEETINGS

During the Financial Year 2022–23, your Bank had 18 Board Meetings, as detailed below:

Board Meeting		Board Meeting	
15.09.2022	03.09.2022	21.10.2022	21.10.2022
21.07.2022	28.06.2022	17.11.2022	15.12.2022
24.06.2022	10.06.2022	17.01.2023	30.01.2023
06.05.2022	23.09.2022	28.02.2023	03.03.2023
11.10.2022		28.03.2023	

DIRECTORSHIP DETAILS OF THE DIRECTORS IN THE LISTED ENTITIES AS ON MARCH 31, 2023

Sl. No.	Name of the Director	Names of the Listed Entities in which he/she is Director including the Bank	Category Directorships
1.	Ms. Bhama Krishnamurthy	1. CSB Bank Limited	Independent Director
		2. Five– Star Business Finance Limited	Independent Director
		3. Network18 Media & Investments Limited	Independent Director
		4. Cholamandalam Investment and Finance Company Limited	Independent Director
		5. Thirumalai Chemicals Limited	Independent Director
2.	Mr. Pralay Mondal	1. CSB Bank Limited	Managing Director & CEO
3.	Mr. Madhavan Menon	1. CSB Bank Limited	Non–Executive Director
		2. Thomas Cook (India) Limited	Chairman & Managing Director
4.	Mr. Sumit Maheshwari	1. CSB Bank Limited	Non–Executive Director
		2. Fairchem Organics Limited	Nominee Director
		3. Thomas Cook (India) Limited	Director
5.	Ms. Sharmila Abhay Karve	1. CSB Bank Limited	Independent Director
		2. Syngene International Limited	Independent Director
		3. EPL Limited	Independent Director
		4. Thomas Cook (India) Limited	Independent Director
6.	Mr. Sudhin Choksey	1. CSB Bank Limited	Independent Director
		2. Fairchem Organic Limited	Independent Director
		3. Gujarat Ambuja Exports Limited	Independent Director
7.	Mr. Sunil Srivastav	1. CSB Bank Limited	Independent Director
		2. SIS Limited	Independent Director
8.	Mr. Sharad Kumar Saxena	1. CSB Bank Limited	Independent Director

COMMITTEE MEMBERSHIP AND CHAIRPERSONSHIP DETAILS OF THE DIRECTORS IN THE LISTED ENTITIES AS ON MARCH 31, 2023

Sl. No.	Name of the Director	No. of other Directorships in Public Limited Companies including the Bank	No. of Committee Memberships		No. of Committee Chairpersonship	
			ACB	SRC	ACB	SRC
1.	Ms. Bhama Krishnamurthy	8	5	0	1	0
2.	Mr. Pralay Mondal	1	0	1	0	0
3.	Mr. Madhavan Menon	4	1	1	0	1
4.	Mr. Sumit Maheshwari	9	3	0	0	0
5.	Ms. Sharmila Abhay Karve	6	6	2	3	2
6.	Mr. Sudhin Choksey	5	3	2	2	0
7.	Mr. Sunil Srivastav	5	3	2	1	1
8.	Mr. Sharad Kumar Saxena	1	1	0	0	0

**Chairpersonship and Membership in committees denotes Audit Committee of the Board (ACB) and Stakeholders Relationship Committee (SRC) only, including membership details of the said committees in the Bank.*

AFFIRMATION

Affirmation in terms of Regulations 17A and 26 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as under:

- None of the Directors of the Bank were members in more than ten committees or act as chairperson of more than five committees across all listed entities including public companies in which he/ she is a director.
- None of the Directors of the Bank held Directorship in more than seven listed companies.
- Whole Time Director of the Bank is not serving as an Independent Director in any other listed company.

BOARD PROCEDURE

The Board functions as the governing body, evaluates its operational, strategic and financial performances, provides strategic and corrective directions, assesses the effectiveness of the Bank’s policies, risks and opportunities as well as its conduct, to ensure that good corporate practices are being followed in the Bank. Board exercise it powers, duties and responsibilities as envisaged in line with the Banking Regulation Act, 1949, the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Bank and all other applicable laws and in accordance with the best corporate governance practices by clearly setting out the policy guidelines within which the Board expect the management to operate through clearly defined processes to get the desired results. Given the pivotal role, the Board and its Committees, oversee that the management serves long-term objectives and enhances stakeholder value. The Board has complete access to all the relevant information within the Bank.

The meetings of the Board and its Committees is scheduled well in advance and the information, including date, time and place of the meeting is circulated to all directors as per the Secretarial Standards.

The meetings of the Board and its Committees are governed by a structured agenda. The agenda papers, which provide all relevant, adequate, material information, explanatory notes, etc., are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and Listing Regulations. The Board is presented with information on various important aspects of business operations, risk, new initiatives, budgets, financial results, human resources, compliance, financial inclusion, customer protection, cyber security, information technology, audit, minutes of the Committees of the Board, and such other

matters as are required to be placed before the Board in tune with the regulatory and statutory guidelines / instructions. The Bank follows the Reserve Bank of India circular no. DBR No.BC.93/29.67.001/2014-15 dated May 14, 2015, which advises banks to review/discuss seven critical themes prescribed by the Nayak Committee, namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion, and human resources. The members of the Board exercise due diligence in the performance of their functions as directors of the Bank and follow the highest degree of business ethics, transparent practices, and code of good governance amidst a cordial environment. Directors are being provided with all the agendas of the meetings of the Board and Committees in soft format by uploading the same to a digital meeting platform for exclusive use by them and the invitees to the meetings. The video conferencing facility is effectively used to facilitate the participation of directors who are unable to attend the meetings in person, complying with the provisions of the Companies Act, 2013 and SEBI LODR Regulations, 2015. The Board of Directors follows the highest degree of business ethics, transparent practices, and governance in a cordial environment.

The Board and Committees also pass resolutions by circulation along with necessary papers which are circulated to enable the Directors for informed decision making and to seek clarification as may be required which are due to exigent business matters and the said resolutions are noted in the subsequent Board/ Committee Meetings.

Minutes of the Board and Board Committees are being circulated to all the Board and Committee Members within the timelines prescribed under the Companies Act, 2013 and other regulatory guidelines. The Bank has in place, a post meeting follow-up procedure, which tracks the observations/ decision taken by the Board/ Board Level Committee Meeting till the closure of such observations/ decision. An Action Taken Report (ATR) is being placed before the Board/ Board Level Committee on regular intervals. Periodical Compliance Report on various compliances as insisted under the Companies Act, 2013, SEBI Listing Regulations and as per the extant guidelines issued by the Bank, is placed to the Board and various committees for review and for rectifying instances of non- compliance, if any.

COMPLIANCE FRAMEWORK

The Bank has a robust and effective framework for monitoring compliances with applicable laws within the organization and providing updates to senior management and the Board periodically. The Audit Committee and the Board of Directors periodically review the status of the compliances with the applicable laws.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION OF THE DIRECTORS

1. Part-time Chairperson

Mr. Madhavan Aravamuthan (DIN: 01865555) ceased to be the Part-Time Chairperson of the Bank with effect from the close of business hours of June 28, 2022 upon expiry of his tenure of appointment as per Reserve Bank of India letter August 10, 2020.

Ms. Bhama Krishnamurthy (DIN: 02196839), Non-Executive Independent Director, was appointed as the Part-Time Chairperson of the Bank in place of Mr. Madhavan Aravamuthan for the period starting from November 17, 2022 up to September 28, 2024 (both dates inclusive), on receipt of approval of Reserve Bank of India pursuant to Section 10B(1A) (i) of the Banking Regulation Act, 1949 which is coterminous with Ms. Bhama Krishnamurthy's second term of appointment as Independent Director of the Bank.

The payment of remuneration/ honorarium and sitting fees to Mr. Madhavan Aravamuthan and Ms. Bhama Krishnamurthy for the respective period is in accordance with the terms of appointment as approved by Reserve Bank of India and shareholders of the Bank.

Details of remuneration paid to Mr. Madhavan Aravamuthan and Ms. Bhama Krishnamurthy for the financial year 2022-23 are given below:

Name of the Chairperson	Honorarium	Sitting fee	Total
Mr. Madhavan Aravamuthan*	4,40,000	3,35,000	7,75,000
Ms. Bhama Krishnamurthy	6,70,000	25,00,000	31,70,000
Total	11,10,000	28,35,000	39,45,000

*Tenure of appointment as Part-Time Chairman of the Bank ended at the close of office hours on June 28, 2022

2. Managing Director & CEO

Pursuant to the receipt of approval from Reserve Bank of India on September 15, 2022, in terms of Section 35B of the Banking Regulation Act, 1949, Mr. Pralay Mondal (DIN:00117994) was appointed as the Managing Director & CEO of the Bank for a period of three years with effect from September 15, 2022.

Remuneration paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes

Details of remuneration paid to Mr. Pralay Mondal, Managing Director & CEO for the financial year 2022-23 are given below:

Name of the Managing Director & CEO	Fixed Pay	Variable Pay		Total	Non-Cash Component Stock options
		Cash Component			
		Upfront	Deferred		
Mr. Pralay Mondal	1,07,83,341	77,30,357	NIL	1,85,13,698	1,56,389 options

payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 1, 2021 to February 16, 2022, during which he held the position of 'President – Retail, SME, Technology and Operations'. Since the Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, was under consideration of Reserve Bank of India till the end of the financial year, pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022, onwards, the same remuneration as stands approved by Reserve Bank of India for the position of Deputy Managing Director. However, 1,56,389 options granted in FY 2022-23, to Mr. Pralay Mondal and disclosed was in the capacity as 'President – Retail, SME, Technology and Operations'. The said options were granted at an exercise price of ₹236.45 per option, and the total value of the options granted is ₹1,54,60,616/- as per the fair value arrived at based on the Black-Scholes model.

Subsequently, Reserve Bank of India, vide letter dated May 4, 2023, accorded its approval for the payment of fixed pay of ₹2,30,00,000/- per annum (including perquisites) to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from September 15, 2022. RBI further accorded its approval for payment/ grant of ₹31,64,384/- as variable pay to Mr. Pralay Mondal for his position as Deputy Managing Director of the Bank for the period from February 17, 2022, to September 14, 2022, of which 50% shall be in the form of cash and the balance 50% in the form of non-cash component (stock options). Pursuant to the said approval, the Nomination & Remuneration Committee of the Board on May 10, 2023, granted 13,145 stock options to Mr. Pralay Mondal at an exercise price of ₹293.80 per option, and the total value of the options granted is ₹15,82,132/- as per the fair value arrived at based on the Black-Scholes model.

The Bank already obtained the approval of shareholders for payment of remuneration for the respective position.

3. Non-executive Directors

Non-Executive Independent Directors were paid sitting fees at ₹75,000/- for attending the Board Meeting and ₹45,000/- for attending Management Committee, Audit Committee, Credit Committee and Risk Management Committee Meetings and ₹20,000/- for attending rest of the Committee Meetings.

No sitting fee was paid during the financial year 2022-23 to the Non-executive, Non-Independent Directors on the Board of the Bank for attending the Board and committee meetings.

The Bank did not pay any amount to directors by way of salary and perquisites except to the Managing Director & CEO/Whole time Directors. However, the remuneration/honorarium paid to Mr. Madhavan Aravamuthan and Ms. Bhama Krishnamurthy in their capacity as Part-Time Chairperson of the Bank was in accordance with the terms of their appointment as Part-Time Chairperson, which were approved by Reserve Bank of India and shareholders of the Bank.

During the year under review, there were no other pecuniary relationships or transactions of Non-Executive Directors and Non-Executive Independent Directors vis-à-vis the Bank except normal banking transactions, payment of sitting fees, reimbursement of expenses, if any and related party transactions, if any, which are disclosed in the Report to the extent as required.

The criteria of making payments to Non-Executive Directors and Non-Executive Independent Directors, is displayed on the website of the Bank <https://www.csb.co.in/pdf/Remuneration-criteria-for-Non-Executive-or-Independent-Directors-27042022.pdf>

Details of remuneration/sitting fee paid to Non-Executive Directors for attending Board and Committee Meetings for the financial year 2022-23 are given below:

Name of the Directors		Amount
Ms. Bhama Krishnamurthy	Part-time Chairperson	31,70,000*
Mr. Madhavan Aravamuthan		3,35,000*
Mr. Madhavan Menon	Non-executive Directors#	NIL
Mr. Sumit Maheshwari		NIL
Ms. Sharmila Abhay Karve	Non-executive	20,35,000
Mr. Sudhin Choksey	Independent	21,45,000
Mr. Sunil Srivastav	Directors	24,50,000
Mr. Sharad Kumar Saxena		25,30,000

*No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.

*The amounts include the honorarium and sitting fee paid during the financial year.

SHAREHOLDING OF DIRECTORS

Directors' shareholdings in the Bank as on March 31, 2023 are given below:

Sl. No.	Name of the Director	No. of shares	Percentage of holding
1.	Mr. Madhavan Menon	9,897	0.0057 %
2.	Mr. Sudhin Choksey	10,521	0.0061%
3.	Mr. Sharad Kumar Saxena	5,000	0.0028%

CRITERIA FOR APPOINTMENT AS DIRECTOR OF THE BANK

Nomination & Remuneration Committee (NRC) of the Board shall identify and ascertain the qualification, expertise, experience, track record, integrity, etc., of the person who is considered for being appointed/ reappointed as Director of the Bank and shall carry out the prescribed due diligence exercise in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria, applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may use the services of external agencies, if required; consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.

PROCESS FOR APPOINTMENT OF DIRECTORS



Each Director of the Bank is appointed with the approval of the Board and Shareholders. All directors seek periodic re-appointment by the shareholders, none of the director has perpetual office. Subject to the maximum period of holding of directorship in the Bank in relevant category as mentioned under the head 'Nomination Policy- Policy for Appointment of Directors, Key Managerial Personnel,

CORPORATE GOVERNANCE REPORT (CONTINUED)

and others' periodicity of re-appointment of directors is as under:

Upto 5 years	Retire by rotation
Executive Directors and Independent Directors	Non-executive (Non-independent) Directors

TERMS AND CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTORS

Appointment of Independent Directors and terms and conditions of the appointment shall be governed by the provisions of the Companies Act, 2013, the rules made thereunder, Listing Regulations from time to time, the provisions of the Banking Regulation Act, 1949, as amended from time to time and the extant guidelines of RBI and Articles of Association of the Bank.

The Bank will issue a formal Letter of Appointment to Independent Directors at the time of their appointment/ re-appointment covering the terms and conditions of the appointment.

The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank at https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

AFFIRMATION BY INDEPENDENT DIRECTORS

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder. They have also confirmed in terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that they have also met the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. On the basis of this, the Board of Directors opines that the Independent Directors of the Bank fulfils the conditions specified in Companies Act, 2013 and Listing Regulations and are independent of the management.

Further, pursuant to rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank had affirmed that, they had registered as an Independent Director in the Independent Directors Data Bank as required under

rule 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and had also complied with the requirements of passing the online proficiency self-assessment test/ exempted from online proficiency self-assessment test in terms of Rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

Board is of the opinion that Independent Directors appointed/re-appointed since the date of last report and up to the date of the report are persons of integrity, and possess the necessary skills, knowledge, experience and expertise and have also complied with the requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended for being appointed as an Independent Director of the Bank.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Directors of the Bank are encouraged to attend the training programmes being organized by various regulators/bodies/institutions on roles, rights, responsibilities in the Bank, nature of the banking industry, business model, risk management system and technology of the Bank. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

Directors are provided with a formal letter of appointment with all materials related to their roles, rights, responsibilities in the Bank as well as with the nature of industry and business model of the Bank at the time of their appointment as Director and through periodical presentations on economy & industry overview, key regulatory developments, strategy and performance. This enables the Directors to have a clear picture of the Bank and make informed decisions in the interest of the Bank and its stakeholders. Along with the letter of appointment, a welcome kit containing the brief history of the Bank, Memorandum and Articles of Association, Copy of Code of Conduct to Directors and Senior Management, criteria of Independence applicable to Independent Directors, deed of covenant, Do's and Don'ts for the Directors of the Bank as per Reserve Bank of India Circular, Copy of Internal Code of Conduct for Prevention of Insider Trading, Copy of Internal Code of Conduct for dealing in securities of other Listed or to be Listed entities, Copy of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Copy of the Audited Accounts for that financial year, Asset and Liability Products of the Bank in brief, Copy of Credit Policy of the Bank are provided to every Director inducted on the Board.

Pursuant to the Listing Regulations, your Bank is required to impart familiarisation programme for Independent Directors of the Bank every year. Various training programme including IT and Cyber Security were also extended to all the directors of the Bank in the manner as prescribed.

The details of familiarisation programmes arranged in the FY 2023 are available in the website of the Bank at the link <https://www.csb.co.in/pdf/familiarisation-programmes02082022.pdf>

SUCCESSION PLANNING

The Succession planning policy of the Bank aims to identify the competency requirements of critical and key positions, assess potential candidates, and develop required competency through planned development and learning initiatives. The policy also ensures the systematic and long-term development of individuals at the senior management level to replace whenever a need arises due to deaths, disabilities, retirements or any other unexpected occurrence.

Succession planning at the Bank includes the identification of Board, Key Management positions, Senior Managerial personnel and other specialized areas/functions which are critical for the Bank's business continuity, operations and growth. Succession planning at the Bank ensures that the Bank is prepared with a plan to support operations and business continuity and ensures the building up and nurturing of a talent pool of qualified, experienced and motivated employees for taking on higher roles and responsibilities as and when gaps arise. Careful planning and preparation is also necessary to manage the changes that result from a generational transfer of leadership as well as the ongoing changes that occur regularly when key personnel leaves the Bank. The Succession Planning Policy of the Bank seeks to do so.

Nomination and Remuneration Committee of the Bank works with the Board on the leadership succession plan and also prepares contingency plans for succession in case of any exigencies. The NRC periodically reviews and considers the list of senior managerial personnel due for retirement/attrition within the year. The Committee shall also consider the new vacancies that may arise out of business needs/up-gradation of Department(s)/ Regional Office(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Bank's future growth and development. The Committee is guided by Succession

Planning Policy which involve assessing the likely gap in Board/leadership/management, developing the succession planning model, implementation of the plan and continuous evaluation and assessment. The Policy guide to identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.

In the event of any unexpected vacancy in the Board at the Executive level, particularly the position of the Managing Director & CEO, which may affect the day-to-day operations/ functioning of the Bank, NRC shall meet and recommend to the Board to entrust Executive Director, if any, or from a select pool of persons in case there is no Executive Director, with such designation as may be assigned, post event, to carry out the said functions on an interim basis, in line with section 10B (9) of the Banking Regulation Act, 1949.

DIRECTORS AND OFFICERS INSURANCE

Pursuant to the Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Independent Directors, as well as other Directors and such officers, for risks as determined by the Board of Directors of the Bank from time to time.

BOARD'S COMMITTEES

The Committees of the Board are constituted under the provisions of the Companies Act, 2013, Listing Regulations, the Banking Regulation Act, 1949 and RBI Rules, Circulars & Recommendations, to deal with specific areas / activities as stipulated therein. These Committees of Directors have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. During the period under review, some of the committees of the Board were reconstituted; a new committee was constituted by delegating powers exercised by other committees; and terms of reference committees were revised to align with the provisions of the Companies Act, 2013, Listing Regulations, the Banking Regulation Act, 1949, and the relevant RBI guidelines in this regard.

No recommendation of the Committees, which is mandatorily required to be accepted, have been rejected by the Board in the financial year under review.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SUMMARY OF COMMITTEE MEETINGS ATTENDANCE OF DIRECTORS FOR FY 2022-23

Sl. No	Name of the Director	MC	CC	RMC	ACB	NPAMC	SRC	CMF	CSC	CSR	NRC	ITSC
Total No. of Meetings held		3	8	4	13	6	4	4	4	3	18	4
1.	Ms. Bhama Krishnamurthy	NM	8	4	2	NM	NM	4	NM	3 ^a	18	NM
2.	Mr. Pralay Mondal	3 ^a	8	3	NM	6 ^{SI}	4	3	4	3	NM	4
3.	Mr. Madhavan Menon	NM	NM	4	12	5 ^a	3 ^a	3	NM	NM	16	NM
4.	Mr. Sumit Maheshwari	3	NM	NM	NM	NM	NM	2	0	3	NM	3
5.	Ms. Sharmila Abhay Karve	NM	NM	NM	13 ^a	5	NM	4	3	NM	7	NM
6.	Mr. Sudhin Choksey	2	8	4 ^a	NM	NM	4	1	NM	3	3	NM
7.	Mr. Sunil Srivastav	3	8 ^a	NM	9	NM	NM	4 ^a	1	NM	NM	4
8.	Mr. Sharad Kumar Saxena	1	NM	2	13	5	NM	NM	3 ^a	NM	11 ^a	3 ^a

NM – Not a Member

SI – Special Invitee

Chairpersonship of the Committee as on March 31, 2023.

Audit Committee of the Board

The Audit Committee of the Board (ACB) was constituted by a resolution of the Board at their meeting held on June 6, 1994, and was last reconstituted by the Board vide Resolution No. DB-1 dated on July 21, 2022.

The objectives and Key Functions:	<ul style="list-style-type: none"> a) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; b) Oversight of the integrity of the Bank's financial statements; c) Oversight of the Bank's systems of disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the Bank; d) Oversight of auditing processes of the Bank, both internal and external and independence of the audit function in the Bank; e) Oversight of the performance of the Bank's independent auditor, internal audit and compliance functions; f) Oversight of the Bank's compliances with legal and regulatory requirements.
Duties and responsibilities	<ul style="list-style-type: none"> a) Reviewing with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: <ul style="list-style-type: none"> i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013; ii. changes, if any, in accounting policies and practices, and reasons for the same; iii. management letters/letters of internal control weaknesses issued by the statutory auditors/ internal auditors of the Bank; iv. major accounting entries involving estimates based on the exercise of judgment by management; v. significant adjustments made in the financial statements arising out of audit findings; vi. compliance with listing and other legal requirements relating to financial statements; vii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Bank modified opinion(s) in the draft audit report. b) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

	<ul style="list-style-type: none"> c) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; the follow up and compliance of inspection/audit reports; d) Reviewing the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings, obtaining and reviewing half yearly reports from the compliance officers appointed in the Bank, following up on all the issues raised in the Long Form Audit Report (LFAR) and following up on all the issues/concerns raised in the inspection reports of RBI; e) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank; f) Evaluation of internal financial controls and risk management systems; g) Approval of payments to statutory auditors for any other services rendered by the statutory auditors; h) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems; i) Discussion with internal auditors of any significant findings and follow up there on; j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; k) Reviewing the periodical reviews/returns/ statements placed before it as per the approved calendar of items. l) Approval or any subsequent modification of transactions of the Bank with related parties; m) Review internal audit reports relating to internal control weaknesses; n) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; o) consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.
Other Responsibilities	<ul style="list-style-type: none"> a) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; b) Review of Statement of deviations: <ul style="list-style-type: none"> i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). ii. Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7). c) Review the functioning of the whistle blower mechanism; d) Oversight over the vigil mechanism established by the Bank and the Chairman of Audit Committee shall directly hear grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns; e) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; f) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background, etc., of the candidate; g) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- h) Approval or any subsequent modification of transactions of the Bank with related parties;
- i) To define the term “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- j) Scrutiny of inter-corporate loans and investments;
- k) Valuation of undertakings or assets of the company, wherever it is necessary;
- l) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee;
- m) To review Management discussion and analysis of financial condition and results of operations.

Composition of Audit Committee

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Director	No. of meetings held during the tenure	Meetings attended
Ms. Sharmila Abhay Karve, Chairperson	13	13
Mr. Madhavan Menon	13	12
Mr. Sunil Srivasatv#	10	9
Mr. Sharad Kumar Saxena	13	13
Ms. Bhama Krishnamurthy*	2	2

*Ceased to be a member of the Committee w.e.f. July 01, 2022.

#Appointed as a member of the Committee w.e.f. July 22, 2022.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Bank held on September 27, 2022.

During the year under review, there were no instances of non-acceptance of the recommendation of the Audit Committee, by the Board of Directors.

During the year, Audit Committee met 13 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Audit Committee of the Board. The dates of the meetings are as under:

Audit Committee of the Board		Audit Committee of the Board	
15.12.2022	21.10.2022	28.03.2023	13.03.2023
13.09.2022	02.08.2022	03.03.2023	28.02.2023
21.07.2022	28.06.2022	30.01.2023	17.01.2023
06.05.2022			

Management Committee

The Management Committee was last reconstituted by the Board vide Resolution No. DB-4 dated June 28, 2022.

Terms of reference	
HR and Admin Functions	The Committee shall discharge and exercise the powers and functions, inter alia administrative, including financial matters related to human resource management.
Other functions	<div><div>a.</div><div>Reviews the periodical Reviews/ Returns/ Statements placed before it as per the approved calendar of items.</div></div> <div><div>b.</div><div>Assist/support the Board and Management to develop business ideas and optimize the operations in a better and most efficient manner.</div></div> <div><div>c.</div><div>Empowered with the powers to take investment strategy/decision in Financial Markets.</div></div> <div><div>d.</div><div>Functioning as Review Committee in the mechanism for identification of borrowers as wilful defaulters.</div></div> <div><div>e.</div><div>Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time.</div></div>

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Pralay Mondal, MD & CEO, Chairman*	3	3
Mr. Sumit Maheshwari	3	3
Mr. Sudhin Choksey	3	2
Mr. Sunil Srivastav#	3	3
Mr. Sharad Kumar Saxena§	1	1

* Inducted as a Member w.e.f. from April 01, 2022 and appointed as the Chairman of the Committee w.e.f. July 01, 2022.

Ceased to be the Chairperson w.e.f. from July 01, 2022, but continued as member.

§Appointed as member of the Committee w.e.f. July 01, 2022.

The Committee met 3 times during the financial year 2022-23 and the dates of the meetings are as under:

Management Committee
03.09.2022
23.06.2022
14.05.2022

CORPORATE GOVERNANCE REPORT (CONTINUED)

Risk Management Committee

The Risk Management Committee was last reconstituted by the Board vide Resolution No. DB-1 dated on July 21, 2022.

Terms of Reference

Risk Management Committee, the apex body of the Bank's risk management architecture, is responsible for aligning various risk management policies of the Bank with the risk appetite and risk philosophy articulated by the Board.

The role of the Committee shall, inter alia, include the following:	a)	To formulate a detailed risk management policy and strategy which shall include:
	i.	A framework for identification of internal and external risks specifically faced by the Bank, in particular including credit, financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
	ii.	Measures for risk mitigation including systems and processes for internal control of identified risks.
	iii.	Business continuity plan.
	b)	To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
	c)	To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
	d)	To periodically review the risk management policy and plan, every year, including by considering the changing industry dynamics and evolving complexity;
	e)	To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
	f)	The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
	g)	To effectively co-ordinate between the credit risk management committee, asset liability management committee and other risk management committees of the Bank, if any;
	h)	The Committee functions as the Managerial and Supervisory Committee of Directors for asset liability management functions;
	i)	To review cyber security related matters;
	j)	To review the periodical returns/reviews/statements placed before it as per the approved calendar of items;
	k)	To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
	l)	To maintain close co-ordination with Nomination & Remuneration Committee in order to achieve effective alignment between remuneration and risks;
	m)	To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;
	n)	To review Stress Testing Results & Back-testing report;
	o)	To review the Asset Liability Management (ALM) of the Bank on a regular basis; and
	p)	Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sudhin Choksey, Chairman	4	4
Mr. Pralay Mondal, MD&CEO*	4	3
Mr. Madhavan Menon	4	4
Ms. Bhama Krishnamurthy	4	4
Mr. Sharad Kumar Saxena#	3	2
Mr. Madhavan Aravamuthan [§]	1	1

*Appointed as member of the Committee w.e.f. April 01, 2022.

Appointed as member of the Committee w.e.f. July 01, 2022.

[§]Ceased to be the member of the Committee w.e.f. June 28, 2022 due to abdication from the position of Independent director.

The Committee met 4 times during the financial year 2022-23 and the dates of the meetings are as under:

Risk Management Committee
25.11.2022
29.08.2022
10.06.2022
01.03.2023

NPA Management Committee

The NPA Management Committee was last reconstituted by the Board vide Resolution No. DB-1 dated on July 21, 2022.

Terms of reference	To lay added thrust on NPA recovery, a separate Committee of the Board named 'NPA Management Committee' has been formed exclusively for considering and sanctioning compromise settlement proposals of NPA accounts, for a speedy consideration and quick disposal of such proposals. The Committee shall be vested with discretion to consider and sanction all compromise settlement proposals of NPA accounts. The Committee also reviews the periodical Reviews/ Returns/Statements placed before it as per the approved calendar of items.
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Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Menon, Chairman*	6	5
Ms. Sharmila Abhay Karve	6	5
Mr. Sharad Kumar Saxena#	5	5
Mr. Pralay Mondal, MD & CEO(Special Invitee) [§]	6	6
Mr. Madhavan Aravamuthan [@]	1	1

*Appointed as the Chairman of the Committee w.e.f. July 01, 2022.

#Appointed as member of the Committee w.e.f. July 22, 2022

[§]Inducted as Special Invitee w.e.f. April 01, 2022.

[@]Ceased to be the member of the Committee w.e.f. June 28, 2022 due to abdication from the position of Independent director.

The Committee met 6 times during the financial year 2022-23 and the dates of the meetings are as under:

NPA Management Committee
27.03.2023
28.02.2023
15.12.2022
27.09.2022
13.09.2022
31.05.2022

CORPORATE GOVERNANCE REPORT (CONTINUED)

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was last reconstituted by the Board vide Resolution No. DB-1 dated on July 21, 2022.

Terms of reference	<p>a. Resolving the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.;</p> <p>b. Review of measures taken for effective exercise of voting rights by shareholders;</p> <p>c. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the registrar and share transfer agent;</p> <p>d. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank;</p> <p>e. Issue and allotment of shares subject to the provisions of the Section 39 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank;</p> <p>f. To transfer, transposition and transmission of securities;</p> <p>g. To consider and approve, split, consolidation and duplication of shares or other securities;</p> <p>h. To approve dematerialization and re-materialization of shares;</p> <p>i. To seek any information it requires from the employees, directors of the Bank in order to perform its functions;</p> <p>j. To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes;</p> <p>k. Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.; and</p> <p>l. Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such committee.</p>
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Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Menon, Chairman	4	3
Mr. Pralay Mondal MD& CEO*	4	4
Mr. Sudhin Choksey	4	4

* Appointed as a member of the Committee w.e.f. April 01, 2022.

Mr. Sijo Varghese, Company Secretary is designated as the Compliance Officer.

The Committee met 4 times during the financial year 2022-23 and the dates of the meetings are as under:

Stakeholders Relationship Committee
01.03.2023
15.12.2022
23.09.2022
31.05.2022

SEBI Investor Complaints Redressal System (SCORES)

SCORES platform of SEBI facilitates online filing of investor grievance/ complaints and online view of the status of the same. The Bank endeavours to redress the grievance/ complaints of the Investors within the prescribed time frame, from the date of lodgement of complaint in SCORES platform. The details of each grievance /complaint (category wise) received and redressed are furnished to the Stakeholders Relationship Committee of the Board (SRC) and to the Board on a quarterly basis.

Status of the Investor Complaints

Status of the Investor complaints received during the period from April 1, 2022 and up to March 31, 2023 are given under:

Number of Investor Complaints including through SEBI SCORES platform received during the period 01.04.2022 to 31.03.2023	No. of Complaints
Investor complaints pending as on 01.04.2022	NIL
Investor complaints received during the period	
1. Investor complaints received through SEBI SCORES Platform of the Bank	NIL
2. Other Investor complaints received	1
Total number of complaints disposed off	1
Complaints pending as on 31.03.2023	NIL

Committee for Monitoring Large Value Frauds

Pursuant to the directives of the RBI, the Bank has constituted a Committee for Monitoring Large Value Frauds (CMF) for the exclusive monitoring and follow up of cases of frauds involving amounts of ₹1 Crore and above.

The Committee for Monitoring Large Value Frauds was last reconstituted by the Board vide Resolution No. DB-1 dated on July 21, 2022.

The major functions of the Special Committee would be to monitor and review all the frauds of ₹1 crore and above so as to;

Terms of reference	<p>a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.</p> <p>b. Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.</p> <p>c. Monitor progress of CBI/Police Investigation and recovery position.</p> <p>d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.</p> <p>e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.</p> <p>f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.</p> <p>g. To monitor and follow up Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹50 crores and above).</p> <p>h. Such other functions as may be decided/delegated by the Board of Directors/advised by the Reserve Bank of India, from time to time.</p>
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The meeting of the Committee has to be scheduled once in a quarter, and as and when a fraud involving an amount of ₹100 lakh and above comes to light.

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sunil Srivastav, Chairman	4	4
Mr. Pralay Mondal, MD & CEO*	4	3
Mr. Madhavan Menon [#]	3	3
Mr. Sumit Maheshwari	4	2
Ms. Bhama Krishnamurthy	4	4
Ms. Sharmila Abhay Karve	4	4
Mr. Sudhin Choksey [§]	1	1

*Appointed as a member of the Committee w.e.f. April 01, 2022.

[#]Appointed as a member of the Committee w.e.f. April 22, 2022.

[§]Ceased to be a member of the Committee w.e.f. July 01, 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Committee met 4 times during the financial year 2022-23 and the dates of the meetings are as under:

Committee for Monitoring Large Value Frauds
16.02.2023
25.11.2022
27.09.2022
10.05.2022

Customer Service Committee

The Customer Service Committee was last reconstituted by the Board vide Resolution No. DB-4 dated June 28, 2022.

Terms of reference	<p>The Committee strives to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service and improving the level of customer satisfaction for all categories of clientele.</p> <p>The functioning of the Committee shall be reviewed on a half yearly basis (September/March) and the review shall be put up to the Board of Directors within one month from the end of the relevant half-year.</p> <p>The meeting of the Committee has to be scheduled once in a quarter.</p>
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Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena, Chairman*	3	3
Mr. Pralay Mondal, MD & CEO#	4	4
Ms. Sharmila Abhay Karve§	3	3
Mr. Sunil Srivastav*	4	1
Mr. Sumit Maheshwari%	1	0

*Inducted as a Member and appointed as Chairman of the Committee w.e.f. July 01, 2022.

#Appointed as Member of the Committee w.e.f. April 01, 2022.

§Appointed as Member of the Committee w.e.f. July 01, 2022.

*Ceased to be a member and Chairperson of the Committee w.e.f. July 01, 2022.

%Ceased to be a member and Chairperson of the Committee w.e.f. July 01, 2022.

The Committee met 4 times during the financial year 2022-23 and the dates of the meetings are as under:

Customer Service Committee
08.02.2023
17.11.2022
27.09.2022
10.05.2022

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was last reconstituted by the Board vide Resolution No. DB-2 dated July 5, 2021.

In terms of Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board.

Terms of reference	<p>a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.</p> <p>b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a).</p> <p>c) Monitor the corporate social responsibility policy of the Bank from time to time.</p> <p>d) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:</p> <p>i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;</p> <p>ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;</p> <p>iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;</p> <p>iv. monitoring and reporting mechanism for the projects or programmes; and</p> <p>v. details of need and impact assessment, if any, for the projects undertaken by the Bank provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.</p> <p>e) Make decisions on responsible business conduct and sustainability related issues.</p>
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Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Ms. Bhama Krishnamurthy, Chairperson	3	3
Mr. Pralay Mondal*	3	3
Mr. Sumit Maheshwari	3	3
Mr. Sudhin Choksey	3	3

*Appointed as a member of the Committee w.e.f April 01, 2022.

The Committee met 3 times during the financial year 2022-23 and the dates of the meetings are as under:

Corporate Social Responsibility Committee
08.12.2023
29.08.2022
31.05.2022

Nomination & Remuneration Committee

Nomination & Remuneration Committee, inter-alia, looks after the due diligence and recommendation process for appointment/ re-appointment of Directors and their remuneration, remuneration perquisites, ESOPs, etc., to MD & CEO and other key managerial and senior management personnel of the Bank, monitoring of the compensation policy of the Bank, etc. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors.

The Nomination & Remuneration Committee (NRC) was last reconstituted by resolution passed by circulation on November 17, 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Terms of reference	<div> <div>a)</div> <div>Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;</div> </div> <div> <div>b)</div> <div>Undertake the due diligence of candidates before their appointment/re-appointment as directors;</div> </div> <div> <div>c)</div> <div>Recommend to the Board on appointment of directors, senior management personnel and their removal;</div> </div> <div> <div>d)</div> <div>Devising a policy on diversity of board of directors;</div> </div> <div> <div>e)</div> <div>Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;</div> </div> <div> <div>f)</div> <div>Recommend to the Board the policy for evaluation of performance of board, its committees and individual directors;</div> </div> <div> <div>g)</div> <div>To oversee the framing, review and implementation of the Bank’s overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme, etc., with a view to attract, motivate and retain employees and review compensation levels;</div> </div> <div> <div>h)</div> <div>To implement and administer the CSB Employee Stock Option Schemes;</div> </div> <div> <div>i)</div> <div>To formulate detailed terms and conditions of the scheme, administer and supervise the same</div> </div> <div> <div>j)</div> <div>To allot shares in compliance with the scheme, guidelines and other applicable laws;</div> </div> <div> <div>k)</div> <div>To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the Schemes;</div> </div> <div> <div>l)</div> <div>To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;</div> </div> <div> <div>m)</div> <div>To review the compensation structure/policy on a periodical basis;</div> </div> <div> <div>i.</div> <div>To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme etc;</div> </div> <div> <div>ii.</div> <div>To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/target achieved.</div> </div> <div> <div>n)</div> <div>Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board;</div> </div> <div> <div>o)</div> <div>Any other matters regarding compensation structure as and when permitted by the Board;</div> </div> <div> <div>p)</div> <div>To fulfil such other powers and duties as may be delegated to it by the Board;</div> </div> <div> <div>q)</div> <div>Specify the manner for effective evaluation of performance of Board, its committees and individual directors;</div> </div> <div> <div>r)</div> <div>Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;</div> </div> <div> <div>s)</div> <div>Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;</div> </div> <div> <div>t)</div> <div>To allot shares pursuant to the options granted to the eligible employees/officers under the ESOP scheme which is existing and to be framed in future.</div> </div>
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Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena, Chairman*	11	11
Mr. Madhavan Menon	18	16
Ms. Bhama Krishnamurthy#	18	18
Ms. Sharmila Abhay Karve§	11	7
Mr. Madhavan Aravamuthan%	6	5
Mr. Sudhin Choksey®	3	3

* Inducted as a Member w.e.f. July 22, 2022, and appointed as Chairman of the Committee w.e.f November 17, 2022.

#Ceased to be the Chairperson of the committee w.e.f. November 17, 2022, but continued as a member.

§Appointed as a member of the Committee w.e.f. July 22, 2022.

%Ceased to be member of the Committee w.e.f. June 28, 2022.

@Inducted as a member of the Committee w.e.f. June 16, 2022, appointed as Chairman w.e.f July 01, 2022 and ceased to be a member and chairman w.e.f. July 22, 2022.

The Committee met 18 times during the financial year 2022-23 and the dates of the meetings are as under:

Nomination & Remuneration Committee		Nomination & Remuneration Committee	
15.09.2022	13.09.2022	03.03.2023	28.02.2023
21.07.2022	28.06.2022	17.01.2023	15.12.2022
24.06.2022	10.06.2022	17.11.2022	21.10.2022
31.05.2022	10.05.2022	23.09.2023-I	23.09.2022-II
06.05.2022		28.03.2023	

IT Strategy Committee

As per the RBI guidelines on Information Technology, all banks are advised to form an Independent IT Committee of the Board. The Bank formed the Committee on November 14, 2013.

The IT Strategy Committee was last reconstituted by the Board vide Resolution No. DB-4 dated June 28, 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.,

Terms of reference; the powers, roles and responsibilities of the Committee:	a.	Perform oversight functions over the IT Steering Committee (at a senior management level).
	b.	Investigate activities within this scope.
	c.	Seek Information from any employee.
	d.	Obtain outside legal or professional advice.
	e.	Secure attendance of outsiders with relevant expertise, if it considers necessary.
	f.	Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies.
	g.	Approving IT strategy and policy documents.
	h.	Ensuring that the management has put an effective strategic planning process in place.
	i.	Ratify that the business strategy is indeed aligned with IT strategy.
	j.	Ensuring that the IT organizational structure complements the business model and its direction.
	k.	Ascertaining that management has implemented process and practices that ensure that the IT delivers value to the business.
	l.	Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
	m.	Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
	n.	Ensuring proper balance of IT investments for sustaining Bank's growth.
	o.	Becoming aware about exposure towards IT risks and controls, and evaluating effectiveness of management's monitoring of IT risks.
	p.	Assessing Senior Management's performance in implementing IT strategies.
	q.	Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks).
	r.	Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
	s.	Committee has been empowered with the financial power in respect of the IT related matters.
	t.	The authority to sanction all expenses in respect of the IT and IT related matters

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena, Chairman*	3	3
Mr. Pralay Mondal, MD & CEO [#]	4	4
Mr. Sumit Maheshwari	4	3
Mr. Sunil Srivastav	4	4
Mr. Madhavan Aravamuthan [§]	1	1

*Inducted as a Member and appointed as Chairman of the Committee w.e.f July 01, 2022.

[#]Appointed as a member of the Committee w.e.f. April 01, 2022.

[§]Ceased to be a member of the Committee w.e.f. June 28, 2022.

The Committee met 4 times during the financial year 2022-23 and the dates of the meetings are as under:

IT Strategy Committee
08.02.2023
17.11.2022
29.08.2022
10.05.2022

Credit Committee

Credit Committee of the Board was constituted by Board vide resolution No.DB-4 dated June 28, 2022, delegating all the credit sanctioning powers and other related functions hitherto exercised by the Management Committee of the Board to it.

Terms of reference:	Sanctioning Credit facilities
	shall discharge and exercise the Credit sanctioning powers delegated to it from time to time under Discretionary Powers for Sanctioning of Credit Facilities by the Board.
	Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time.
	Other functions
	a) Reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items. b) Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time related to credit sanctioning matters

Composition

Name of the Director	No. of meetings held during the tenure	Meetings attended
Mr. Sunil Srivastav, Chairman	8	8
Mr. Pralay Mondal, MD & CEO	8	8
Ms. Bhama Krishnamurthy	8	8
Mr. Sudhin Choksey	8	8

The Committee met 8 times during the financial year 2022-23, since its constitution on June 28, 2022 and the dates of the meetings held are as under:

Credit Committee
09.03.2023
16.02.2023
16.01.2023
15.12.2022

Credit Committee
17.11.2022
14.10.2022
01.09.2022
05.08.2022

CORPORATE GOVERNANCE REPORT (CONTINUED)

MEETING OF THE INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance of Non- Independent Directors and the Board as a whole is to be evaluated by Independent Directors.

Terms of Reference	<div>a. Review the performance of Non-Independent Directors and the Board as a whole;</div> <div>b. Review the performance of the Chairperson of the Bank, taking into account the views of Executive Directors and Non-Executive Directors;</div> <div>c. Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.</div>
Meeting of Independent Directors for the financial year	A Meeting of the Independent Directors of the year was held on March 09, 2023, for the period under review and all the Independent Directors attended the meeting.
Feedback and action	During the financial year, the Bank took action on the feedback received from the meeting of the independent directors conducted in FY 2021-22. The Board and Board Committees discussed the evaluation report and various suggestions received from independent directors in FY 2022-23 and agreed on an action plan.

BOARD LEVEL PERFORMANCE EVALUATION

In accordance with the relevant provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, Nomination and Remuneration Committee of the Board formulated the methodology and criteria/policy for evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Chairperson, Managing Director & CEO, Executive Directors, Committees of the Board and the Board as a whole. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

EVALUATION PROCESS	
Process for performance evaluation	<div>a) Independent Directors evaluate the performance of Non-Independent Directors including Chairperson of the Bank and the Board as a whole.</div> <div>b) The Board evaluates the performance of the Independent Directors, excluding the Director being evaluated. On the basis of the report of the performance evaluation, it would be determined whether to extend or continue the term of appointment of Independent Directors.</div> <div>c) The Board evaluates the performance of Board level Committees.</div> <div>d) The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual Directors.</div>

CRITERIA FOR PERFORMANCE EVALUATION	
Performance Evaluation of Chairperson	Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and Awards to the Bank; Managing Relationships and Communications; Resources; Conduct of Meetings, effective leadership, open-mindedness, decisiveness, courteousness, display of professionalism, impartiality in conducting discussions, seeking of views and dealing with dissent.
Performance Evaluation of Whole-time Directors	Knowledge, Experience & Competency, Qualification, Fulfilment of functions, Leadership qualities, Strategy formulation and execution, Financial planning, monitoring and evaluation of performance, Relationships with the Board, External Relations, Human Resources Management/Relations, Succession planning, Product/ Service Knowledge, actively and timely taking of initiatives with respect to various areas, Availability and Attendance, Contribution to conduct of Board and Committee meetings, Adequacy of preparation for the meetings, Integrity, Personal Qualities & Behaviour and seeking opportunities for self- development.

Performance Evaluation of Independent Directors	Attendance at meetings of the Board and Committees, knowledge & ethics, understanding of the roles, responsibilities and duties as Director/Chairman of the Committees; contributions at Board / Committee meetings including on strategy and risk management, professional conduct, adherence to standards, fulfilment of responsibilities and independence from the management as laid down in the code for Independent Directors as per Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Performance Evaluation of Non-Executive Directors	Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and Awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.
Performance Evaluation of Board	Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Bank's operations; Deliberations/ decisions on the Bank's strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management's performance and Quality of Decision making and Board's Communication with all stakeholders.
Performance Evaluation of the Board Level Committees	The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the Board. The flow of information to the Board and its Committees is excellent.
Feedback and action	The Board and Board Committees discussed the evaluation report and various suggestions received in the evaluation process in FY 2021-22, conducted in FY 2022-23 and further agreed on an action plan.
Outcome of the board evaluation for the financial year 2022-23	The Board had a well-balanced composition and had received positive feedback on their effectiveness in all key aspects. Directors were satisfied with the agenda notes and discussions at meetings, as well as the management's receptiveness to suggestions and feedback from the Board and Committees.

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION POLICY – POLICY FOR APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHERS

The Board of Directors of the Bank on the recommendation of the Nomination & Remuneration Committee, has adopted 'Nomination Policy' for appointment of Part-time Chairman, Managing Director & CEO, Directors (Executive and Non-Executive Directors), Key Managerial Personnel and Senior Management team in the Bank and the same is displayed on the website of the Bank at: https://www.csb.co.in/pdf/Nomination-Policy_17.01.2023.pdf

As per the Policy, the Nomination & Remuneration Committee decides/ recommends on the Directors' / KMPs' and Senior Management team's appointment, remuneration including criteria for appointment/ re-appointment. The appointment of Directors is subject to due diligence process in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria, all other applicable provisions of the Companies Act, 2013, including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination Policy of the Bank and Board and it's Committees- Policy document on corporate governance, principles and procedures. Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere with the various provisions and guidelines.

The disclosures as per Section 178(3) and (4) of the Companies Act, 2013, are as given below:

a) Appointment Criteria and Qualifications

- Subject to the extant RBI Guidelines as applicable, all other applicable provision of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination policy of the Bank, the Nomination & Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Part-time Chairman, Managing Director & CEO, Whole-time Directors, Non-Executive Directors, Non-Executive independent directors and recommend to the Board his / her appointment.
- The Committee, while considering nomination/ co-option of the Directors, should be guided by certain broad 'fit and proper' norms for Directors, viz. formal qualification, experience,

track record, integrity, etc. For assessing integrity and suitability, features like criminal records, financial position, civil actions initiated to pursue personal debts, refusal of admission to or re-expulsion from professional bodies, sanctions applied by regulators or similar bodies, previous questionable business practices, etc. should be considered. The Committee has, therefore, evolved appropriate systems for ensuring 'fit and proper' norms for directors, which includes calling for information by way of self-declaration, verification reports from market, etc.

- A person should possess adequate educational qualification, knowledge and skills, competence, expertise and experience, track record, integrity and judgement for performing the duties and responsibilities for the position he / she is considered for appointment/re-appointment. The Nomination & Remuneration Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- Special knowledge or practical experience in Banking, Accountancy, Agriculture and Rural Economy, Co-operation, Economics, Finance, Information Technology, Law, Small-Scale Industry, Payment & Settlement Systems, Human Resources, Risk Management and Business Management or any other field useful to the Banking Company in the opinion of Reserve Bank of India, from time to time.
- The candidate shall be able to devote sufficient time and attention required to properly discharge his/her fiduciary duties in his/her capacity as Director of the Bank.
- The prior experience of the candidate shall be suitable to the present and/or potential future needs and the requirements of the Bank vis-à-vis its stature and complexity of its operations.
- The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
- The Bank shall not appoint or re-appoint any person as Non-Executive Director if he/she has attained the age of seventy-five years.
- The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re- appointment shall

be made earlier than one year before the expiry of term.

- Subject to the statutory approvals required from time to time, the post of the MD&CEO or WTD cannot be held by the same incumbent for more than 15 years. Thereafter, the individual will be eligible for re-appointment as MD&CEO or WTD in the Bank, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the Bank or its group entities in any capacity, either directly or indirectly.
- No Non-Executive Independent Director shall hold office continually for more than two consecutive terms on the Board, provided that a single term of appointment shall not exceed five years, and that the total tenure of directorship/appointment shall not exceed eight years altogether.
- The total tenure of a Non-Executive Director, continuously or otherwise, on the Board of the Bank, shall not exceed eight years. Subject to Section 152 of the Companies Act, 2013, regarding retirement by rotation, the total tenure of Non-Executive Director(s) continuously or otherwise, on the Board of the Bank shall not exceed eight years. Post completion of the eight years' term, Non- Executive Director(s) may be considered for re-appointment only after a minimum gap of three years' cooling period. This will not preclude him/her from being appointed as a director in another Bank subject to meeting the requirements.
- The candidate should normally be a graduate (which can be relaxed while selecting directors for the categories of farmers, depositors, artisans, etc.).
- The Director shall furnish his/her Director Identification Number and a declaration that he/she is not disqualified to become a director under the Companies Act, 2013.
- He / she should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.
- He / she should not be a Director in any other Bank.
- Any other factors as the Nomination & Remuneration Committee may deem fit and in the best interests of the Bank and its stakeholders.

b) Criteria for determining Independence of a Director

The Criteria of Independence of a director is determined based on conditions as laid down in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

Further pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act.

The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link there to, is: https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

c) Disqualification/Conflicts of interest

- The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act, 2013, the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to directorship of companies in general or banking companies in particular.
- Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank.
- A Director shall promptly inform the Board/ Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

COMPENSATION/REMUNERATION POLICY

Compensation Policy of the Bank deals with the compensation and benefits of the employees, Material Risk Takers (MRTs), Whole-time Directors including Managing Director & CEO, Part-time Chairman, Executive

CORPORATE GOVERNANCE REPORT (CONTINUED)

and Non- Executive Directors of the Bank. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of the Companies Act, 2013, and the Listing Regulations, amended from time to time. The Policy is also in tune with Reserve Bank of India circular/ guideline dated November 4, 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on “Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers / Material Risk Takers and Control Function Staff.”

The objectives of the compensation policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organization.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus, etc.

While formulating the Policy, the Committee has strived to ensure that –

- the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Material Risk Takers (MRTs), Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay (as applicable) reflecting short and long- term performance objectives appropriate to the working of the Bank and its goals.

Remuneration of Part-Time Chairperson

The Nomination & Remuneration Committee recommends the remuneration of the Part-time Chairperson to the Board which is considered and approved by the Board in the same manner subject to Shareholders’ and regulatory approvals.

The remuneration payable to the Part-time Chairperson is subject to prior approval of the Reserve Bank of

India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Part-time Chairperson requires approval from RBI. The remuneration payable to the Part-time Chairperson is also subject to approval of the shareholders as per the provisions of the Companies Act, 2013, and as per the Articles of Association of the Bank.

The Non-Executive Chairman of the Bank shall not be entitled to any profit linked commission and Stock Options.

Remuneration of Managing Director & CEO/ Whole Time- Executive Directors/Material Risk Takers (MRTs)

- The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/ her career span subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.
- The variable compensation which is at least 50 % of the total pay and up to 300 % of the fixed pay is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organizational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank’s performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners’ wealth creation, compliance, governance and misconduct risk, divergence in bank’s provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.
- The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments in the manner as per the compensation policy. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/ regulations, the entire variable pay can be in cash subject to limits as per the policy.

- Approval from Reserve Bank of India is to be obtained to decide compensation for MD & CEO/ WTDs. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank’s Articles of Association read with the Section 196 of the Companies Act, 2013. Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.
- Variable pay including grant of share-linked instruments is subject to Malus and Clawback arrangement.

The Bank does not pay any commission/share of profits to the Managing Director & CEO/Whole Time Directors.

Remuneration of Non-Executive Directors / Independent Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as recommended by the Nomination & Remuneration Committee and approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, and other regulatory guidelines, as amended from time to time. Any change in sitting fees within the permissible limit shall be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors of the Bank.

In addition to sitting fees and expenses related to attending meetings of the Board and its committees as per extant statutory norms/ practices, the Bank may, subject to applicability of various regulations, provide for payment of compensation to NEDs in the form of a fixed remuneration commensurate with an individual director’s responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for an NED, other than the Chair of the board, shall not exceed ₹20 lakh per annum.

A non-executive director who is not a promoter or member of the promoter group, nor an independent director are eligible for stock option.

The Bank does not pay any commission on profit to the Non-Executive Directors.

The Non-Executive Directors are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

Remuneration of Key Managerial Personnel, Executives and Officers (IBA and Non IBA Package) and other officers and staff (IBA Package) of the Bank

The remuneration of all Key Managerial Personnel (KMPs), Executives, and other officers and staff of the Bank either on CTC or IBA pattern is governed by the compensation policy of the Bank.

(a) Key Managerial Personnel

The KMP’s are paid salary and benefits as agreed upon by the Bank and the employee while making the offer for appointment which is in line with the compensation policy of the Bank.

(b) Risk control and compliance staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOS) instruments as per eligibility and Bank’s policy. Non-cash portion of the variable pay (ESOS) shall be granted to eligible employees and shall be governed as defined in the Bank’s ESOS policy.

(c) Senior executives/Other Officers (Non IBA Scheme)

The compensation structure for officers other than on the IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank’s compensation philosophy, the CTC shall be determined considering the role, market

CORPORATE GOVERNANCE REPORT (CONTINUED)

competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOS) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOS) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOS policy.

(d) Compensation paid to Other Officers and staff members on IBA Scheme

The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior Executives coming under Scale IV to VII is fixed based on 10th bipartite settlement / 7th Joint Note. However, it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in to and switch over to different structure which is prevailing in banking industry by

keeping in view, various parameters like industry level, peer group status, burden on the Bank, etc.

It is prerogative of the Bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.

The ESOS scheme may be extended to select categories of employees at the discretion of the Board / Nomination & Remuneration Committee and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme. Grant of stock option is subject to Malus and Clawback arrangement.

Details of Remuneration paid to the Directors and Key Managerial Personnel during the financial year ended 31.03.2023 are given in the MGT-7 forms part of the Report.

GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

Location, time and where the General Body Meetings were held during the last three years:				
No. of Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution passed	
99 th AGM	Monday, July 20, 2020, at 11:00a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	<ul style="list-style-type: none"> To increase the limit of borrowing powers of the Board to ₹5,000 crores from the existing limit of ₹1,000 crores. Alteration of Articles of Association of the Bank. Ratification of 'CSB Employee Stock Option Scheme 2019'. Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. Approval for secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended. Grant of 34,70,000 stock options to Mr. C. VR. Rajendran, Managing Director and CEO of the Bank. 	
100 th AGM	Thursday, August 12, 2021, at 11:00 a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	<ul style="list-style-type: none"> Reappointment of Mr. Madhavan Aravamuthan (DIN: 01865555) as Non-Executive Independent Director of the Bank. Reappointment of Ms. Bhama Krishnamurthy (DIN: 02196839) as Non-Executive Independent Director of the Bank. Approve amendment in 'CSB Employee Stock Option Scheme 2019' 	
101 st AGM	Tuesday, September 27, 2022, at 11.00 a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	NIL	

Whether any special resolution passed last year through postal ballot

Yes.

The following special resolution was passed by postal ballot on December 08, 2022, pursuant to section 110 of the Companies Act, 2013:

- Re-appointment of Ms. Sharmila Abhay Karve (DIN: 05018751) as a Non-Executive Independent Director of the Bank.

Details of voting pattern

- Re-appointment of Ms. Sharmila Abhay Karve (DIN: 05018751) as a Non-Executive Independent Director of the Bank.

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	73885720	10598	73896318	99.98%	0.01%
Postal Ballot	NA	NA	NA	NA	NA
Total	73885720	10598	73896318	99.98%	0.01%

A	Person who conducted the postal ballot exercise.	Mr. Vincent P.D, FCS, Practicing Company Secretary, Managing Partner, SVJS & Associates, Company Secretaries, 65/2364 A, Ponoth Road, Kaloor, Kochi- 682 017, Kerala. Membership No.3067 and Certificate of Practice No.7940
B	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
C	Procedure for the postal ballot.	The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 02/2021, 21/2021 and 2/2022 dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021 and May 05, 2022, respectively issued by the Ministry of Corporate Affairs.
D	Whether any extraordinary general meeting held during the financial year 2022-23	No.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDING PATTERN AS ON MARCH 31, 2023

Sl. No.	Particulars	No. of Shareholders	No. of Shares	% of Shares
A. Promoters				
1	Promoters & Promoters Group	1	8,62,62,976	49.72
B. Institutions- Public Shareholding				
2	SBI Mutual Fund	1	1,21,55,753	7.01
3	Other Mutual Fund	8	37,91,912	2.18
4	Insurance Companies	1	19,21,822	1.11
5	Foreign Portfolio Investors (Category – I&II)	54	99,42,905	5.73
6	Alternate Investment Funds	8	22,74,847	1.31
C. Other Non-Institutions/Individuals/Others- Public Shareholding				
7	Bodies Corporate	368	50,06,168	2.89
8	Foreign Companies	1	7,81,509	0.45
9	Non-Resident Indians	980	1,25,39,485	7.23
10	Clearing Members	20	58,776	0.03
11	Hindu Undivided Families	758	7,83,464	0.45
12	Trusts	5	5,38,443	0.31
13	Directors & Relatives	4	25,418	0.01
14	Resident Individuals	54,536	3,15,45,805	18.19
15	NBFC's registered with RBI	2	1,00,355	0.06
16	Foreign Portfolio Investor (Category – III)	2	3,939	0.00
17	Unclaimed Suspense Account	1	9,351	0.01
18	IEPF Authority	1	7,42,899	0.43
D. Non-Promoter – Non Public Shareholding				
19	CSB ESOS Trust	1	50,00,000	2.88
Total		56,752	17,34,85,827	100.00

DETAILS OF SHAREHOLDERS HOLDING 1% AND ABOVE SHARES AS ON MARCH 31, 2023

Sl. No.	NAME OF THE SHAREHOLDER*	SHARES	% OF SHARE HOLDING
1	FIH Mauritius Investments Ltd	8,62,62,976	49.7234
2	SBI Small Cap Fund	1,21,55,753	7.0068
3	CSB ESOS Trust	50,00,000	2.8821
4	Yusuffali Musaliyam Veettil Abdul Kader	37,56,427	2.1653
5	Omers Administration Corporation – OAC Custody Account (Scv6)	35,89,800	2.0692
6	Maybank Securities Pte Ltd	31,94,673	1.8415
7	Sundaram Mutual Fund A/C Sundaram Small Cap Fund	26,81,536	1.5457
8	Vallabh Bhanshali	21,85,392	1.2597
9	Max Life Insurance Co Ltd A/C Participating Fund	19,21,822	1.1078
10	Zafar Ahmadullah	18,50,100	1.0664
11	Satpal Khattar	17,73,906	1.0225
12	Lal Arakulath Sankappa	17,56,908	1.0127
13	Volrado Venture Partners Fund li	17,51,154	1.0094
TOTAL		12,78,80,447	73.7123

*Order of preference is given on the basis to their percentage of holdings

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

Category	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Up to 5,000	13450	43973	57423	98.30	3648529	11939718	15588247	8.99
5,001 to 10,000	53	420	473	0.81	357435	3187350	3544785	2.04
10,001 to 20,000	17	226	243	0.42	226523	3383007	3609530	2.08
20,001 to 30,000	6	101	107	0.18	149910	2524959	2674869	1.54
30,001 to 40,000	2	32	34	0.06	66666	1102440	1169106	0.67
40,001 to 50,000	0	25	25	0.04	0	1172664	1172664	0.68
50,001 to 1,00,000	0	54	54	0.09	0	3611297	3611297	2.08
1,00,001 & Above	0	60	60	0.10	0	142115329	142115329	81.92
Total	13528	44891	58419	100.00	4449063	169036764	173485827	100.00

DEMATERIALISATION OF SHARES

As on March 31, 2023, 97.94% of Bank's shares were in dematerialized mode as per the statement given below:

Category	No. of Shares	Percentage of Holding
In Physical Form	4,449,063	2.56%
In Dematerialized Form:		
CDSL	22,789,544	13.14%
NSDL	1,46,247,220	84.30%
Total	1,73,485,827	100%

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. Further, as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022, transmission or transposition of securities held in physical form shall be effected only in dematerialised form, with effect from January 24, 2022.

Shareholders holding shares in physical form are requested to dematerialize their shares in order to avail the benefit of free transferability as any request for transfer of shares will not be permitted if the shares are held in physical mode. The Shareholders of the Bank who have not dematerialized their shares so far may approach any of the Depository Participants (DP) of National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for dematerializing their shareholding. The Shareholder is required to fill in a Demat Request Form (DRF) and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the Registrar & Share Transfer Agent of the Bank (RTA). On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

Physical shareholders are also requested to contact the Registered Office of the Bank or RTA of the Bank: M/s. Link Intime India Pvt Ltd., Coimbatore, for further information in this regard.

RECONCILIATION OF SHARE CAPITAL AUDIT

The Bank has complied with SEBI requirements with regard to reconciliation of share capital audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL & CDSL. The total issued, paid up and listed capital of the Bank and other matters covered under the directions of SEBI are part of the scope of the audit.

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd. is the Registrar & Share Transfer Agent of the Bank. The shareholders may lodge their requests/ complaints either with the Registrar & Share Transfer Agents or with the Bank in the following:

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	The Company Secretary CSB Bank Limited, "CSB Bhavan", P. B. No. 502, St. Mary's College Road, Thrissur – 680 020. Tel: 0487 – 2333020 Fax: 0487 2338764 E-mail: investors@csb.co.in
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CORPORATE GOVERNANCE REPORT (CONTINUED)

SHARE TRANSFER SYSTEM

Registrar & Share Transfer Agent	M/s. Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agents looks after the share transfer system in the Bank. Further, the Board delegated the authority for approving transfer, transmission, etc., of the Bank's securities to the Stakeholders' Relationship Committee of the Board.
Share Transfer Physical System	Pursuant to the Ministry of Corporate Affairs (MCA) Notification regarding Companies (Prospectus and allotment of securities) 3 rd Amendment Rules, 2018 dated 10 th September, 2018, the Bank will not permit transfer of shares in physical form with effect from October 2, 2018. Further, Securities and Exchange Board of India has barred physical transfer of shares of listed companies effective from April 01, 2019 and mandated the share transfer only through Electronic Mode. Subsequently, Securities and Exchange Board of India, vide circular dated September 7, 2020, permits re-lodgment of transfer deeds with a cut-off date of March 31, 2021 for those shareholders whose transfer deeds were lodged prior to deadline of April 01, 2019 and rejected / returned due to deficiency in the documents. The shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall be issued only in demat mode. However, an investor is not prohibited from holding the shares in physical form; investor has the option of holding shares in physical form even after October 2, 2018/ April 01, 2019 as the case may be. Provided further that transmission or transposition of securities held in physical form shall be effected only in dematerialised form, with effect from January 24, 2022, as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB /P/CIR/2022/8 dated January 25, 2022. Subject to the above SEBI circular, the requests for transmission/ transposition, etc., as and when received, are duly verified and processed after complying with rules in force. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Bank. Further to the above, SEBI has simplified the procedure and standardize the formats of documents for issuance of duplicate securities certificates vide its Circular no. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2022/70 dated May 25, 2022.
Investors Service Requests & Dematerialisation	In the case of issue of duplicate share certificate/ transmission/transposition etc. of physical shares, a letter of confirmation is issued after due verification, and thereafter, the securities holder/ claimant is required to make a request to the Depository Participant based on the said letter of confirmation received from the RTA/Bank for the purpose of dematerialisation of the said shares. In the case of transmission of securities of joint holders, the RTAs shall comply with the provisions of the Companies Act, 2013 and transmit securities in favour of surviving joint holder(s) in the event of demise of one or more joint holder(s), irrespective of whether any counterclaim/dispute is filed/raised by any legal representative of one of the deceased shareholder(s). The Letter of Confirmation issued shall be valid for a period of 120 days from the date of its issuance, within which the shareholder shall make a request to the Depository Participant for dematerializing the securities. In case the shareholder fails to submit the demat request within the aforesaid period, the RTA /Bank shall credit the securities to the 'Suspense Escrow Demat Account' of the Bank which is opened for this purpose.
Certificate under Regulation 40(9) of the SEBI Listing Regulations	The Bank obtains yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the Listing Agreement with Stock Exchanges from a Company Secretary in Practice, and files a copy of the certificate with the Stock Exchanges where Bank's shares are listed.
Information to Non-Resident Shareholders	<p>The non-resident shareholders are requested to notify the following to the Bank/RTA in respect of shares held in physical form and to their depository participants in respect of shares held in the dematerialized form:</p> <ul style="list-style-type: none">➤ Indian address for sending all communications, if not provided so far;➤ Change in their residential status on return to India for permanent settlement➤ Particulars of Bank Account maintained with a Bank in India, if not furnished earlier➤ RBI permission reference number with the date to facilitate credit of dividend in their bank account.

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

The Prevention of Sexual Harassment (POSH) Act has been implemented with the aim of to preventing and protecting women from sexual harassment at the workplace and thereby ensuring a safe working environment for women. The POSH Act, as mandatory compliance, requires to constitute an Internal Complaints Committee ("ICC") in the prescribed manner in order to receive and address complaints of any sort of sexual harassment from women in a time-bound and extremely confidential manner. The ICC will have the power to investigate and redress complaints of sexual harassment in the manner enumerated under the POSH Act and POSH Rules.

At your Bank, every staff has the right to be treated with dignity and respect. The Bank shows no leniency toward harassment of women at workplace and this is strictly forbidden as it could lead to vicious act The Bank has formulated a policy on "Prevention, Prohibition and Redressal of sexual harassment of women employees at workplace and Redressal of Complaints of sexual harassment" in compliance with the POSH Act and Rule to ensure a harmless workplace for the women employees in the Bank.

As per Section 4 of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act-2013", the Bank constitutes an Internal Complaints Committee to preclude Women harassment at workplace to provide them with better atmosphere.

The disclosure required under section 22 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below:

Number of complaints pending as on the beginning of the financial year	4												
Number of complaints of sexual harassment received in the year	7												
Number of complaints disposed off during the year	8												
Number of complaints pending as on the end of the financial year	3												
Number of cases pending for more than ninety days	1 (with IC committee)												
Remedial measures taken by the company	Conducting exclusive session for POSH as part of weekly Induction Program (Neev) which is handled by DP Team.												
No of workshops or awareness programme against sexual harassment	43												
Nature of action taken by employer/district officer	<table><tr><td>Total Cases</td><td>8</td></tr><tr><td>Disposed of</td><td></td></tr><tr><td>Termination/ Dismissal</td><td>5</td></tr><tr><td>Warning</td><td>1</td></tr><tr><td>Complaint Withdrawn</td><td>1</td></tr><tr><td>Allegation not proved</td><td>1</td></tr></table>	Total Cases	8	Disposed of		Termination/ Dismissal	5	Warning	1	Complaint Withdrawn	1	Allegation not proved	1
Total Cases	8												
Disposed of													
Termination/ Dismissal	5												
Warning	1												
Complaint Withdrawn	1												
Allegation not proved	1												

OTHER DISCLOSURES

Particulars	Details
Related party transactions	<p>All transactions entered into by your Bank with related parties in the ordinary course of business and on arm's length basis were placed before the Audit Committee of the Board for approval. Omnibus approval is obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis.</p> <p>As per the amendments made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2022, all related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Bank and further all the material related party transactions and subsequent material modifications as defined by the Audit Committee and the Board, shall require the prior approval of the members of the Bank. Accordingly, your Bank has obtained prior approval of the Audit Committee, the Board, and the members of the Bank via postal ballot resolutions for related party transactions/material related party transactions as per the said amendments, effective from April 1, 2022.</p> <p>There were no materially significant related party transactions with the Bank's Directors, Management or their relatives, which could have had a potential conflict with the interests of the Bank.</p> <p>No transactions were entered into with related parties, which were not in the ordinary course of the business of the Bank or which were not on an arm's length basis.</p> <p>Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at https://www.csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionnew.pdf</p> <p>Details of related party transactions in terms of AS-18 entered into during the FY 2022 - 23 are given in notes to the financial statements.</p>
Whistle Blower Policy/Vigil Mechanism:	<p>The Bank has put in place a 'Whistle Blower Policy/ Vigil Mechanism' in compliance of the provisions of Regulations 4(2) (d) and 22 of the SEBI LODR Regulations, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.</p> <p>The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank. The details of the Whistle Blower Policy is available on the website of the Bank at https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf</p>

CORPORATE GOVERNANCE REPORT (CONTINUED)

Particulars	Details												
Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:	Not applicable. The Bank has not yet issued GDRs/ ADRs and hence the same is not applicable in the Bank's case. The Bank does not have any outstanding Warrants or any other convertible instruments as on March 31, 2023.												
Plant Locations:	As the Bank is engaged in the business of Banking/ Financial Services, this is not applicable in the Bank's case. However, the Bank has 703 Branches (excluding three Service and Asset Recovery Branches, each) and 528 ATM/CRMs as on March 31, 2023.												
Commodity Price Risks and Commodity hedging activities:	Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. The Bank has exposure to borrowers which are secured against various commodities.												
Commodity price risk or foreign exchange risk and hedging activities:	To monitor Foreign Exchange risk, Bank has envisaged Forex VaR and AGL which are being monitored on daily basis by Market Risk department. Bank also has Investment, Forex policy to define and regulate Forex operations taken up by the Bank and different levels of limits are given in it. Treasury also monitors foreign assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including mainly SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities.												
Certificate under Regulation 34(3) of Listing Regulations	Pursuant to the Regulation 34(3) read with Schedule V (C)(10)(i) of the Listing Regulations, a certificate has been obtained from "M/s. Bhandari & Associates", Company Secretaries, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.												
Fees paid to statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part	<div>The total fees incurred by the Bank for services rendered by Statutory Auditors are given below:</div> <table><tr><th>Fee paid(excluding taxes)</th><th>Amount (in ₹)</th></tr><tr><td>Statutory Audit/Limited review</td><td>1,64,50,000.00</td></tr><tr><td>LFAR and Other certifications</td><td>26,50,000.00</td></tr><tr><td>Additional certificates issued*</td><td>4,25,000.00</td></tr><tr><td>Out of Pocket Expenses</td><td>43,93,371.86</td></tr><tr><td>Total</td><td>2,39,18,371.86</td></tr></table> <div><i>*Includes the fees paid for general certifications which was outside the scope of the assignment.</i></div>	Fee paid(excluding taxes)	Amount (in ₹)	Statutory Audit/Limited review	1,64,50,000.00	LFAR and Other certifications	26,50,000.00	Additional certificates issued*	4,25,000.00	Out of Pocket Expenses	43,93,371.86	Total	2,39,18,371.86
Fee paid(excluding taxes)	Amount (in ₹)												
Statutory Audit/Limited review	1,64,50,000.00												
LFAR and Other certifications	26,50,000.00												
Additional certificates issued*	4,25,000.00												
Out of Pocket Expenses	43,93,371.86												
Total	2,39,18,371.86												
Details of utilization of funds:	During the year under review, there were no preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the SEBI LODR Regulations.												
Policies of the Bank	As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at https://csb.co.in/ investor-relations .												
Disclosure of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	All disclosures in compliance with the Corporate Governance requirement specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable are hosted in Banks' website www.csb.co.in as well as the same are forms part of this report and have complied with the said regulations.												
Accounting Policy	The Bank has followed the same accounting policies in the preparation of these financial results as followed in the annual financial statements for the year ended March 31, 2022. For further details, please refer to Schedule 17 of the financial statements.												
Material Subsidiaries	The Bank does not have material subsidiaries, joint ventures or associate companies.												
Strictures and Penalties	There have been no instances of non-compliance by the Bank, and no penalties or strictures have been imposed by stock exchanges, SEBI, or any statutory authority, on any matter related to capital markets, during the last three years. During the year under review, Reserve Bank of India imposed a penalty aggregating to ₹84,850/- on the Bank in connection with discrepancies found in various matters post examination, viz., soiled notes, note sorting machines, exchange facility, internal inspection, etc. Further, the Bank has paid ₹1,23,546/- in aggregate to the customers in six different cases as per the directives of Consumer Court and the Banking Ombudsman.												

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

GOVERNANCE CODES	The Bank has adopted a 'Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank' which is applicable to the Board of Directors and Senior Management personnel of the Bank. The code requires Directors and Senior Management Team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. Managing Director & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end/part of this report as per the requirements of Regulation 34(3) read with Schedule V (D) of the Listing Regulations.
CONFLICT OF INTERESTS	Each Director informs the Bank on an annual basis about the Board and the Committee positions he occupies in other companies including Chairpersonships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

LINKS OF KEY INFORMATION AVAILABLE ON THE WEBSITE

Particulars	Website links
Basic Information	
Board of Directors	
Vision Mission Statement	https://www.csb.co.in/about-us
Key Managerial Personnel	
Senior Management Team	
Board Committees	https://www.csb.co.in/pdf/List_of_Sub_Committees-of_the_Board_Final_07072023.pdf
Terms and conditions of appointment of Independent Directors	https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf
Disclosure on Familiarization Programmes for Independent Directors	https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Independent_Directors_of_the_Bank_14032023.pdf
Disclosure on Related Party Transactions	
Annual Secretarial Compliance Report	
Certificate under Regulation 40(9) of the Listing Regulation	
Compliance certificate under Regulation 7(3) of the Listing Regulation	https://www.csb.co.in/investor-relations - Corporate Governance
Shareholding Pattern	
Compliance report on Corporate Governance	
Report on Reconciliation of Share Capital Audit	
Statement of Investor Complaints	
General Meetings	https://www.csb.co.in/investor-relations - General Meetings
Postal Ballots	https://www.csb.co.in/investor-relations - Postal Ballots
Investor Assistance	https://www.csb.co.in/investor-relations - Investor Corner Overview

LINKS OF CORPORATE POLICIES AND CODES

Policy for Determining Material Subsidiaries	https://www.csb.co.in/pdf/2.Policy-for-Determining-Material-Subsidiary.pdf
Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank	https://www.csb.co.in/pdf/Code_of_Conduct_and_Ethics_for_BoD_and_SMP_of_the_Bank_y_20122022.pdf
CSR Policy	https://www.csb.co.in/pdf/CSR%20Policy_Final_-30032022.pdf?sm_au=iFVTFRMnLVPZV9NKJBvK6vN3QH3
Policy for preservation of documents	https://www.csb.co.in/pdf/Policy_for_preservation_of_documents_y_20122022.pdf
Whistle Blower Policy	https://www.csb.co.in/pdf/Whistle-Blower-Policy10102022.pdf
Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions	https://www.csb.co.in/pdf/PolicyondealingwithRelatedPartyTransactionnew.pdf
Policy on Appointment of Statutory Auditors (SAs)	https://www.csb.co.in/pdf/SCA-Policy.pdf

CORPORATE GOVERNANCE REPORT (CONTINUED)

LINKS OF CORPORATE POLICIES AND CODES	
Policy on Evaluation of the Board	https://www.csb.co.in/pdf/Board-Evaluation-Policy-10052023.pdf
Nomination Policy	https://www.csb.co.in/pdf/Nomination-Policy_17.01.2023.pdf
Disclosure on Familiarisation Programmes for Board of Directors	https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Independent_Directors_of_the_Bank_14032023.pdf
Policy on Determination of Materiality of Events	https://www.csb.co.in/pdf/Policy_on_determination_of_materiality_of_events_y_20122022.pdf?sm_au=iFVTFRMrNLVPZV9NKJQBvK6vN3QH3
Policy on Board Diversity	https://www.csb.co.in/pdf/13.Policy-on-Board-Diversity.pdf
Remuneration criteria for Non- Executive / Independent Directors	https://www.csb.co.in/pdf/Remuneration-criteria-for-Non-Executive-or-Independent-Directors-27042022-.pdf
Code of Conduct - Prohibition of Insider Trading Policy	https://www.csb.co.in/pdf/Modified_Code%20of%20Conduct_PIT_Clean_30012023.pdf
Code of Practices and Procedures for Fair Disclosure	https://www.csb.co.in/pdf/Code-of-Practices-and-Procedures-for-Fair-Disclosure-of-UPSI_y_19122022.pdf
Policy On Archival Of Documents	https://www.csb.co.in/pdf/17.Policy-On-Archival-Of-Documents.pdf
Dividend Policy	https://www.csb.co.in/pdf/Dividend_Distribution_Policy_y_20122022.pdf
Excerpts from Compensation Policy of the Bank	https://www.csb.co.in/pdf/Excerpts-from-Compensation-Policy-27042022.pdf

COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

The Bank had adopted a “Code of Conduct- Prohibition of Insider Trading Policy” in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), to regulate, monitor and report trading in Securities of the Bank by Designated Persons and their Immediate Relatives. The code is applicable to Promoters and Promoter’s Group, all Directors, Designated Persons, connected persons and their immediate relatives who are expected to have access to unpublished price sensitive information(UPSI) relating to the Bank. The objective of this Code is the preservation of confidentiality of UPSI, to prevent misuse of such information and to prohibit Designated Persons and their Immediate Relatives from trading in the Bank’s Securities while in possession of UPSI.

The Company Secretary has been designated as the Compliance Officer for this purpose and is responsible for setting forth policies, procedures and monitoring adherence to the SEBI Regulations and Bank’s Code of Conduct.

This Code also lays down the ethical standards to be adhered to while trading in Securities of the Bank. The Code requires that trading by Designated Persons and their Immediate Relatives shall be subject to pre- clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of ₹10,00,000/- (Rupees Ten Lakh) in value (either in one transaction or series of transaction) over any calendar quarter, or such other limits as the Board may stipulate. This is a mandatory requirement even when the trading window is open. Further it prohibits the purchase or sale of Bank’s securities by the Promoters, Directors, KMPs, Auditors, Designated Persons, other Connected Persons and their immediate relatives of the Bank while in possession of UPSI in relation to the Bank. Further, trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. The details of Trading Window closure during the period under review are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
April 1, 2022 to May 10, 2022	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2022.
July 1, 2022 to July 25, 2022	For announcement/declaration of the unaudited financial results of the Bank for the quarter ending on June 30, 2022.
October 1, 2022 to October 26, 2022	For announcement/declaration of the unaudited financial results of the Bank for the quarter and half year ending on September 30, 2022.
January 1, 2023 to February 01, 2023	For announcement/declaration of the unaudited financial results of the Bank for the quarter and nine months ended on December 31, 2022.
April 1, 2023 to May 3 2023	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2023.

The Bank has also formulated ‘The Code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information’ in compliance with PIT Regulations and this code is displayed on the Bank’s website at www.csb.co.in.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Board has approved “Dividend Distribution Policy”. The Policy has been displayed on the website of the Bank at https://www.csb.co.in/pdf/Dividend_Distribution_Policy_y_20122022.pdf .The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies, Act, 2013 and the rules made there under, Listing Regulations, as amended to the extent applicable for Banking Companies.

UNCLAIMED DIVIDEND

As per the provisions of Section 124 (5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (‘IEPF’), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank.

All the unclaimed dividends pertaining to the prior period/ financial years, except those that did not transfer due to regulatory restraints on such transfers and remained unclaimed for a period of seven (7) consecutive years or more, were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. No claim shall lie against the Bank for unpaid/unclaimed dividends once such dividends have been transferred.

Since the Bank had not declared any dividends since the financial year 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the “Fund”) by the Bank for the financial year ended March 31, 2023.

In terms of Rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Bank had uploaded the information regarding the unclaimed dividend due to be transferred to Investor Education Protection Fund (IEPF) on the Ministry of Corporate Affair’s Website and also on Bank’s Website in the respective financial year within the prescribed time. The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank/RTA giving their particulars before the same are transferred to IEPF.

INTIMATION TO THE SHAREHOLDERS FOR CLAIMING OF DIVIDENDS

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders at regular intervals as required.

TRANSFER OF SHARES TO IEPF AUTHORITY

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years or more to the Investor Education Protection Fund (IEPF) Authority. Subsequent to such transfer of shares to “IEPF Authority”, all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

Since the Bank had not declared any dividends since the financial year 2014-15, no shares were required to be transferred to the Investor Education and Protection Fund Authority by the Bank for the financial year ended March 31, 2023.

The information pertaining to unpaid/unclaimed dividends and the details of such members whose unclaimed dividend/shares have been transferred to IEPF Authority is made available on the Bank’s website www.csb.co.in.

GUIDELINES FOR CLAIMING REFUND OF SHARES AND DIVIDEND TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

Pursuant to Section 124(6) of the Companies Act, 2013 read with Rule 7 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Bank in the name of Investor Education and Protection Fund.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Any person whose shares have been transferred as per the above provision, can make an application for refund of shares and dividend by filing web Form IEPF-5 available on the website www.iepf.gov.in. The claimants need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, claimants have to click on MCA services tab and choose IEPF- 5 option under "Investor Services" and follow the due process for filing the form. Claimants are requested to read the instructions provided in the website (instruction kit for filing e-Form IEPF-5) which includes the steps to file the e-form IEPF-5.

On successful submission of the Form, an Acknowledgement/challan will be generated indicating the Service Request Number (SRN). Claimants may please note the SRN for future communications and tracking of the form. The claimant has to send the print out of duly filled and uploaded claim form IEPF-5; with claimant signature and if joint holders are involved, then the Form should be signed by all the joint holders, copy of acknowledgement generated after uploading the claim Form IEPF-5, Indemnity Bond (original) with claimant signature, original share certificate(s) where shares in physical form are claimed, original cancelled cheque leaf along with other necessary documents as may be prescribed by the Authority, to the Nodal Officer (IEPF) of the Bank at its registered office in an envelope marked "Claim for refund from IEPF Authority" for initiating the verification for claim.

Upon submission of the all the above mentioned documents, the Bank shall issue "Letter of entitlement" duly signed the nodal officer to be submitted to the IEPF authority along with the e- verification report filed by the Bank.

If the shares/dividend claimed are in respect of shares under the process of transmission/the original share certificate of which are lost/under name correction etc., the shareholders shall follow the instructions prescribed in the relevant rules and regulations in force.

The general information about the Bank required for filing the Form are given below;

Name of the Company	CSB Bank Limited
Name of the Nodal Officer	Mr. Sijo Varghese
Corporate Identification Number (CIN) of the Bank	L65191KL1920PLC000175
Address of registered office of the Bank	CSB Bhavan, Post Box No. 502, St. Mary's College Road, Thrissur - 680 020, Kerala, India. Telephone: 0487 2333 020 Fax: 0487 2338 764
E-mail ID of the Bank	investors@csb.co.in

MANDATORY KYC UPDATION

The Securities and Exchange Board of India vide its Circulars No. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated April 20, 2018 read with Circular no. SEBI/HO/ MIRSD/MIRSD_ RTAMB /P/CIR/2021/655 dated November 03, 2021, and Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 December 14, 2021, had mandated submission of Permanent Account Number (PAN), bank account details, nomination details and KYC details by every participant in securities market. Accordingly, Members holding shares in physical form are requested to submit self-attested copy of the PAN Card(s) and any one of the Officially Valid Documents (OVD), cancelled cheque leaf where an active Bank account is maintained, to the Bank's Registrar and Transfer Agents: Link Intime India Pvt. Ltd., Surya 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, in the prescribed format. Further members holding shares in electronic form are requested to submit their copy of the PAN Card(s) and Bank Account Details to their Depository Participants with whom they are maintaining their demat accounts. Folios without any one of the cited documents / details shall be frozen by the RTA on or after April 1, 2023, as per the said circulars, which have now been extended to September 30, 2023, by SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023. Such frozen folios shall not be eligible to avail any of service request or any benefits arising out of the shareholding, unless the shareholder furnishes the complete details as mentioned above within the extended time. If such folios continue to remain frozen as on December 31, 2025, the Bank/RTA shall refer the same to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, and the RTA shall revert the frozen folios to normal status only upon receipt of all the KYC documents from the concerned shareholders.

DISCLOSURE UNDER REGULATION 39(4) OF THE SEBI LISTING REGULATIONS

Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia requires every listed company to comply with certain procedures while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

The disclosure in terms of Regulation 39(4) and Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below. Holding of shares in 'Unclaimed Suspense Account', is subject to Sections 124(5) and 124(6) of the Companies Act, 2013 in the matter of transfer of unpaid or unclaimed dividend and shares underlying thereon.

Sl. No.	Particulars	Number of Shareholders	No. of shares
1	Number of shareholders and the outstanding shares as on April 01, 2022	76	9351
2	Aggregate Number of shareholders and the outstanding shares transferred during the financial year to Unclaimed Suspense Account	0	0
3	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the fiscal 2022-23	0	0
4	Less: No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	0	0
5	Aggregate Number of shareholders and the outstanding shares as on March 31, 2023 in the Unclaimed Suspense Account*	76	9351

* Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares.

DISCLOSURE UNDER REGULATION 39 OF THE SEBI LISTING REGULATIONS READ WITH SEBI CIRCULAR NO. SEBI/HO/MIRSD/MIRSD_RTAMB /P/ CIR/2022/8 DATED JANUARY 25, 2022

The Bank, in compliance with Securities and Exchange Board of India Circular No. SEBI/HO/MIRSD/MIRSD_

RTAMB /P/CIR/2022/8 dated January 25, 2022, opened 'Suspense Escrow Account' to credit those shares in respect of 'letter of confirmation issued by the Bank/ RTA in lieu of physical certificate, but the shareholder to whom the letter of confirmation has been issued failed to make a request through the Depository Participant for dematerialisation of said shares within 120 days from the date of the said letter.

Since all the shareholders to whom letter/s of confirmation have been issued, approached DP for dematerialization of said shares and said shares got demated into the accounts of the respective shareholders, the status of shares transferred to the 'CSB Bank Limited-Suspense Escrow Demat Account' is NIL for the reporting period.

LISTING AGREEMENT WITH STOCK EXCHANGES

Bank's shares were listed on the exchanges with effect from December 4, 2019, and the listing fees payable to the stock exchanges for the financial year 2023-24 has been paid to National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) on April 18, 2023.

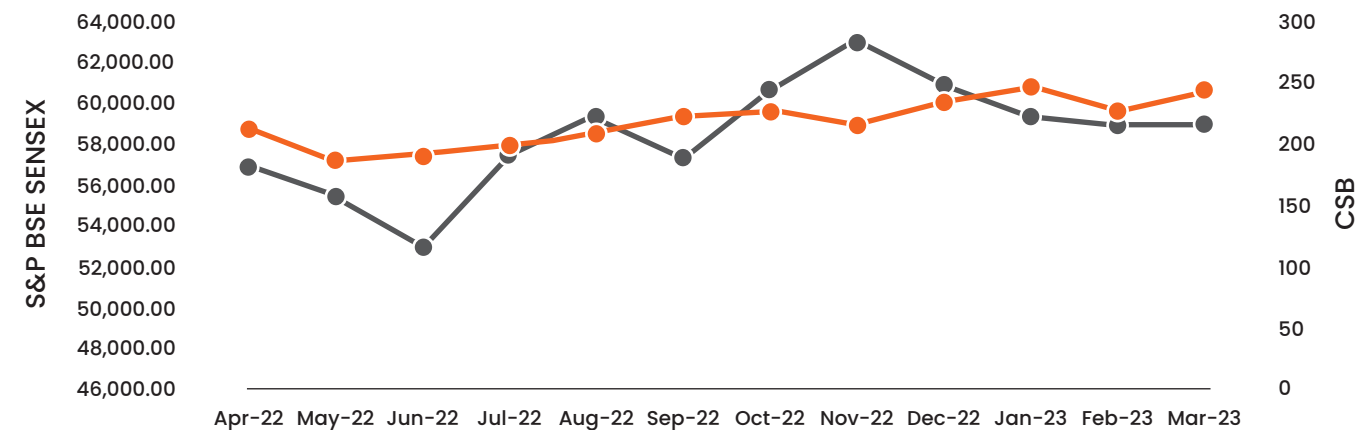
STOCK MARKET PRICE DATA OF BANK'S SHARES

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and BSE Ltd. (BSE), Mumbai during the period from April 1, 2022 to March 31, 2023 are as under:

BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	High	Low	Month	High	Low
April 2022	228.65	211.25	April 2022	228.90	228.90
May 2022	235.25	181.95	May 2022	235.00	182.00
June 2022	200.90	178.00	June 2022	200.00	178.00
July 2022	220.00	188.00	July 2022	220.00	187.65
August 2022	214.85	197.80	August 2022	214.90	198.00
September 2022	245.60	205.90	September 2022	245.60	205.35
October 2022	256.80	223.65	October 2022	257.00	223.55
November 2022	232.80	215.05	November 2022	233.40	214.95
December 2022	275.00	216.10	December 2022	275.10	218.15
January 2023	264.00	236.45	January 2023	264.20	235.10
February 2023	256.70	222.40	February 2023	256.90	222.05
March 2023	272.75	218.00	March 2023	254.25	218.10

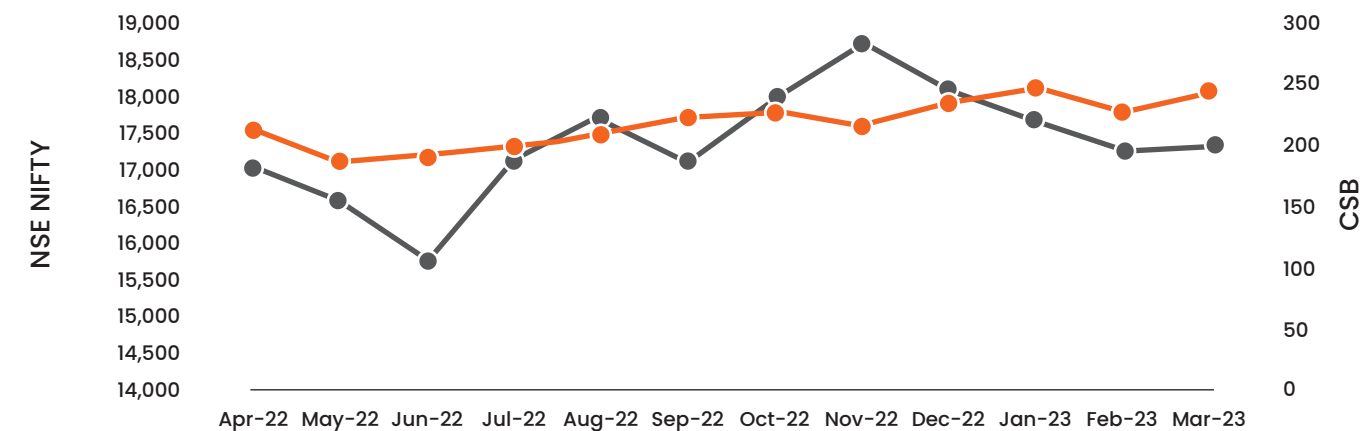
CORPORATE GOVERNANCE REPORT (CONTINUED)

PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO S&P BSE SENSEX FROM APRIL 1, 2022 AND UP TO MARCH 31, 2023.



	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
● Sensex	57,060	55,566	53,018	57,570	59,537	57,426	60,099	63,099	60,840	59,549	58,962	58,991
● CSB	214	188.75	193.00	200.35	210.60	222.6	226.85	217.95	237.45	248.10	229.1	245.85

PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO NSE NIFTY FROM APRIL 1, 2022 AND UP TO MARCH 31, 2023.



	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
● NIFTY	17,102.6	16,584.6	15,780.3	17,158.3	17,759.3	17,094.4	18,012.2	18,758.4	18,105.3	17,662.2	17,304	17,359.8
● CSB	214.2	188.95	193.1	200.05	210.30	222.65	227.25	218.3	237.80	248.35	299.05	245.1

FINANCIAL CALENDAR FOR PUBLICATION OF FINANCIAL RESULTS FOR FY 2022-23

Quarter ending	Date of approval
June 30, 2022	July 21, 2022
September 30, 2022	October 21, 2022
December 31, 2022	January 30, 2023
March 31, 2023	April 28, 2023

MEANS OF COMMUNICATION

Quarterly/ Yearly Financial Results	After the approval of Quarterly/Yearly Financial Results ('Results') by the Board of Directors, the same are being disclosed to the Stock Exchange/s, formal presentations are made to analysts by the Management and the same is also placed on the Bank's website at www.csb.co.in . The results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. Results are generally published in the Business Standard and Malayalam Daily "Deepika" on the next day of results declaration. The quarterly/ yearly financial results are sent to the shareholders via e-mail.
Earnings Call/ Investors Presentations/ Media Releases	The Bank conducts meetings/call with Institutional Investors and Analysts in every quarter, after the results are declared. The Investors Presentations and transcript/audio recordings of the Institutional Investors and Analysts call are uploaded in the Bank's website at www.csb.co.in and also submitted to the stock exchanges. The Bank is also uploading the audio recordings of the Institutional Investors and Analysts meetings/call in the Bank's website at www.csb.co.in , with a reporting of the same to the stock exchanges.
Annual Report	The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at www.csb.co.in
Others	Other information, such as press releases, stock exchange disclosures/ statutory filings and presentations made to investors and analysts, etc., are regularly updated on the Bank's website at www.csb.co.in .

CEO/CFO CERTIFICATION

The certification by Managing Director & CEO and Chief Financial Officer pursuant to the Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the financial statements and internal controls relating to financial reporting has been obtained and the same forms part of the Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

As part of the 'Green Initiative in Corporate Governance' programme initiated by the Ministry of Corporate Affairs (MCA), the Bank has already put in place mechanism for sending all notices/documents including Notice of the Shareholders' Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and so on, in electronic form.

Further, in terms of Regulation 36 of the Listing Regulations, MCA circular dated May 5, 2020, January 13, 2021, December 08, 2021, December 14, 2021, May 05, 2022 and December 28, 2022 and SEBI Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023, the Bank is required to send soft copies of its Annual Report to all those shareholder(s), who have registered their email address with the Bank/Bank's RTA/ any depository. Accordingly, the documents including the notice and explanatory statement of the 102nd Annual General Meeting, the Annual Report of the Bank for the financial year 2022-23 including Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2023, are being sent to the e-mail address registered with their Depository Participant (DP)/Registrar/Bank. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be their registered e-mail address for serving notices/documents including those covered under Section 136 of the Companies Act, 2013. In case a Member, whose email address has changed, fails to update this new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made there under and the Listing Regulations. Members who have not yet registered their email address have been requested to do so, at the earliest. In case of shares held in electronic form and in case of any change in the email address, Members have been requested to update the same with their DP and in case of shares held in Physical form, Members have been requested to update the same with the Registrar/Bank.

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seeks your support to the said green initiatives, as it is designed to protect the environment.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank's shares were listed on the Stock Exchanges on December 4, 2019. The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of listing or from the respective date of applicability of the same in the Bank's case, whichever is earlier. A certificate to this effect issued by Bhandari & Associates, Company Secretaries, is annexed.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 read with Part E of Schedule II of the Listing Regulations.

1	The Board	Part-Time Chairperson is entitled to maintain his office at the administrative/other office space of the Bank which is at the expenses of the Bank, though no office has been specifically allotted to the present chairperson. Part-Time Chairman is entitled and allowed for reimbursement of expenses incurred in performance of his duties.
2	Shareholders' rights	The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes (under Regulation 30 of the Listing Regulations) of the conclusion of the agenda/meeting. The same are also available on the websites of the Stock Exchanges. Quarterly/Annual Financial statements are also published in the Newspapers and uploaded in the Bank's website. Shareholders/Investor presentations on Quarterly / Annual financial statements are uploaded in the Bank's website and intimated to Stock Exchanges and where shares of the Bank are listed. The quarterly/ yearly financial results, press release published thereon, and investor presentations are sent to the shareholders via e-mail.
3	Unmodified audit opinion /reporting	The Auditors have expressed an unmodified opinion on the financial statement of the Bank for the financial year ended March 31, 2023.
4	Separate posts of Chairperson and the Managing Director or the Chief Executive Officer	The Bank has separated the positions of the Chairperson and the Managing Director & Chief Executive Officer. The Part-Time Chairperson is a non-executive Independent director and is not related to the Managing Director & Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.
5	Reporting of Internal Auditor	The Internal Auditor directly report to the Audit Committee of the Board.

INVESTOR HELP DESK

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank/ Bank's Registrars and Transfer Agents (RTAs).

Pursuant to Regulation 6(2)(d) of the Listing Regulations, Bank has created a separate e-Mail ID viz. investors@csb.co.in for redressal of Investor Complaints and Grievances.

Place: Thrissur
Date: June 22, 2023

By Order of the Board

sd/-
Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar	April 01, 2022 to March 31, 2023			
Date of the Board Meeting at which the final accounts were approved	April 28, 2023			
Dividend	NIL. Board has not recommended dividend for the financial year 2022-23.			
102 nd Annual General Meeting	Date :	August 8, 2023		
	Day :	Tuesday		
	Time :	11.00 A.M. IST		
	Venue/ Virtual meeting	The Bank is conducting meeting through VC / OAVM Pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 02/2022 dated May 05, 2022, General Circular No. 10/2022 and General Circular No. 11/2022, dated December 28, 2022 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") Circular dated January 05, 2023 ("SEBI Circular") and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.		
Date of the Book Closure	August 2, 2023 to August 8, 2023			
Listing on Stock Exchanges	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.	National Stock Exchange of India Ltd., Exchange Plaza, 5 th floor, Bandra-Kurla Complex, Bandra (E), Mumbai 400051.		
Stock Code	542867	CSBBANK		
Date of Listing	December 04, 2019			
Corporate Identity Number (CIN)	L65191KL1920PLC000175			
ISIN	INE679A01013			
Credit Ratings	Instrument(s)	Amount Up to (Cr.)	CRISIL	India Ratings & Research
	Certificate of Deposits	2,000	[CRISIL] A1+	-
	Short Term Fixed Deposits	2,000	[CRISIL] A1+	-
	Tier II, Basel III compliant bonds	500	CRISIL A/Stable	IND A/ Stable
<i>*The Bank has not yet issued any bonds as part of the programme.</i>				
Bank's Address for correspondence / Address of the Compliance Officer.	Mr. Sijo Varghese, Company Secretary, CSB Bank Limited, "CSB Bhavan", Post Box No. 502, St. Mary's College Road, Thrissur 680 020, Kerala. Phone No.: +91 487 2333 020 Fax: +91 487 2338 764 Email: board@csb.co.in Website: www.csb.co.in			
Address of the Registrars & Share Transfer Agents of the Bank.	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			

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Pralay Mondal, Managing Director & CEO hereby declare that the Bank's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on "Corporate Governance".

Place: Mumbai
Date: June 22, 2023

By Order of the Board

Sd/-
Pralay Mondal
Managing Director & CEO
(DIN: 00117994)

CEO / CFO CERTIFICATION

We, Pralay Mondal, Managing Director & CEO and B K Divakara, Chief Financial Officer, of CSB Bank Limited hereby certify that:

- (A) We have reviewed financial statements for the 12 months ended 31.03.2023 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the period which are fraudulent, illegal or violative of the Bank's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee :
- (1) there has not been any significant changes in internal control over financial reporting during the period;
 - (2) there has not been any significant changes in accounting policies during the period; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-
(B K Divakara)
Chief Financial Officer

Place: Thrissur
Date: April 28, 2023

Sd/-
(Pralay Mondal)
Managing Director & CEO
(DIN: 00117994)

CORPORATE GOVERNANCE CERTIFICATE

To,
The Members of
CSB Bank Limited

We have examined the compliance of conditions of Corporate Governance by CSB Bank Limited ("the Bank") for the year ended on 31st March, 2023, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.: PI98IMH043700

Sd/-
Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai | June 22, 2023
UDIN: A030224E000517381

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
CSB Bank Limited,
Head Office, "CSB Bhavan"
Post Box No.502,
St.Mary's College Road
Thrissur-680020
Kerala.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CSB Bank Limited having Corporate Identity Number (CIN) : L65191KL1920PLC000175 and having Registered Office at t Head Office, “CSB Bhavan”, Post Box No.502, St.Mary’s College Road, Thrissur-680020, Kerala (hereinafter referred to as ‘the Bank’), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Ms. Bhama Krishnamurthy	02196839	03.09.2018
2.	Ms. Sharmila Abhay Karve	05018751	20.07.2020
3.	Mr. Sudhin Bhagwandas Choksey	00036085	30.03.2021
4.	Mr. Sunil Srivastav	00237561	08.06.2021
5.	Mr. Sharad Kumar Saxena	08238872	19.02.2022
6.	Mr. Madhavan Menon Karunakaran	00008542	03.09.2018
7.	Mr. Sumit Maheshwari	06920646	03.09.2018
8.	Mr. Pralay Mondal	00117994	17.02.2022

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.: P1981MH043700

Sd/-
Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai | June 22, 2023
ICSI UDIN: A030224E0000517361

INDEPENDENT AUDITORS' REPORT

To the Members of CSB Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CSB Bank Limited (the “Bank”), which comprise the balance sheet as at 31 March 2023, the profit and loss account, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2023, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p>Provisions on advances</p> <p>Charge: ₹449,455 thousand for year ended 31 March 2023</p> <p>Provision: ₹3,793,272 thousand as at 31 March 2023</p>	
<p>Refer to the accounting policies in “Note 3 to the Financial Statements: Significant Accounting Policies – Use of estimates” and “Schedule 9 and Schedule 5 to the Financial Statements: Advances and Other Liabilities and Provisions”</p>	
<p>Subjective estimate</p> <p>Provisions in respect of non-performing and restructured advances are made based on the policy approved by the Board of Directors of the Bank based on management’s assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed by the Reserve Bank of India (the “RBI”) from time to time.</p>	<p>Our key audit procedures included:</p> <p>Design / controls</p> <ul style="list-style-type: none"> Assessing the design, implementation and operating effectiveness of key internal financial controls over monitoring of watch list loans, including monitoring process of overdue loans (and those which became overdue subsequent to the reporting date), measurement of provision, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. Understanding management’s approach, interpretation, systems and controls implemented in relation to NPA computation. For corporate loans, tested controls over the monitoring of the credit watch list, credit file review processes, approval of external collateral valuation vendors and review controls over the approval of significant individual impairments.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<p>The provisions on non-performing assets (NPAs) are also based on the valuation of the security available. In case of restructured accounts, provision is made in accordance with the RBI guidelines.</p> <p>We have identified provision on advances as a key audit matter because of the management judgement involved in determining the provision and the valuation of the security available on NPAs and because of its significance to the financial results of the Bank.</p> <p>The Bank's advance portfolio majorly comprises of gold loans which are disbursed against the pledge of gold jewellery. Further, considering gold as the security, existence of gold, both physical security as well as purity, is considered to be critical focus areas for the Bank.</p> <p>Management assessment of contingency provision held for any credit loss contingencies as at 31 March 2023.</p>	<ul style="list-style-type: none">Evaluating the design, implementation and operating effectiveness of key internal controls over the valuation of the securities for the NPAs, standard accounts and watch list cases.Tested review controls over measurement of provisions including documentation of the relevant approvals along with basis and rationale of the provision and disclosures in financial statements.Involved information system specialist to gain comfort over data integrity and calculations, including system interface reconciliations.Tested key controls operating over the information technology in relation to NPA systems, including system access and system change management, program development and computer operations.Understanding the Bank's policy over appointment of external appraiser for gold loans and storage of pledged gold and assessing the design, implementation and operating effectiveness of key controls. <p>Substantive tests</p> <ul style="list-style-type: none">Test of details over of calculation of NPA provisions, including provisions on restructured loans, as at the year-end for assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the Bank's NPA provision policy and Prudential Norms on Income Recognition, Asset Classification & Provisioning.Tested samples (based on quantitative and qualitative thresholds) of larger sized corporate clients where impairment indicators had been identified by management. Obtaining management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenging whether individual impairment provisions, or lack of, were appropriate. <p>This included the following procedures:</p> <ul style="list-style-type: none">Evaluating the statement of accounts, approval process, board minutes, credit review of customer, review of SMA reports and other related documents to assess recoverability and the classification of the facility.Assessed external collateral valuer's work and the results and comparing external valuations to values used in management's assessment.For a selection of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and formed our own view whether any impairment indicators were present.For selection of samples for gold loans, inspected external appraiser's valuation report certifying the purity of the pledged gold and checked the quantity and weight mentioned in the valuation reportConducted physical site visits for checking the existence of pledged gold.Evaluating management rationale for the assessment of contingency provision for any credit loss contingencies.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<p>Information technology system and controls</p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.</p> <p>We have identified 'IT systems and automated controls' as key audit matter because of considerable level of automation and number of systems being used by management.</p>	<p>We involved IT specialists, to cover the following key audit procedures:</p> <ul style="list-style-type: none">We focused on user access management, change management, segregation of duties, system interface/reconciliation controls, IT application controls, Information Provided by the entity (IPE) controls over key financial accounting and reporting systems.We tested a selection of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations.We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.For a selected group of key controls over financial and reporting systems, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.We have also assessed other areas which include password policies, system interface controls, controls over changes to applications and databases and controls to ensure that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.In certain areas where General IT Controls needed strengthening, we tested compensating manual controls to check whether the control objectives are met.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's annual report, but does not include the financial statements and our auditor's report thereon. The Bank's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Bank's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Bank's Management and the Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In preparing the financial statements, management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors.

- Conclude on the appropriateness of management and the Board of Directors' use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The balance sheet and the profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

1. The report does not include a statement on the matters specified on paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the Bank.
2. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit, we have visited 27 branches in total.
3. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the profit and loss account, and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
 - e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from

being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Bank has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Schedule 12 and Notes 3.13 to the financial statements;
 - b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 5 and Notes 3.13 to the financial statements;
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;
 - d) (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 4.10 (a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries"); or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 4.10 (b) to the financial statements, no funds

INDEPENDENT AUDITORS' REPORT (CONTINUED)

have been received by the Bank from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries"); or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e) The Bank has neither declared nor paid any dividend during the year.

f) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Bank only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

The Bank is a banking company as defined under the Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act are not applicable.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number:
101248W/W-100022

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration
Number: 106655W

Sd/-
Ritesh Goyal
Partner
Membership No:115007
ICAI UDIN:
23115007BGXPOZ8855
Mumbai
28 April 2023

Sd/-
Abhay V. Kamat
Partner
Membership No:039585
ICAI UDIN:
23039585BGXBKT7375
Mumbai
28 April 2023

Annexure A to the Independent Auditor's report on the financial statements of CSB Bank Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (3)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of CSB Bank Limited (the "Bank") as of 31 March 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Bank's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the "Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

The Bank's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Bank's internal financial controls with reference to financial statements include those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number:
101248W/W-100022

For Mukund M. Chitale & Co.
Chartered Accountants
ICAI Firm Registration
Number: 106655W

Sd/-
Ritesh Goyal
Partner
Membership No:115007
ICAI UDIN:
23115007BGXPOZ8855
Mumbai
28 April 2023

Sd/-
Abhay V. Kamat
Partner
Membership No:039585
ICAI UDIN:
23039585BGXBKT7375
Mumbai
28 April 2023

BALANCE SHEET

as on March 31, 2023

(₹ in thousand)				
विशिष्ट	Particular	SCHEDULE NO	As on 31 March, 2023	As on 31 March, 2022
पूँजी और देयताएँ	CAPITAL AND LIABILITIES			
पूँजी	Capital	1	173 , 53 , 81	173 , 53 , 81
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	3030 , 08 , 83	2477 , 85 , 99
जमा	Deposits	3	24505 , 81 , 19	20188 , 29 , 60
उधार	Borrowings	4	782 , 97 , 00	2007 , 18 , 78
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	669 , 87 , 32	509 , 39 , 04
कुल	TOTAL		29162 , 28 , 15	25356 , 27 , 22
आस्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक के पास शेष राशि	Cash and balances with Reserve Bank of India	6	1469 , 91 , 04	1473 , 23 , 77
बैंकों के साथ शेष और मांग और अल्प सूचना पर प्रतिदेय राशि	Balances with banks and money at call and short notice	7	366 , 79 , 61	100 , 52 , 16
निवेश	Investments	8	5848 , 69 , 51	7011 , 61 , 86
अग्रिम	Advances	9	20650 , 64 , 53	15814 , 68 , 04
अचल आस्तियाँ	Fixed Assets	10	319 , 36 , 15	287 , 86 , 32
अन्य आस्तियाँ	Other Assets	11	506 , 87 , 31	668 , 35 , 07
कुल	TOTAL		29162 , 28 , 15	25356 , 27 , 22
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	2282 , 53 , 62	1635 , 16 , 84
संग्रहण के लिए बिल	Bills for collection		77 , 62 , 03	102 , 60 , 68
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणियाँ	Notes to Accounts	18		

ऊपर दर्शायी गयी अनुसूचियां और लेखा सम्बन्धी टिप्पणीयाँ तुलन पत्र का एक अभिन्न अंग हैं

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

As per our report of even date
For B S R & Co. LLP

Chartered Accountants
Firm Registration No:101248W/W-100022

Sd/-
Ritesh Goyal
Partner
(Membership No 115007)

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No 039585)

Place : Mumbai
Date : April 28, 2023

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Place : Thrissur
Date : April 28, 2023

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
Sijo Varghese
Company Secretary

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager – Accounts

PROFIT & LOSS ACCOUNT

for the year ended March 31, 2023

(₹ in thousand)				
विशिष्ट	Particular	SCHEDULE NO	Year ended 31 March, 2023	Year ended 31 March, 2022
I. आय	I INCOME			
अर्जित ब्याज	Interest earned	13	2319 , 65 , 34	2038 , 31 , 13
अन्य आय	Other Income	14	316 , 00 , 97	246 , 80 , 00
कुल	TOTAL		2635 , 66 , 31	2285 , 11 , 13
II. व्यय	II EXPENDITURE			
व्यय किया गया ब्याज	Interest expended	15	985 , 80 , 65	885 , 01 , 06
परिचालन व्यय	Operating expenses	16	942 , 45 , 69	786 , 37 , 99
प्रावधान और आकस्मिकतायें	Provisions and contingencies (Refer note 2.14.5 of Schedule 18)		160 , 03 , 83	155 , 22 , 68
कुल	TOTAL		2088 , 30 , 17	1826 , 61 , 73
III. लाभ / हानि	III PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit for the year		547 , 36 , 14	458 , 49 , 40
पिछले अवधि / वर्ष के अग्रनीत लाभ / (हानि)	Loss brought forward from previous year		-198 , 82 , 51	-509 , 49 , 22
कुल	TOTAL		348 , 53 , 63	-50 , 99 , 82
IV. विनियोजन	IV APPROPRIATIONS			
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserves		136 , 84 , 03	114 , 62 , 35
पूंजित आरक्षितियों को अन्तरण	Transfer to Capital Reserves		13 , 66	9 , 83 , 14
राजस्व एवं अन्य आरक्षितियों को अन्तरण	Transfer to Revenue & Other Reserves		4 , 26 , 76	4 , 29 , 69
निवेश उतार-चढ़ाव आरक्षितियों को अन्तरण	Transfer to Investment Fluctuation Reserve		-	19 , 07 , 51
तुलनपत्र में ले जाई शेषराशि	Balance carried over to Balance Sheet		207 , 29 , 18	-198 , 82 , 51
कुल	TOTAL		348 , 53 , 63	-50 , 99 , 82

Earnings per equity share: (Refer note 3.8 of Schedule 18)		
(1) Basic (In ₹)	31.55	26.43
(2) Diluted (In ₹)	31.55	26.43
(Face value ₹10 per share)		
Significant Accounting Policies	17	
Notes to Accounts	18	
The schedules and accompanying notes to accounts referred to above form an integral part of the Profit & Loss Account		

As per our report of even date
For B S R & Co. LLP

Chartered Accountants
Firm Registration No:101248W/W-100022

Sd/-
Ritesh Goyal
Partner
(Membership No 115007)

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No 039585)

Place : Mumbai
Date : April 28, 2023

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Place : Thrissur
Date : April 28, 2023

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
Sijo Varghese
Company Secretary

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager – Accounts

CASH FLOW STATEMENT
for the year ended March 31, 2023

(₹ in thousand)		
Particular	Year ended 31 March, 2023	Year ended 31 March, 2022
A. Cash flows from operating activities		
NET PROFIT BEFORE TAX	733 , 61 , 18	614 , 23 , 29
Adjustments for:		
Depreciation on fixed assets	43 , 15 , 96	37 , 98 , 85
Provision for depreciation in value of investments	13 , 94 , 94	18 , 34 , 92
Provision towards non performing advances	30 , 65 , 86	68 , 89 , 78
Provision for Standard Assets	14 , 80 , 08	8 , 58 , 99
Employee Stock Option Expenses	4 , 86 , 70	12 , 67 , 73
Loss/(-)Profit on Sale of Fixed Assets	29 , 75	-38 , 48
Amortisation of Premium paid on HTM Investments	484 , 37	531 , 86
Other Provisions and Contingencies	1 , 89 , 28	62 , 00
Cash flow before changes in Working Capital	848 , 08 , 12	766 , 28 , 94
Adjustments for:		
Decrease/(-)Increase in Investments (excluding Held to Maturity Investments)	1793 , 49 , 13	-1096 , 19 , 46
Increase in Advances	-4866 , 10 , 95	-1445 , 94 , 34
Decrease in Other Assets	148 , 35 , 53	73 , 63 , 00
Increase in Deposits	4317 , 51 , 59	1048 , 25 , 33
Increase/(-)Decrease in Other Liabilities & Provisions	143 , 16 , 19	-90 , 38 , 81
	2384 , 49 , 61	-744 , 35 , 34
Direct Taxes Paid Net of refunds	-173 , 01 , 47	-108 , 14 , 43
Net Cash flow from / (-) used in Operating Activities (A)	2211 , 48 , 14	-852 , 49 , 77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	-75 , 20 , 63	-56 , 46 , 63
Sale of Fixed Assets	25 , 08	48 , 87
(-)Increase/Decrease in Held to Maturity Investments	-649 , 36 , 09	186 , 89 , 89
Net Cash flow (-) used in / from Investing Activities (B)	-724 , 31 , 64	130 , 92 , 13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	-	-
(-)Repayment/Net Proceeds of Borrowings	-1224 , 21 , 78	581 , 26 , 84
Net Cash flow (-)used in / from Financing Activities (C)	-1224 , 21 , 78	581 , 26 , 84

(₹ in thousand)		
Particular	Year ended 31 March, 2023	Year ended 31 March, 2022
D. NET INCREASE / (-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	262 , 94 , 72	-140 , 30 , 80
Cash and Cash Equivalents at the Beginning of the Year	1573 , 75 , 93	1714 , 06 , 73
Cash and Cash Equivalents at the End of the Year	1836 , 70 , 65	1573 , 75 , 93
BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	1469 , 91 , 04	1473 , 23 , 77
Balances with Banks (Refer Schedule 7)	67 , 33 , 37	100 , 52 , 16
Money at Call and Short Notice (Refer Schedule 7)	299 , 46 , 24	-
Cash and cash equivalents at the end of the year	1836 , 70 , 65	1573 , 75 , 93

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration No:101248W/W-100022

Sd/-
Ritesh Goyal
Partner
(Membership No 115007)

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No 039585)

Place : Mumbai
Date : April 28, 2023

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Place : Thrissur
Date : April 28, 2023

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
Sijo Varghese
Company Secretary

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager - Accounts

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 – CAPITAL

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
Authorised Capital :		
22,00,00,000 (Previous year 22,00,00,000) Equity shares of ₹10/- each	220 , 00 , 00	220 , 00 , 00
Issued Capital		
17,34,85,827 (Previous Year 17,34,85,827) Equity shares of ₹10/- each	173 , 48 , 58	173 , 48 , 58
Subscribed, Called up and Paid – up Capital		
17,34,85,827 (Previous Year 17,34,85,827) Equity shares of ₹10/- each fully paid – up	173 , 48 , 58	173 , 48 , 58
1,93,743 (Previous Year 1,93,743) Forfeited Shares Equity shares	5 , 23	5 , 23
	173 , 53 , 81	173 , 53 , 81

SCHEDULE 2 – RESERVES AND SURPLUS

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
I Statutory Reserves		
Opening balance	319 , 16 , 06	204 , 53 , 71
Additions during the year	136 , 84 , 03	114 , 62 , 35
sub total	456 , 00 , 09	319 , 16 , 06
Deductions during the year	-	-
	456 , 00 , 09	319 , 16 , 06
II Capital Reserves		
a) Revaluation Reserves		
Opening balance	153 , 21 , 58	154 , 47 , 28
Additions during the year	-	-
sub total	153 , 21 , 58	154 , 47 , 28
Deductions during the year	1 , 19 , 41	1 , 25 , 70
	152 , 02 , 17	153 , 21 , 58
b) Others*		
Opening balance	207 , 87 , 72	198 , 04 , 59
Additions during the year	13 , 66	9 , 83 , 13
sub total	208 , 01 , 38	207 , 87 , 72
Deductions during the year	-	-
	208 , 01 , 38	207 , 87 , 72
III Share Premium		
Opening balance	1792 , 10 , 80	1792 , 10 , 80
Additions during the year	-	-
sub total	1792 , 10 , 80	1792 , 10 , 80
Deductions during the year	-	-
	1792 , 10 , 80	1792 , 10 , 80
IV Revenue and other Reserves		
a) General Reserves		
Opening balance	100 , 80 , 68	99 , 54 , 98
Additions during the year	1 , 19 , 41	1 , 25 , 70
sub total	102 , 00 , 09	100 , 80 , 68
Deductions during the year	-	-

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTINUED)

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
	102 , 00 , 09	100 , 80 , 68
b) Investment Fluctuation Reserve (Refer note 2.3.2 of Schedule 18)		
Opening balance	59 , 07 , 73	40 , 00 , 22
Additions during the year	-	19 , 07 , 51
sub total	59 , 07 , 73	59 , 07 , 73
Deductions during the year	-	-
	59 , 07 , 73	59 , 07 , 73
c) Special Reserve (Section 36 (1)(viii) of IT Act,1961)		
Opening balance	30 , 93 , 70	26 , 64 , 01
Additions during the year	4 , 26 , 76	4 , 29 , 69
sub total	35 , 20 , 46	30 , 93 , 70
Deductions during the year	-	-
	35 , 20 , 46	30 , 93 , 70
V Contingency Reserve		
Opening balance	5 , 00	5 , 00
Additions during the year	-	-
sub total	5 , 00	5 , 00
Deductions during the year	-	-
	5 , 00	5 , 00
VI Share Option Outstanding Account		
Opening balance	1345 , 23	77 , 50
Additions during the year	4 , 86 , 70	1267 , 73
sub total	1831 , 93	1345 , 23
Deductions during the year	-	-
	1831 , 93	1345 , 23
VII Balance in Profit and Loss Account		
TOTAL (I,II,III,IV,V,VI and VII)	3030 , 08 , 83	2477 , 85 , 99

* Balance includes Profit appropriated to Capital Reserve ₹207.70 Crores (Previous Year ₹207.56 Crores) (net of applicable taxes and transfer to statutory reserve) on Gain on sale of Held to Maturity Investments

SCHEDULE 3 – DEPOSITS

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
A. I. Demand Deposits		
[i] From banks	31 , 61	53 , 52
[ii] From others	1985 , 39 , 20	1335 , 78 , 25
	1985 , 70 , 81	1336 , 31 , 77
II. Savings Bank Deposits	5900 , 55 , 10	5458 , 84 , 92
III. Term Deposits		
[i] From banks	942 , 37 , 54	107 , 97 , 07
[ii] From others	15677 , 17 , 74	13285 , 15 , 84
	16619 , 55 , 28	13393 , 12 , 91
TOTAL [I,II, and III]	24505 , 81 , 19	20188 , 29 , 60
B. [i] Deposits of branches in India	24505 , 81 , 19	20188 , 29 , 60
[ii] Deposits of branches outside India	-	-
TOTAL	24505 , 81 , 19	20188 , 29 , 60

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTINUED)

SCHEDULE 4 - BORROWINGS

(₹ in thousand)			
	As on 31 March, 2023		As on 31 March, 2022
I. Borrowings in India			
[i] Reserve Bank of India	-		-
[ii] Other banks	-		-
[iii] Other institutions and agencies*	782,97,00		2007,18,78
TOTAL OF I		782,97,00	2007,18,78
II. Borrowings outside India		-	-
TOTAL (I and II)		782,97,00	2007,18,78
Secured borrowings included in I and II above		-	1757,18,78

*Borrowings includes Refinance from NABARD ₹200 Crores (Previous Year ₹250.00 Crores), Refinance from SIDBI ₹582.97 Crores (Previous Year ₹Nil Crores) Triparty Repo borrowings ₹Nil Crores (Previous Year ₹1,757.19 Crores).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousand)			
	As on 31 March, 2023	As on 31 March, 2022	
I. Bills payable	93,46,66	31,41,15	
II. Inter-office adjustments (net)	,19,17	1,02,58	
III. Interest accrued	84,85,43	80,41,64	
IV. Contingent provisions against standard assets (Refer note 2.15 of Schedule 18)	191,59,69	176,79,60	
V. Others (Including Provisions)	299,76,37	219,74,07	
TOTAL	669,87,32	509,39,04	

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousand)			
	As on 31 March, 2023		As on 31 March, 2022
I. Cash in hand(including foreign currency notes)		111,05,67	102,13,76
II Balances with Reserve Bank of India			
[i] in Current Account	1000,85,37		846,10,01
[ii] in Other Accounts*	3,580,000		525,00,00
		1358,85,37	1371,10,01
TOTAL (I AND II)		1469,91,04	1473,23,77

*Represents the LAF with Reserve Bank of India

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousand)			
	As on 31 March, 2023		As on 31 March, 2022
I. In India			
[i]Balances with banks			
(a) in Current Accounts	4,37,98		4,42,09
(b) in Other Deposit Accounts	2,50		2,50
		4,40,48	4,44,59
[ii]Money at call and short notice			
(a) with banks	-		-
(b) with other Institutions	299,46,24		-
		299,46,24	-
TOTAL (i and ii)		303,86,72	4,44,59
II. Outside India			
(i) in Current Accounts	62,92,89		20,28,32
(ii) in Other Deposit Accounts	-		75,79,25
(iii) Money at call and short notice	-		-
TOTAL		62,92,89	96,07,57
GRAND TOTAL (I and II)		366,79,61	100,52,16

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTINUED)

SCHEDULE 8 - INVESTMENTS

(₹ in thousand)		
	As on 31 March, 2023	As on 31 March, 2022
I. Investments in India in		
[i] Government securities	5336,72,21	6146,47,10
[ii] Other approved securities	-	-
[iii] Shares	3,25,41	2,87,55
[iv] Debentures and Bonds	255,35,99	522,00,47
[v] Subsidiaries and/or joint ventures	-	-
[vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts,AIF and PTC]	253,35,89	340,26,73
TOTAL	5848,69,50	7011,61,85
II. Investments outside India*	1	1
GRAND TOTAL (I and II)	5848,69,51	7011,61,86

*Bank holds investment in shares (VISA) outside India with Book Value of ₹713/- as on March 31, 2023 (Previous Year ₹713/-).

SCHEDULE 9 - ADVANCES

(₹ in thousand)		
	As on 31 March, 2023	As on 31 March, 2022
A [i] Bills purchased and discounted	619,46,76	504,13,25
[ii] Cash credits, overdrafts and loans repayable on demand	13147,25,18	9438,69,52
[iii] Term loans	6883,92,59	5871,85,27
TOTAL	20650,64,53	15814,68,04
B [i] Secured by tangible assets*	18791,99,29	14441,17,93
[ii] Covered by Bank/Government guarantees**	518,09,81	313,30,58
[iii] Unsecured	1340,55,43	1060,19,53
TOTAL	20650,64,53	15814,68,04
C. I. Advances in India		
[i] Priority sectors	11206,56,29	8411,74,97
[ii] Public sector	6,95,04	57,23,53
[iii] Banks	1	1
[iv] Others	9437,13,19	7345,69,53
TOTAL	20650,64,53	15814,68,04
II. Advances outside India	-	-
GRAND TOTAL (C.I and II)	20650,64,53	15814,68,04

The above advances are net of provisions of ₹190.50 Crores (Previous Year ₹183.19 Crores)

* Includes advances against book debts ₹786.13 Crores (Previous Year ₹1213.87 Crores)

**Includes advances against LCs issued by banks ₹500.11 Crores (Previous Year ₹276.26 Crores)

SCHEDULE 10 - FIXED ASSETS

(₹ in thousand)			
	As on 31 March, 2023		As on 31 March, 2022
I. Premises			
At cost as on March 31 of the preceding year	181,52,98		181,52,98
Additions during the year	2,63		-
Deductions during the year	-		-
Total Cost to date	181,55,61		181,52,98
Depreciation			
As on March 31 of preceding year	24,88,20		23,46,55
Charge during the year	1,33,89		1,41,65
Deductions during the year	-		-
Depreciation to date	26,22,09		24,88,20
		155,33,52	156,64,78

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTINUED)

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on March 31 of the preceding year	338,07,42	283,22,60
Additions during the year	75,18,00	57,33,76
Deductions during the year	5,76,52	2,48,94
Total Cost to date	407,48,90	338,07,42
Depreciation		
As on March 31 of preceding year	206,85,88	171,80,12
Charge during the year	41,82,07	36,57,19
Deductions during the year	5,21,68	1,51,43
Depreciation to date	243,46,27	206,85,88
	164,02,63	131,21,54
TOTAL (I and II)	319,36,15	287,86,32

SCHEDULE 11 – OTHER ASSETS

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
I. Inter – Office Adjustments (net)	-	-
II. Interest accrued	86,19,15	106,44,86
III. Tax paid in advance/tax deducted at source (Net of provisions)	42,07,15	62,45,61
IV. Stationery and stamps	1,78,73	1,63,39
V. Non-banking assets acquired in satisfaction of claims	14,72,95	25,57,68
VI. Deferred tax assets (net)	54,13,30	46,98,42
VII. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending	187,20,13	316,70,78
VIII. Others	120,75,90	108,54,33
TOTAL	506,87,31	668,35,07

SCHEDULE 12 – CONTINGENT LIABILITIES

	(₹ in thousand)	
	As on 31 March, 2023	As on 31 March, 2022
I. Claims against the bank not acknowledged as debts	12,76,56	12,57,08
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1076,33,71	420,17,75
IV. Guarantees given on behalf of constituents		
(a) In India	835,71,83	866,71,44
(b) Outside India	-	-
V. Acceptance, endorsements and other obligations	159,49,98	212,56,20
VI. Other items for which the bank is contingently liable*	198,21,54	123,14,37
TOTAL	2282,53,62	1635,16,84

* includes ₹71.58 Crores (Previous Year : ₹64.08 Crores) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 (Refer Note 2.10 of Schedule 18).

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 13 – INTEREST EARNED

	(₹ in thousand))	
	Year ended on 31 March, 2023	Year ended on 31 March, 2022
I. Interest/discount on advance / bills	1888,13,39	1597,27,67
II. Income on investments	404,60,98	380,91,94
III. Interest on balances with Reserve Bank of India and other inter – bank funds	11,15,00	46,52,03
IV. Others	15,75,97	13,59,49
TOTAL	2319,65,34	2038,31,13

SCHEDULE 14 – OTHER INCOME

	(₹ in thousand)	
	Year ended on 31 March, 2023	Year ended on 31 March, 2022
I. Commission, Exchange and Brokerage	97,26,41	71,54,98
II. Profit on sale of investments (Net)	16,39,17	29,75,70
III. Loss on revaluation of investments (Net)#	-13,94,94	-18,25,94
IV. Profit on sale of land, buildings and other assets (Net)	25,08	40,70
V. Profit on exchange transactions (Net)	9,46,80	8,75,27
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous Income*	206,58,45	154,59,29
TOTAL	316,00,97	246,80,00

*(includes processing fee of ₹99.20 Crores (Previous year ₹47.45 Crores) and premium received on sale of PSL Certificate ₹11.24 Crores (Previous year ₹33.43 Crores.)

#(Includes ₹13.95 Crores (Previous year ₹18.26 Crores) of Provision for Depreciation on Investment)

SCHEDULE 15 – INTEREST EXPENDED

	(₹ in thousand)	
	Year ended on 31 March, 2023	Year ended on 31 March, 2022
I. Interest on deposits	917,08,98	811,30,35
II. Interest on Reserve Bank of India/ inter –bank borrowings*	-2,05,03	33,58,19
III. Others	70,76,70	40,12,52
TOTAL	985,80,65	885,01,06

*Includes excess interest on TLTRO borrowings reversed amounting to ₹3.66 Crores (Previous year ₹ Nil).

SCHEDULE 16 – OPERATING EXPENSES

	(₹ in thousand)	
	Year ended on 31 March, 2023	Year ended on 31 March, 2022
I. Payments to and provisions for employees	558,51,29	481,87,32
II. Rent, taxes and lighting	99,13,52	80,19,28
III. Printing and Stationery	8,63,02	6,15,70
IV. Advertisement and publicity	1,83,52	1,32,06
V. Depreciation on bank's property (including amortisation /write off of intangible assets)	43,15,96	37,98,85
VI. Directors' fees, allowances and expenses	1,46,64	1,02,93
VII. Auditors' fees and expenses	2,38,50	2,20,27
VIII. Law charges	3,62,67	2,35,66
IX. Postages, Telegrams, Telephones etc.	16,84,65	13,30,99
X. Repairs and maintenance	16,60,64	16,32,30
XI. Insurance	26,35,62	24,88,55
XII. Other expenditure*	163,89,66	118,74,08
TOTAL	942,45,69	786,37,99

*(includes Expenses under Business Correspondent (MFI) tie-ups of ₹39.20 Crores, previous year ₹24.79 Crores.)

SCHEDULE 17

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. Background

CSB Bank Limited ("the Bank"), was incorporated in 1920. The Bank has a network of 703 branches in India and provide a range of banking and financial services including SME banking, Retail banking, Corporate banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The Bank's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

2. Basis of preparation

- The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of The Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India.
- The Bank follows the historical cost convention and the accrual method of accounting, in the preparation of the financial statements, except as stated in paragraph 4.1 "Revenue recognition". The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

3. Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities), as of the date of financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognized prospectively from the period of change.

4. Significant accounting policies

4.1 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest/discount on advances/bills is recognized on accrual basis, except in case of non-performing assets in which case the income is recognized as per prudential norms issued by RBI.
- Exchange, Brokerage, Commission & Rent on lockers are recognized on cash basis.
- Income on insurance commission are accounted on right to receive basis.
- Interest on income tax refund is recognized in the year of receipt of Assessment Orders.
- The recovery in Non-Performing Assets is first appropriated towards principal dues and the balance, if any, towards charges, cost and interest suspense except in case appropriation has to be made as per any statute/direction/order of judicial forum, the appropriation is to be made based on the same.
- Loan processing fee is accounted for upfront when it becomes due.
- Income on instruments discounted by Bank is recognized over the tenure of the instrument on a straight line basis.
- Income on Investments (other than dividend on shares & mutual funds, interest on Pass Through Certificates and income on non performing investments) is recognized on accrual basis.
- Dividend income is recognized as income when the right to receive payment is established.
- Fee paid/received for priority sector lending certificates (PSLC) is recognized in the year of sale/purchase.
- All other fees are accounted for as and when they become due.
- In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, the Bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognized in proportion to the principal received.
- In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.

- Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

4.2 Advances

- Advances are classified as 'Performing assets' and 'Non-performing Assets' (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets based on the criteria stipulated by the RBI.
- Provision for Non-Performing Advances comprising Sub-standard, Doubtful and Loss Assets is made in accordance with the RBI guidelines, which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. In respect of identified NPAs, provision is recognized at borrower level based on ageing of loans. As per the Board Approved policy, the provisioning done is at rate higher than the minimum rate prescribed under the RBI guidelines.
- The amount of advances shown in the Balance Sheet is net of provisions against NPA and provisions in lieu of diminution in the fair value of restructured asset, interest suspense, ECGC claims received and discount on assignment transactions.
- Provision on Standard Assets, is maintained as per RBI guidelines. In respect of Rescheduled/Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. The said provision is reduced to arrive at net advances. In case of advances to stressed sectors such as Cashew, Cotton Textile, Infra – Telecom and Retail Trade, the Bank has recognized provision in line with RBI guidelines. These provisions are included under in Item No. IV of Schedule 5 – Other Liabilities & Provisions.
- The RBI had issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on

all single counterparties of the Bank. These guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') would attract prudential measures. Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.

- Further, the RBI has Issued guidelines on "Prudential Framework for Resolution of Stressed Assets dated June 07, 2019" with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank is required to put in place Board-approved policy for resolution of distressed Borrowers with an objective to initiate the process of resolution of a distressed Borrower even before a default and prior to the initiation of proceedings under the IBC.
- The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:
 - Additional provision of 20% of total outstanding, if RP is implemented beyond 180 days from the end of the review period.
 - Additional provision of 35% of total outstanding, if RP is implemented beyond 360 days from the end of the review period.

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding: [a] The provisions already held; or, [b] The provisions required to be made as per IRAC norms

- In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered from borrowers against debts written off is recognised in the Profit and Loss Account.

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

- i) Non-performing and restructured loans are upgraded to standard as per the extant RBI guidelines.
 - j) Policy on Managing Currency induced credit risk: As per Credit Policy of the Bank, Foreign Currency loans are sanctioned for both capital expenditure and working capital, based on the requirements. Rate of interest on such loans are linked to LIBOR or other market linked external benchmark. From January 01, 2022 onwards all new foreign currency loans/ contracts, and fresh disbursements under existing facilities (PCFC/EBD/PSCFC/Easy imports) shall be entered by using the Alternate reference rates (ARR) viz. Term SOFR (Secured Overnight Financing Rate)/ Term SONIA (Sterling Overnight Interbank Average Rate) / EURIBOR or other market linked external benchmark, based on currency involved. For existing US dollar denominated FC loans benchmarked to LIBOR as on 31.12.2021, since USD LIBOR rates are available (on 'synthetic basis' for 1, 3, 6, & 12 month maturities) till June 30, 2023, roll over/ reset can be done using these rates till June 30, 2023. However, based on mutual consent with the borrower switchover to ARR for respective currencies is considered.
- Forward exchange cover is insisted in all cases unless there is natural hedge by way of export/ other earnings. However, if the loan amount is less than USD 1 (one) Million, forward exchange cover is made optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.
- k) Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.
 - l) While computing the provision requirement pertaining to fraud accounts, adjustment is made for financial collateral eligible under "BASEL III Capital regulations –Capital charge for credit risk (standardized approach)", if available and amount so arrived at is charged fully to Profit and Loss Account, in the same quarter of detection.

4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorized into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

4.4 Investments**a) Classification**

All Investments are accounted for on settlement dates. In accordance with the RBI guidelines, investments are categorized at the time of purchase as:

- Held for Trading (HFT);
- Available for Sale (AFS);
- Held to Maturity (HTM)

Under each of these categories, investments are further classified under six groups (hereinafter called groups) – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

Basis of classification:

Investments that are held primarily for resale within 90 days from the date of purchase are classified under the "Held for Trading (HFT)" category. As per RBI guidelines, HFT Securities, which remain unsold for a period of 90 days, are classified as AFS Securities on that date. Investments that the Bank intends to hold till maturity are classified under the "Held to Maturity (HTM)" category. Investments, which are not classified in the above categories, are classified under the "Available For Sale [AFS]" category. Purchase and sale transactions in securities are recorded under settlement date of accounting.

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

b) Transfer of Investments between Categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount, are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium, are transferred to AFS/HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

c) Cost of Acquisition

In determining the acquisition cost of the investment:

- (i) Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- (ii) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as revenue item.
- (iii) Cost of investments is computed based on the weighted average cost method.

d) Valuation of Investments:

- (i) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head "Income on Investments". Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.
- (ii) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis other than shares, which is done on a weekly basis. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net

appreciation in each category, if any, is not recognised.

- (iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised.
- (iv) The market/fair value of unquoted government securities which are in nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA/ FBIL. The valuation of other unquoted fixed income securities, including Pass Through Certificates wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA. Units of Alternate Investment Funds ('AIF') held under AFS category are valued using the 'NAV' published by the fund (AIF).
- (v) Unquoted equity shares are valued at the break-up value arrived at from the latest balance sheet, or at ₹1, if the balance sheet prior to one year is not available.
- (vi) Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost.
- (vii) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitization Company. Depreciation in each scrip is provided for while appreciation is ignored.
- (viii) Non-performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.
- (ix) As per RBI circular [FMOD.MAOG. No. 116/01.01.001/2016-17, dated 10.11.2016], the Bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 7 [Balances with banks and Money at call & short notice] respectively.

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

e) Investment Fluctuation Reserve ('IFR'):

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

Also, IFR is eligible for inclusion in Tier 2 capital.

f) Disposal of Investments

- Held for Trading and Available for Sale – Profit or loss on sale / redemption is included in the Profit and Loss account.
- Held to Maturity – Profit on sale / redemption of investments is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss account.

g) Repo and Reverse Repo transactions

Repo and reverse repo transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralized borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

h) Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorized under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market and resultant gains/ losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

4.5 Transactions Involving Foreign Exchange

- Monetary foreign currency assets and liabilities are translated at closing exchange rates notified by FEDAI relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines.
- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant gains or losses are recognized in the Profit and Loss Account.
- Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are disclosed at closing rates of exchange notified by FEDAI.

4.6 Fixed Assets and Depreciation

- Fixed Assets other than premises are carried at cost less accumulated depreciation and impairment, if any. Cost includes cost of purchase and freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.
- Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from Revaluation Reserve and credited to General Reserve.
- Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- Depreciation on additions to fixed assets is provided on pro rata basis. Depreciation on assets sold during the year is recognised on a pro-rata basis till the date of sale.

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

The useful lives of the groups of fixed assets are given below:

Type of Fixed Asset	Useful Life	Depreciation Method
Premises	58 Yrs*	Written Down Value
Computer & data Processing Machines	3 Yrs*	Straight Line
ATMs	8 Yrs*	Straight Line
Furniture & Fixtures	8 Yrs*	Straight Line
Plant & Machinery	5 Yrs*	Straight Line
Motor Cars	5 Yrs*	Straight Line
Computer Software, Patent & Copyright	5 Yrs	Straight Line

* The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

4.7 Intangible Assets

Accounting and amortization of computer software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014.

- Application Software purchased is amortized over a period of 5 years on pro rata basis under Straight Line Method.
- Internally Generated Application Software is accounted as an intangible asset and is amortized over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes available for Use. If the software is still in the development phase and has not become Available for Use, no amortization is charged to Profit & Loss Account.

4.8 Impairment of Assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor.

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and charged to Profit and Loss Account.

4.9 Non-Banking Assets

The Non-Banking asset are initially recognized based on the cost of acquisition. In the case of diminution in value, if any, is provided for.

4.10 Employee Benefits

a) Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders the service. These benefits include performance incentives.

b) Long term Employee Benefits

- Defined Contribution Plan – Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the Bank. The contribution for Provident Fund is made by the Bank to The Catholic Syrian Bank Ltd Employees Provident Fund, administered by the trustees. In addition to contribution for the period, shortfall, if any, in the Provident Fund Trust is charged to Profit and Loss Account of the Bank.
- Defined Benefit Plans – Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per paragraph 78 of AS 15 Employee Benefits. Actuarial Gains/ Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- Pension – Pension is payable, as per CSB Bank Ltd Employees' Pension Regulation 1993 and as modified in 1995, to the employees who have specifically opted for the same. The contribution is made by the Bank to The Catholic Syrian Bank Ltd Employees Pension Fund, administered by the trustees. For becoming eligible for pension, the employee should have served the Bank for a minimum period of 10 years in

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the Bank.

- ii) Gratuity – As per the Gratuity Act 1972, Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has continuously served the Bank for a minimum period of 5 years. The contribution is made by the Bank to The Catholic Syrian Bank Ltd Employees Gratuity Fund, administered by the trustees.
- iii) Long term compensated absences and other long-term employee benefits viz:
 - a. Privilege Leave
 - b. Leave fare concession
 - c. Sick Leave

are based on actuarial valuation at the end of the financial year

c) Employee Stock Options (ESOs)

The Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme") in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which was subsequently repealed with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The scheme is intended to enable the employees, present and future, to get a share in the value that they help to create for the organization over a period of time, aligning the objectives of an individual with those of the Bank as well as to attract and retain critical senior talents with Employee Stock Options as a compensation tool. The options granted to employees vest in a graded manner as per vesting schedule even beyond retirement /early retirement date and these may be exercised by option grantee within a specified period, as per the terms of grant; otherwise options stand lapsed as per the scheme.

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on Accounting for Employee Share based payments and clarification dated August 30, 2021, issued

by Reserve Bank of India on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, dated November 4, 2019 (RBI guidelines). Accordingly, for options granted up to and including March 31, 2021, Bank has applied the intrinsic value method to arrive at the compensation cost of stock options granted to the employees. The intrinsic value is the amount by which the market price exceeds the exercise price of the options. The market price for this purpose is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. For options granted after March 31, 2021 fair value method using Black-Scholes model has been applied to arrive at the compensation cost of stock options granted to the employees, in compliance with the RBI guidelines. Compensation cost so determined is recognised as expense beginning with the accounting period for which approval has been granted.

In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

4.11 Segment Information

As per the RBI guidelines, business segments of the Bank are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business. Business segments have been identified and reported considering the target customer segment, the nature of products, internal business reporting system, Segment reporting policy approved by the Board, the guidelines prescribed by the RBI.

4.12 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms. Amount due under the operating leases, including cost escalation, are charged on a straight line

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

4.13 Earnings Per Share

The Bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

4.14 Taxes on Income

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961 and Deferred tax expense in accordance with Accounting Standard 22 - Accounting for Taxes on Income. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital

losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account. Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgement as to whether realization is considered as reasonably certain.

4.15 Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Contingent assets are not recognized in the financial statements.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2023

4.16 Share Issue Expenses

The share issue expenses are adjusted from share premium account in terms of Section 52 of the Companies Act, 2013, with the approval of Reserve Bank of India in terms of section 17 (2) of the Banking Regulation Act, 1949.

4.17 Proposed Dividend

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date, if any, are not shown as liability in current year balance sheet. This is disclosed in the notes to accounts.

4.18 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognized in the Profit and Loss Account.

4.19 Input Credit under GST

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

4.20 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades in priority

sector portfolio by selling or buying PSLC. In case of a purchase transaction the Bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

4.21 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

4.22 Net Profit/Loss

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non-performing assets.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

1. Share Capital

For the financial year ended March 31, 2023, the total outstanding equity share capital amounts to ₹173.54 Crore (including forfeited shares), which includes 50,00,000 equity shares issued and allotted at a face value of ₹10/- per share to CSB ESOS Trust in the financial year 2019-20 as per CSB Employee Stock Option Scheme 2019.

No equity shares were issued in the financial year 2022-23.

The equity shares of Bank were listed and admitted for dealings on BSE Limited ("BSE") and National Stock Exchange Limited ("NSE") with effect from December 4, 2019.

2. Disclosures in terms of Reserve Bank of India Guidelines

Amounts in notes forming part of the financial statements for the year ended March 31, 2023 are denominated in Rupees Crore to conform to extant RBI guidelines on Master Direction on Financial Statements – Presentation and Disclosures issued by Reserve Bank of India dated August 30, 2021, as amended, except where stated otherwise.

2.1 Regulatory Capital

a) Composition of Regulatory Capital

The Banks Capital Adequacy ratio as per Basel III is given below:

		(₹ in Crore)	
SI No	Particulars	March 31, 2023	March 31, 2022
i)	Common Equity Tier I capital (CETI)	3,025.98	2,426.38
	of which common equity tier I capital	3,025.98	2,426.38
ii)	Additional Tier 1 capital	Nil	Nil
iii)	Tier 1 capital (i + ii)	3,025.98	2,426.38
iv)	Tier 2 capital	144.75	155.01
v)	Total capital (Tier 1+Tier 2)	3,170.73	2,581.39
vi)	Total Risk Weighted Assets (RWAs)	11,699.06	9,965.78
vii)	CETI Ratio (CET 1 as a percentage of RWAs) (%)	25.87	24.35
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	25.87	24.35
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	1.23	1.55
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total capital as a percentage of RWAs) (%)	27.10	25.90
xi)	Leverage Ratio	9.98	9.12
xii)	Percentage of the shareholding of the Government of India	NA	NA
xiii)	Amount of paid up equity capital raised	Nil	Nil
xiv)	Amount of non-equity Tier 1 capital raised during the year; of which		
	Perpetual Non- Cumulative Preference Shares (PNCPS) :	Nil	Nil
	Perpetual Debt Instruments (PDI) :	Nil	Nil
xv)	Amount of Tier 2 capital raised; of which		
	Debt capital instrument:	Nil	Nil
	Preference Share Capital Instruments:	Nil	Nil
	[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

b) Draw Down from Reserves – The Bank has not drawn any amount from Reserves.

Appropriation to Reserves

i) Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty-five per cent of

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

such profit. Accordingly, the Bank has transferred an amount of ₹136.84 Crore from current year Net profit (Previous Year: ₹114.62 Crore).

ii) Investment Fluctuation Reserve (IFR)

As per RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, Investment Fluctuation Reserve (IFR) is to be created with an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. As on March 31, 2023, the Bank is maintaining an IFR of ₹59.08 Crores (Previous Year ₹59.08 Crore) as against the minimum requirement of ₹22.93 crores (Previous year ₹59.08 Crores) and is considered it as part of Tier II capital for Capital Adequacy purposes.

iii) Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the ‘Held to Maturity’ category is recognised in the Profit and Loss Account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in ‘Available for Sale’ and ‘Held for Trading’ categories is recognised in the Profit and Loss Account. Accordingly, an amount of ₹0.14 Crore (Previous Year: ₹9.83 Crore) net of tax and appropriation to Statutory reserves has been transferred to Capital Reserve.

iv) Special Reserve

As per the provisions under Section 36(i)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head “Profits and gains of business or profession” is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of ₹4.27 Crores (Previous year ₹4.30 Crores) to Special Reserve.

v) General Reserve

During the year ended March 31, 2023 an amount of ₹1.19 Crores (Previous year ₹1.26 Crores) was transferred to the General reserve from revaluation reserve.

vi) Employee Stock Option Reserve

During the year ended March 31,2023, the Bank has recognised ₹4.87 Cores (Previous year ₹12.68 Crores) as Employee Stock Option Reserve on account of fair valuation of share linked instruments.

Notes Forming part of the Financial Statements (Contd.)

for the year ended 31 March, 2023

2.2 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities as at March 31, 2023 and March 31, 2022 are set out below:

As on 31.03. 2023	Maturity pattern of certain items of assets and liabilities as at March 31, 2023 and March 31, 2022 are set out below:										Total
	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	
Deposits	213.86	305.04	235.01	475.15	562.12	660.30	1,407.30	1,621.44	8,098.99	209.89	24,505.81
Advances	45.32	338.47	370.77	1,005.63	1,628.63	1,819.24	5,470.11	1,838.49	5,525.35	1,030.12	20,650.65
Investments (Net)	1,537.18	195.91	49.23	122.65	98.89	173.55	372.18	287.48	1,286.56	1,682.15	5,848.70
Borrowings	0.00	0.00	2.90	0.00	177.90	11.23	142.03	284.06	164.85	0.00	782.97
Foreign Currency assets	77.23	87.73	11.42	258.31	0.00	297.78	85.21	7.25	0.41	3.87	833.06
Foreign Currency liabilities	32.87	96.56	10.05	140.44	0.00	285.48	71.63	76.37	96.74	21.63	832.11

Note: Deposits have been classified as per behavioural maturity. The estimates and assumptions used by the Bank for classification of assets and liabilities under different maturity buckets are based on the returns submitted to RBI for the relevant periods. Maturity profile of foreign currency assets and liabilities includes forward exchange contracts and off balance sheet.

As on 31.03.2022	Maturity pattern of certain items of assets and liabilities as at March 31, 2023 and March 31, 2022 are set out below:										Total
	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	
Deposits	134.93	226.53	328.00	260.94	465.54	590.62	625.55	424.33	6,754.07	10,191.11	20,188.30
Advances	38.23	200.97	209.86	577.61	1,045.49	1,208.59	3,363.99	1,929.84	4,790.12	1,320.39	15,814.68
Investments (Net)	1,889.21	1,269.00	40.56	39.95	119.28	193.47	134.94	147.56	1,517.26	24.67	7,011.62
Borrowings	0.00	1,757.19	0.00	0.00	62.50	0.00	62.50	125.00	0.00	0.00	2,007.19
Foreign Currency assets	49.72	44.27	6.64	232.52	0.00	58.15	95.57	3.99	4.51	10.02	505.39
Foreign Currency liabilities	35.11	13.81	2.85	161.47	0.00	14.84	126.15	52.09	71.36	26.54	505.39

Note: Deposits have been classified as per behavioural maturity. The estimates and assumptions used by the Bank for classification of assets and liabilities under different maturity buckets are based on the returns submitted to RBI for the relevant periods. Maturity profile of foreign currency assets and liabilities includes forward exchange contracts and off balance sheet items.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

b) Liquidity Coverage Ratio

(i) Quantitative Disclosures

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2023

Particulars	Quarter ended Mar 31, 2023		Quarter ended Dec 31, 2022		Quarter ended Sep 30, 2022		Quarter ended Jun 30, 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		5,642.67		4,691.91		4,721.90		4,951.83
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	16,825.71	1,653.81	16,486.02	1,620.25	16,182.11	1,590.66	15,968.18	1,568.83
(i) Stable deposits	575.20	28.76	567.12	28.36	551.12	27.56	559.67	27.98
(ii) Less stable deposits	16,250.51	1,625.05	15,918.90	1,591.89	15,630.99	1,563.10	15,408.50	1,540.85
3 Unsecured wholesale funding, of which:	4,277.54	3,385.84	3,534.96	2,594.43	2,882.95	2,093.16	2,570.63	1,831.90
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	4,277.54	3,385.84	3,534.96	2,594.43	2,882.95	2,093.16	2,570.63	1,831.90
(iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 Secured wholesale funding	351.32	0.00	757.18	0.00	1,195.53	0.00	2,508.91	0.00
5 Additional requirements, of which	1,410.08	166.79	1,434.33	147.18	1,410.11	161.83	1,325.37	158.61
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	1,410.08	166.79	1,434.33	147.18	1,410.11	161.83	1,325.37	158.61
6 Other contractual funding obligations	38.68	38.68	27.44	27.44	44.53	44.53	22.05	22.05
7 Other contingent funding obligations	891.66	26.75	867.98	26.04	900.45	27.01	915.63	27.46
8 TOTAL CASH OUTFLOWS		5,271.87		4,415.33		3,917.19		3,608.86
Cash Inflows								
9 Secured Lending (e.g. reverse repos)	161.91	0.00	0.00	0.00	56.07	0.00	375.93	0.00
10 Inflows from fully performing exposures	971.45	508.29	962.51	505.60	838.62	440.55	742.59	397.67
11 Other cash inflows	3.08	3.08	3.11	3.11	4.47	4.47	28.80	28.80
12 TOTAL CASH INFLOWS	1,136.45	511.38	965.62	508.71	899.15	445.02	1,147.31	426.46
13 TOTAL HQLA		5,642.67		4,691.91		4,721.90		4,951.83
14 TOTAL NET CASH OUTFLOWS		4,760.50		3,906.62		3,472.17		3,182.39
15 LIQUIDITY COVERAGE RATIO (%)		118.53%		120.10%		135.99%		155.60%

Note: LCR data has been computed based on simple average of daily observations.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2022

Particulars	Quarter ended Mar 31, 2022		Quarter ended Dec 31, 2021		Quarter ended Sep 30, 2021		Quarter ended Jun 30, 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		4,557.49		5,409.91		5,119.98		4,517.42
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	15,824.21	1,554.44	15,556.85	1,527.26	15,356.52	1,509.39	15,090.39	1,479.38
(i) Stable deposits	559.65	27.98	568.60	28.43	525.14	26.26	593.08	29.65
(ii) Less stable deposits	15,264.56	1,526.46	14,988.25	1,498.82	14,831.38	1,483.14	14,497.30	1,449.73
3 Unsecured wholesale funding, of which:	2,198.70	1,552.59	2,543.81	1,928.43	2,277.70	1,687.88	2,303.91	1,675.34
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	2,198.70	1,552.59	2,543.81	1,928.43	2,277.70	1,687.88	2,303.91	1,675.34
(iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 Secured wholesale funding	1,838.94	0.00	656.89	0.00	58.52	0.00	109.90	21.70
5 Additional requirements, of which	1,361.24	185.81	1,370.67	180.50	1,080.24	120.23	1,088.39	130.29
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	1,361.24	185.81	1,370.67	180.50	1,080.24	120.23	1,088.39	130.29
6 Other contractual funding obligations	34.84	34.84	116.39	116.39	22.09	22.09	112.01	112.01
7 Other contingent funding obligations	888.45	26.65	704.11	21.12	657.20	19.72	574.97	17.25
8 TOTAL CASH OUTFLOWS		3,354.33		3,773.69		3,359.31		3,435.98
Cash Inflows								
9 Secured Lending (e.g. reverse repos)	394.82	0.00	1,157.36	0.00	1,260.75	0.00	244.39	0.00
10 Inflows from fully performing exposures	514.16	270.95	751.59	504.78	1,056.02	691.21	1,233.29	877.76
11 Other cash inflows	0.00	0.00	0.00	0.00	17.42	17.42	16.81	16.29
12 TOTAL CASH INFLOWS	908.98	270.95	1,908.95	504.78	2,334.19	708.63	1,494.49	894.05
13 TOTAL HQLA		4,557.49		5,409.91		5,119.98		4,517.42
14 TOTAL NET CASH OUTFLOWS		3,083.38		3,268.91		2,650.68		2,541.93
15 LIQUIDITY COVERAGE RATIO (%)		147.81%		165.50%		193.16%		177.72%

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Note: LCR data has been computed based on simple average of daily observations.

(ii) Qualitative disclosures around LCR

(1) Main drivers of LCR and evolution of contribution of inputs

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR should be minimum 100% (i.e. the stock of HQLA should at least equal total net cash outflows) on an ongoing basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress.

The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(2) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

- i. Cash including cash reserves in excess of required CRR.
- ii. Government securities in excess of the minimum SLR requirement.
- iii. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF) which is at present 2 % of NDTL.
- iv. Investment in Government Securities held up to 16 % of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).
- v. Level 2A assets –
 - a. Corporate bonds, not issued by a bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency, subject to a minimum haircut of 15 %.
 - b. Commercial Papers not issued by a bank/PD/financial institution or any of its affiliated entities, which have a short-term rating equivalent to the long-term rating of AA- or above by an Eligible Credit Rating Agency subject to a minimum hair cut of 15 %.
- vi. Level 2 B Assets – These are assets as defined in RBI's LCR guidelines. At present our bank do not have figures to be reported for FY 23.
- vii. **Cash outflows over the 30 days period** – Bank considers Cash outflows from Retail Deposits, secured and unsecured wholesale funding, undrawn committed credit and liquidity facilities subject to applicable run-off factors as prescribed by RBI.
- viii. **Cash Inflows over the 30 days period** – Bank is also looking into the cash inflows within 30 days period arising out of maturing secured lending transactions and other inflows from Retail and small business counterparties, non-financial wholesale counterparties as well as amounts to be received from financial institutions and RBI.
- ix. **LCR is computed as under** –
Total stock of High quality liquid Assets over Total Net Cash outflows.

(3) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions, variations in Level 2A / Level 2B assets, regulatory changes in MSF and FALLCR levels and various components under net cash outflows over the 30 days period.

Other Regulatory Requirements –

- a. **Currency Mismatch in LCR** – The Bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the Bank's total liabilities and hence LCR in other currencies are not computed.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

- b. **Centralization of liquidity management** – Banks' liquidity management and monitoring is centralized. Bank has put in place a Board adopted liquidity management policy in line with RBI regulation and guidelines.

Inflows and outflows are comprehensively captured in the automated LCR system (BASEL).

Bank is required to maintain minimum LCR of 100% on an ongoing basis as per RBI guidelines w.e.f January, 2019. As on 31.03.2023, LCR of the Bank is at 123.18%.

c) Net Stable Funding Ratio

Bank has disclosed NSFR disclosures on its website at the link: <https://www.csb.co.in/basel-2basel-3-disclosures>.

2.3 Investments

2.3.1 Composition of Investment Portfolio

A) The Composition of Investment Portfolio as at 31 March, 2023

Particulars	Investments in India						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
Held to Maturity							
Gross	4,702.27	0.00	0.00	0.00	0.00	0.00	4,702.27
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	4,702.27	0.00	0.00	0.00	0.00	0.00	4,702.27
Available for Sale							
Gross	634.45	0.00	5.11	255.36	0.00	395.90	1,290.82
Less: Provision for depreciation and NPI	0.00	0.00	1.86	0.00	0.00	142.54	144.40
Net	634.45	0.00	3.25	255.36	0.00	253.36	1,146.42
Held for Trading							
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments	5,336.72	0.00	5.11	255.36	0.00	395.90	5,993.09
Less: Provision for non-performing investments	0.00	0.00	1.86	0.00	0.00	0.00	1.86
Less: Provision for depreciation	0.00	0.00	0.00	0.00	0.00	142.54	142.54
Net	5,336.72	0.00	3.25	255.36	0.00	253.36	5,848.69

Bank holds investment in shares (VISA) outside India with Book Value of ₹713/- as on March 31, 2023

B) The Composition of Investment Portfolio as at 31 March, 2022

Particulars	Investments in India						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
Held to Maturity							
Gross	4,052.77	0.00	0.00	4.98	0.00	0.00	4,057.75
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	4,052.77	0.00	0.00	4.98	0.00	0.00	4,057.75
Available for Sale							
Gross	2,093.92	0.00	4.74	517.02	0.00	468.64	3,084.32
Less: Provision for depreciation and NPI	0.22	0.00	1.86	0.00	0.00	128.37	130.45

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Net	2,093.70	0.00	2.88	517.02	0.00	340.27	2,953.87
Held for Trading							
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments	6,146.69	0.00	4.74	522.00	0.00	468.64	7,142.07
Less: Provision for non-performing investments	0.00	0.00	1.86	0.00	0.00	0.00	1.86
Less: Provision for depreciation	0.22	0.00	0.00	0.00	0.00	128.37	128.59
Net	6,146.47	0.00	2.88	522.00	0.00	340.27	7,011.62

Bank holds investment in shares (VISA) outside India with Book Value of ₹713/- as on March 31, 2022

2.3.2 Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in Crore)		
Particulars	March 31, 2023	March 31, 2022
(1) Movement of provisions held towards depreciation on investments		
(i) Opening balance	130.45	124.09
(ii) Add: Provisions made during the year	22.99	24.64
(iii) Less: Write-off/ write-back of excess provisions during the year	9.04	18.28
Closing balance	144.40	130.45
(2) Movement of provisions for Non-performing Investments (NPIs)		
(i) Opening Balance	1.86	1.77
(ii) Add: Provisions made during the year	0.00	0.09
(iii) Less: Write-off/write-back of excess provisions during the year	0.00	0.00
Closing Balance	1.86	1.86
<i>Note: Provision held towards depreciation on investments (Item No.1) includes Provision for Non-Performing Investments also</i>		
(3) Movement of Investment Fluctuation Reserve		
(i) Opening Balance	59.08	40.00
(ii) Add: Amount transferred during the year	0.00	19.08
(iii) Less: Drawdown	0.00	0.00
Closing Balance	59.08	59.08
(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	5.15%*	2.00%

*Refer Note 2.1 (b) (ii)

2.3.3 Sale and transfers to/from HTM Category

During the year ended March 31,2023, the value of sales from Held to Maturity category (excluding sales to the RBI under open market operation auctions and redemptions in units of Venture Capital Funds as these are not initiated by the Bank) does not exceed 5 per cent of the book value of investments held in Held to Maturity category at the beginning of the year. There are no transfers from HTM category.

2.3.4 Non-SLR Investment Portfolio

(i) Non performing Non-SLR investments

		(₹ in Crore)	
SI No	Particulars	March 31, 2023	March 31, 2022
(i)	Opening balance	1.86	1.82
(ii)	Additions during the year since 1 st April	0.00	0.04
(iii)	Reductions during above period	0.00	0.00
(iv)	Closing balance	1.86	1.86
(v)	Total provisions held	1.86	1.86

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

(ii) Issuer composition as at March 31, 2023 of Non SLR investments

(₹ in Crore)						
SI No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	Public sector undertakings (PSUs)	0.49	Nil	Nil	Nil	Nil
(ii)	FIs	196.95	177.40	Nil	Nil	17.01
(iii)	Banks	135.12	10.00	Nil	Nil	Nil
(iv)	Private Corporate	151.84	151.32	Nil	Nil	1.86
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security Receipts, PTC and AIF)	171.97	171.97	Nil	Nil	171.97
(vii)	Less: Provision held towards depreciation	144.40				
Total		511.97	510.69	Nil	Nil	190.84

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

* Excludes investments in equity shares, commercial papers, certificate of deposits and security receipts in line with RBI guidelines.

Issuer composition as at March 31, 2022 of Non SLR investments

(₹ in Crore)						
SI No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	Public sector undertakings (PSUs)	5.85	Nil	Nil	Nil	Nil
(ii)	FIs	299.02	171.18	Nil	Nil	17.01
(iii)	Banks	20.01	10.00	Nil	Nil	Nil
(iv)	Private Corporate	300.28	300.28	Nil	Nil	1.86
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security Receipts, PTC and AIF)	370.22	330.87	Nil	Nil	370.22
(vii)	Less: Provision held towards depreciation	130.23				
Total		865.15	812.33	Nil	Nil	389.09

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

*Excludes investments in equity shares, commercial papers, certificate of deposits and security receipts in line with RBI guidelines.

2.3.5 Repo Transactions

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2023 under repos/ reverse repos:

(₹ in Crore)				
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2023
A.1 Securities sold under RBI Repo				
i. Government Securities	3.37	1,331.12	12.82	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
A.2 Securities purchased under RBI Reverse Repo				
i. Government Securities	96.13	641.99	92.64	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
B.1 Securities sold under Market Repo				

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

i. Government Securities	6.00	1,025.00	374.48	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
B.2 Securities purchased under Reverse Market Repo				
i. Government Securities	5.00	592.00	43.88	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
C.1 Securities sold under TREPS				
i. Government Securities	10.26	2,870.57	867.48	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
C.2 Securities purchased under TREPS				
i. Government Securities	35.47	550.68	11.21	304.79
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2022 under repos/ reverse repos:

	₹ in Crore			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2022
A.1 Securities sold under RBI Repo				
i. Government Securities	391.70	969.00	696.91	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
A.2 Securities purchased under RBI Reverse Repo				
i. Government Securities	39.47	2,474.88	753.98	499.19
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
B.1 Securities sold under Market Repo				
i. Government Securities	4.00	660.00	43.36	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
B.2 Securities purchased under Reverse Market Repo				
i. Government Securities	10.00	265.00	4.23	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
C.1 Securities sold under TREPS				
i. Government Securities	0.54	2,369.24	632.91	1,847.87
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil
C.2 Securities purchased under TREPS				
i. Government Securities	2.44	2.44	0.01	0.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil
iii. Any other securities	Nil	Nil	Nil	Nil

2.3.6 Additional Details on Investments

- a) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹4.84 Crores (previous year ₹5.32 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- b) Profit on sale of investments under Held to Maturity category amounting to ₹0.24 Crore (Previous Year ₹17.52 Crore) has been taken to Profit and Loss account and an amount of ₹0.14 Crore (Previous Year: ₹9.83 Crore) net

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

- of tax and appropriation to Statutory reserves has been transferred to Capital Reserve. There was no loss on sale of investments under Held to Maturity category during the year.
- c) Provisions for depreciation and diminution on investments in the Available for Sale category investments amounting to ₹13.95 Crores is debited to Profit & Loss account (Previous year ₹6.36 Crores).
- d) Provisions for depreciation and diminution on investments in the Held for Trading category investments is Nil (Previous year - ₹ Nil).
- e) During the year, the Bank has transferred securities of book value amounting to ₹ Nil crores (Previous year ₹424.07 Crores) from Held to Maturity category to Available for Sale category. During the year, the Bank has transferred securities of book value amounting to ₹ Nil crores (Previous year ₹509.60 crores) from Available for Sale category to Held to Maturity category.

2.4. Asset Quality

Ratios	March 31, 2023	March 31, 2022
(I) Gross NPA to Gross Advances (%)	1.26	1.81
(ii) Net NPA to Net Advances (%)	0.35	0.68
(iii) Provision coverage ratio(%)*	92.11	89.65

*Including Technical Write off

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.4.1 Classification of advances and provisions held as on March 31, 2023.

Particulars	Standard	Non-Performing Advances (NPAs)				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss*	Total NPAs	
a) Gross Standard Advances and NPAs						
Opening Balance	15,708.48	119.00	165.03	5.48	289.51	15,997.99
Add: Additions during the year					81.08	81.08
Less: Reductions in Gross NPAs due to:						
i) Upgradation					18.90	18.90
ii) Recoveries (excluding recoveries from upgraded accounts)					73.39	73.39
iii) Technical/ Prudential Write-offs					0.00	0.00
iv) Write-offs other than those under (iii) above					15.74	15.74
Closing balance	20,579.10	80.96	175.72	5.88	262.56	20,841.66
b) Provisions (excluding Floating Provisions)						
Opening balance of provisions held	176.80	41.26	133.83	3.24	178.33	355.13
Add: Fresh provisions made during the year					63.21	62.69
Less: Excess provision reversed/ Write-off loans					54.18	54.18
Closing balance of provisions held	191.60	27.34	156.38	3.64	187.36	378.29
c) Net NPAs						
Opening Balance		77.65	29.34	0.00	106.99	106.99
Add: Fresh additions during the year					18.67	18.67
Less: Reductions during the year					53.84	53.84
Closing Balance		53.48	18.34	0.00	71.82	71.82
d) Floating Provisions						
Opening Balance						0.00
Add: Additional provisions made during the year						0.00
Less: Amount drawn down during the year						0.00
Closing balance of floating provisions						0.00
e) Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						744.40
Add: Technical/ Prudential write-offs during the year						0.00
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						96.97
Closing balance						647.43

*An amount of ₹2.25 crores is held by the bank as on March 31, 2023 towards ECGC claim received on loss accounts.

Movement is taken on yearly basis.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Classification of advances and provisions held as on March 31, 2022.

Particulars	Standard	Non-Performing Advances (NPAs)				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total NPAs	
a) Gross Standard Advances and NPAs						
Opening Balance	14,269.63	191.51	196.56	5.42	393.49	14,663.12
Add: Additions during the year					118.71	118.71
Less: Reductions in Gross NPAs due to:						
i) Upgradation					45.62	45.62
ii) Recoveries (excluding recoveries from upgraded accounts)					82.11	82.11
iii) Technical/ Prudential Write-offs					91.36	91.36
iv) Write-offs other than those under (iii) above					3.60	3.60
Closing balance	15,708.48	119.00	165.03	5.48	289.51	15,997.99
b) Provisions (excluding Floating Provisions)						
Opening balance of provisions held	168.21	56.89	160.45	3.17	220.51	388.72
Add: Fresh provisions made during the year					62.83	62.83
Less: Excess provision reversed/ Write-off loans					105.01	105.01
Closing balance of provisions held	176.80	41.26	133.83	3.24	178.33	355.13
c) Net NPAs						
Opening Balance		134.56	34.25	0.00	168.81	168.81
Add: Fresh additions during the year					55.88	55.88
Less: Reductions during the year					117.70	117.70
Closing Balance		77.65	29.34	0.00	106.99	106.99
d) Floating Provisions						
Opening Balance						0.00
Add: Additional provisions made during the year						0.00
Less: Amount drawn down during the year						0.00
Closing balance of floating provisions						0.00
e) Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						723.84
Add: Technical/ Prudential write-offs during the year						105.31
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						84.75
Closing balance						744.40

*An amount of ₹2.25 crores is held by the bank as on March 31, 2022 towards ECGC claim received on loss accounts.

Movement is taken on yearly basis.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.4.2 Sector-wise advances and Gross NPAs

Sector	March 31, 2023			March 31, 2022		
	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector
A. Priority Sector						
(i) Agriculture and allied activities	9,049.87	22.60	0.25	5,945.30	17.80	0.30
(ii) Advances to industries sector eligible as priority sector lending	1,311.48	12.43	0.95	1,344.47	31.09	2.31
Of which						
Textiles	510.04	4.07	0.80	558.44	3.10	0.56
(iii) Services	661.91	21.08	3.18	838.44	34.79	4.15
Of which						
Retail trade	161.93	6.60	4.08	297.97	24.17	8.11
Tourism, Hotel and Restaurants	59.25	0.46	0.78	92.68	1.81	1.95
(iv) Personal loans	92.42	17.96	19.43	139.57	20.97	15.02
Of which						
Housing	72.65	6.94	9.55	109.21	8.60	7.87
Education	19.77	9.50	48.05	30.36	11.19	36.83
(v) Others	130.99	0.00	0.00	199.50	0.10	0.05
Sub-total (A)	11,246.67	74.07		8,467.27	104.76	
B. Non Priority Sector						
(i) Agriculture and allied activities	144.56	2.39	1.65	196.75	3.07	1.56
(ii) Industry	511.13	27.51	5.38	334.32	26.72	7.99
Of which						
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-	-	-
Textiles	55.13	4.81	8.72	59.89	4.24	7.08
Vehicles, Vehicle Parts and Transport Equipments	77.59	0.24	0.31	83.00	0.19	0.23
(iii) Services	3,628.74	54.88	1.51	2,526.31	43.37	1.72
Of which						
NBFCs	2,832.09	-	-	1,957.58	-	-
Tourism, Hotel and Restaurants	330.87	1.19	0.36	300.65	0.72	0.24
(iv) Personal loans	2,825.60	70.92	2.51	2,493.13	67.17	2.69
(v) Others	2,484.96	32.79	1.32	1,980.21	44.42	2.24
Sub-total (B)	9,594.99	188.49		7,530.71	184.75	
Total (A+B)	20,841.66	262.56	1.26	15,997.99	289.51	1.81

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.4.3 Overseas Assets, NPAs and Revenue

Particulars	(₹ in Crore)	
	March 31, 2023	March 31, 2022
Total Assets	62.93	96.08
Total NPAs	Nil	Nil
Total Revenues	0.34	0.29

2.4.4 Particulars of resolution plan and restructuring

A) Implementation of Resolution Plans (RPs):

Cases eligible for RPs during the year ended March 31, 2023		RPs Successfully implemented during the year ended March 31, 2023		RPs under implementation during the year ended March 31, 2023 ^s	
Balance Outstanding (₹ in Crores)	No. of cases	Balance Outstanding (₹ in Crores)	No. of cases	Balance Outstanding (₹ in Crores)	No. of cases
31.94*	5	20.70*	1	11.16 [#]	3 [#]

*As per RBI framework on resolution of Stressed Asset 2019, an account amounting to ₹20.70 crores has been fully written off in the Banks books and the outstanding balance as on March 31, 2023 is Nil.

[#]All the three cases amounting to ₹11.16 crores have been fully provided as on March 31, 2023.

^sFor an account amounting to ₹0.08 Crores, NCLT Chennai had admitted CIRP and as on March 31, 2023, 203 days have been lapsed from the date of admission and the same is not included under “RPs under implementation during the year ended March 31, 2023”. The balance in the account is fully provided as on March 31, 2023.

Cases eligible for RPs during the year ended March 31, 2022		RPs Successfully implemented during the year ended March 31, 2022		RPs under implementation during the year ended March 31, 2022	
Balance Outstanding (₹ in Crores)	No. of cases	Balance Outstanding (₹ in Crores)	No. of cases	Balance Outstanding (₹ in Crores)	No. of cases
-	-	-	-	-	-

B) Restructured accounts under MSME – One-time restructuring

Details of MSME accounts restructured as per RBI circular Nos.DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

Asset status	March 31,2023		March 31,2022	
	No of accounts	Amount	No of accounts	Amount
Standard	11	28.04	23	66.15
Substandard	4	11.31	5	8.40
Doubtful	5	6.80	2	3.50
Total	20	46.15	30	78.05

C) Disclosure on the Resolution Framework for the Covid -19 related stress

For the year ended March 31, 2023

Type of Borrower	(₹ in Crore)				
	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans	14.89	0.96	0	8.11	5.48
Corporate Persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	14.89	0.96	0	8.11	5.48

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

For the year ended March 31, 2022

(₹ in Crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans	30.35	1.05	0.00	2.55	27.79
Corporate					
Persons	-	-	-	-	-
Of which,					
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	30.35	1.05	0.00	2.55	27.79

2.4.5 Divergence in Asset Classification and Provisioning

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 and DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in the notes to accounts.

During the year ended 31 March 2023, no divergences have been reported in the RBI's annual supervisory process.

2.4.6 Disclosure of Transfer of Loan Exposures

Details of loans transferred / acquired during the year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- (i) The Bank has not transferred any Non-Performing Assets(NPA), Special Mention Accounts (SMA) and Loans not in default during the year.
- (ii) Details of loans not in default acquired through assignment during the year are given below:

Particulars#	March 31, 2023	March 31, 2022
Aggregate amount of loans acquired (₹ in Crores)	1,296.21	1,051.80
Weighted average residual maturity (in months)	18.37	17.37
Weighted average holding period by originator (in months)	3.79	5.14
Retention of beneficial economic interest by the originator	10%	10%
Tangible security coverage	93%	91%

#The loans acquired are not rated as these are to non-corporate borrowers.

- (iii) The Bank has not acquired any stressed loans during the year.
- (iv) Distribution of Security Receipts held based on ratings assigned by the credit rating agencies;

(₹ in Crore)

Category of Recovery rating	March 31, 2023			March 31, 2022		
	Gross Book Value	Provision held	Net Book Value	Gross Book Value	Provision held	Net Book Value
150%	-	-	-	0.04	-	0.04
100-150%	-	-	-	-	-	-
50-75%	-	-	-	44.01	11.00	33.01
25-50%	23.27	23.27	-	-	-	-
0-25%	119.27	119.27	-	117.37	117.37	-
Total	142.54	142.54	-	161.42	128.37	33.05

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.4.7 Disclosure for frauds

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
No of frauds reported during the year	198	101
Amount involved in such frauds	10.91	11.42
Balance outstanding as on year end*	4.35#	5.77
Amount of provision made for such frauds	4.35	5.77
Amount of Unamortized provision debited from other reserves' as at the end of the year	-	-

*Balance outstanding after technical write off / recovery.

#Of which, as on March 31, 2022, accounts amounting to ₹2.44 Crore were NPA and against which provision of ₹2.25 Crore were holding by the Bank.

2.5 Exposures

2.5.1 Exposure to Real Estate Sector

(₹ in Crore)

Category	March 31, 2023	March 31, 2022
a) Direct Exposure		
(i) Residential Mortgages		
a) Priority sector	73.11	109.52
b) Non priority sector	115.86	142.47
(Of which staff housing loans)	(29.22)	(36.81)
Total	188.97	251.99
(ii) Commercial Real Estate	463.35	381.93
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a) Residential,	Nil	Nil
b) Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures to National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,019.82	696.60
Total Exposure to Real Estate Sector	1,672.14	1,330.52

2.5.2 Exposure to Capital Market

(₹ in Crore)

SI No	Items	March 31, 2023	March 31, 2022
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1.29	0.92
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.01	0.04
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	3.28	3.28
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

		(₹ in Crore)	
Sl No	Items	March 31, 2023	March 31, 2022
6	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
9	Financing to stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	10.00	49.35
Total Exposure to Capital Market		14.58	53.59

2.5.3 Risk category wise country exposure*

(₹ in Crore)				
Risk Category	March 31, 2023		March 31, 2022	
	Exposure (Net)	Provision held	Exposure (Net)	Provision held
Insignificant	101.47	Nil	113.97	Nil
Low	8.59	Nil	28.43	Nil
Moderately Low	3.13	Nil	0.00	Nil
Moderate	1.20	Nil	1.81	Nil
Moderately High	0.00	Nil	0.89	Nil
High	0.00	Nil	0.00	Nil
Very High	0.00	Nil	0.00	Nil
Total	114.39	Nil	145.10	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd

2.5.4 Unsecured Gross Advances

		(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022	
Total unsecured gross advances of the bank	1,413.77	1,126.66	
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	Nil	Nil	
Estimated value of such intangible securities	Nil	Nil	

2.5.5 Factoring Exposure

Financing of factoring units under TREDIS platform is treated as part of loans and advances and reported under the head “Bills Purchased and Discounted” in Schedule 9 of Balance Sheet. Outstanding amount as on March 31,2023 is ₹10.25 Crores (Previous year ₹100.47 Crores).

2.5.6 Intra-Group Exposures

		(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022	
Total amount of intra-group exposures	0.00	125.03	
Total amount of top 20 intra-group exposures	0.00	125.03	
Percentage of intra-group exposure to total exposures of the Bank on borrowers/ customers	Nil	0.64	
Details of breach of limits on intra group exposures and regulatory action thereon, if any.	Nil	Nil	

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/ 2015-16 dated July 1, 2015.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

As per the RBI Guidelines on Management of Intra-Group Transactions and Exposures DBOD.No.BP. BC.96/21.06.102/2013-14 dated February 11, 2014, Group is defined as an arrangement involving two or more entities related to each other through any of the following relationships and a ‘group entity’ as any entity involved in this arrangement:

- Subsidiary – Parent
- Associate
- Joint Venture
- Related Party
- Direct or indirect ownership of 20 percent or more interest in the voting power of the enterprise
- Common brand name
- Promoters of Bank
- Non-Operative Financial Holding Company (NOFHC) of Bank
- An entity which has any of the first six relations, as above, with the promoters/NOFHC and their step-down entities

The disclosure is made as per the above definition and hence, exposures to investee company of the promoter of the Bank and its subsidiary is included.

2.5.7 Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI Circular RBI/2022-23/131/DOR.MRG.76/00-00-007/2022-23 dated October 11, 2022 as given below;

		(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022	
Incremental provision maintained for Unhedged Foreign Currency Exposure	2.65	2.23	
Additional Capital maintained for Unhedged Foreign Currency Exposure	5.88	8.59	

2.6 Concentration of Deposits, Advances, Exposures and NPAs

2.6.1 Concentration of Deposits

		(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022	
Total Deposits of twenty largest depositors	3,736.96	2,024.43	
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	15.25%	10.03%	

Note: Excludes holders of certificate of deposits which are tradable instruments.

2.6.2 Concentration of Credit Exposures

		(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022	
Total Credit exposures of twenty largest borrowers	2,457.07	1,611.28	
Percentage of Credit exposures to twenty largest borrowers to Total Advances of the Bank	10.59%	10.07%	

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.6.3 Concentration of Exposures

Particulars	₹ in Crore	
	March 31, 2023	March 31, 2022
Total Exposures to twenty largest borrowers/customers	2,469.72	2,678.08
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	10.41%	13.65%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2015-16 dated July, 2015.

2.6.4 Concentration of NPAs

Particulars	₹ in Crore	
	March 31, 2023	March 31, 2022
Total Exposures to top twenty NPA Borrowers	58.50	52.91
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	22.28%	18.28%

2.7. Derivatives: Nil

2.7.1 Forward Rate Agreement/ Interest Rate Swap: Nil

2.7.2 Exchange Traded Currency and Interest Rate Derivatives: Nil

2.7.3 Disclosures on risk exposure in derivatives: Nil

Qualitative & Quantitative Disclosure: Not Applicable

2.7.4 Credit Default Swaps: Nil

2.8 Disclosures relating to Securitisation – Not applicable to the Bank as there is no sale during the year.

2.9 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

2.10 Transfers to Depositor Education and Awareness Fund (DEA Fund)

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEA Fund. Details of amounts transferred to / reimbursed by DEA Fund is disclosed as "Contingent Liability – Others, items for which the Bank is contingently liable" under Schedule 12 of the Financial Statements. Details of amounts transferred to / reimbursed by DEA Fund are set out below:

Particulars	₹ in Crore	
	March 31, 2023	March 31, 2022
Opening balance of amounts transferred to DEAF	64.08	53.53
Add : Amounts transferred to DEAF during the year	8.35	11.31
Less : Amounts reimbursed by DEAF towards claims	0.85	0.76
Closing balance of amounts transferred to DEAF	71.58	64.08

2.11 Disclosure of complaints

a) Summary information on complaints received by the Bank from customers and from the Offices of the Banking Ombudsman (OBOs).

Particulars	₹ in Crore	
	March 31, 2023	March 31, 2022
Complaints received by the Bank from its customers		
1. No. of complaints pending at the beginning of the year	70	138
2. No. of complaints received during the year	12,621	9,071
3. No. of complaints disposed during the year	12,646	9,139
3.1 Of which, number of complaints rejected by the Bank	336	207
4. No. of complaints pending at the end of the year	45	70

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Particulars	March 31, 2023	March 31, 2022
Maintainable complaints received by the bank from Office of Ombudsman		
5. No of maintainable complaints received by the Bank from OBOs	144	122
5.1 No of Complaints resolved in favour of the Bank by OBOs	138	120
5.2 No of Complaints resolved through conciliation/ mediation/ advisories issued by the OBOs	6	2
5.3 No of Complaints resolved after passing of awards by OBOs against the Bank	0	0
6. No of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

b) Top five grounds of complaints received by the Bank from Customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
March 31, 2023					
Ground – 1 – ATM/ Debit Cards	8	3,605	0.33%	6	1
Ground – 2 Internet /Mobile/Electronic Banking	18	5,704	72.01%	13	0
Ground – 3 Account opening/difficulty in operation of accounts	14	1,622	80.82%	19	0
Ground – 4 Others	30	1,690	33.60%	7	0
Total	70	12,621		45	1

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
March 31, 2022					
Ground – 1 – ATM/ Debit Cards	41	3,593	10.83%	8	3
Ground – 2 Internet /Mobile/Electronic Banking	8	3,316	94.15%	18	1
Ground – 3 Account opening/difficulty in operation of accounts	33	897	56.27%	14	0
Ground – 4 Others	56	1,265	22.70%	30	5
Total	138	9,071		70	9

2.12 Disclosure of Penalties imposed by RBI

Particulars	₹ in actuals	
	March 31, 2023	March 31, 2022
a) Penalty imposed on currency chest		
No of instances of Default	6	1
Quantum of Penalty imposed	₹54,850	₹50
b) Penalty imposed in deficiency in regulatory compliances		
No of instances of Default	4	1
Quantum of Penalty imposed	₹30,000	₹5

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.13 Disclosure on Remuneration

A. Qualitative Disclosures

Qualitative Disclosures

(a)

Information relating to the composition and mandate of the Nomination & Remuneration Committee.

(i)

Composition

Constitution of the Nomination & Remuneration Committee (NRC/Committee) is as per the extant Reserve Bank of India guidelines, Section 178 of the Companies Act, 2013 and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee consists of four members. All members of the committee are non-executive directors; of which three members are independent directors. Three members of the committee are currently also members of the Risk Management Committee (RMC) of the Board to facilitate effective governance of compensation, as against the requirement of one member from RMC, mandated as per Reserve Bank of India Circular No. DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on "Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board, The Composition of the committee is as under:

Mr. Sharad Kumar Saxena	Chairperson	Independent Director
Mr. Madhavan Menon	Member	Non-Executive Director
Ms. Bhama Krishnamurthy	Member	Independent Director
Ms. Sharmila Abhay Karve	Member	Independent Director

The Committee comprises of two-thirds independent directors.

(ii)

Function and mandate

The Committee inter alia, oversees the framing, review and implementation of compensation policy/programme including employee stock options scheme of the Bank on behalf of the Board.

The Committee should ensure that: -

- the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to executive and non-executive directors, Material Risk Takers (MRTs), key managerial personnel and senior management involves a balance between fixed and variable pay (as applicable) reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.

(b)

Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation/ Remuneration policy.

(i)

Process

The Bank's remuneration program is based on principles of pay for performance philosophy, meritocracy and fairness. The compensation system also focuses on pay differentiation based on role, competency, relevant work experience, seniority, contribution and availability of talent.

The Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Committee studies the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan, like proportion of the total variable compensation to be paid to MD & CEO, WTD's /Material Risk Takers (MRTs) and Senior executives to ensure financial stability of the organization.

(ii)

Authority to invoke Malus / clawback arrangement

The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement in line with framework to invoke Malus/Clawback as per the compensation policy, after taking into account relevant statutory and regulatory stipulations as applicable.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

	The Committee also has the authority to ascertain whether the decision taken by the MD& CEO, Material Risk Takers (MRTs), WTD, Senior executives/ officers (Non IBA Scheme) have brought forth a negative contribution to the Bank.
(iii) Objectives	<p>The policy is a comprehensive one covering all the employees of the Bank and intends to reduce incentives towards excessive risk taking that may arise from the structure of compensation scheme.</p> <p>The objectives of the compensation policy are four fold:</p> <ul style="list-style-type: none">To align compensation with prudent risk taken.To ensure effective governance of the compensation in the organization.To ensure effective supervisory oversight and stakeholder engagement in compensation.To attract and retain talent. <p>The Policy aims to:</p> <ul style="list-style-type: none">Ensure that compensation is aligned to individual performance as well as to the organizational objectives of the Bank.Attract, reward and retain talent to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates.Inculcate and reinforce a culture of meritocracy and differentiate and reward performance.Have a balanced mix of Fixed, Variable (Short-term or Long Term, cash or non-cash) to appropriately reflect the value and responsibility of the role and to drive appropriate behavior and actions in the long term.Ensure that the policy is in line with RBI guidelines and promotes effective risk management practices and the company's commitment to compliance and controls.Ensure fairness and transparency in reward practices. <p>The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus etc.,</p>
(iv) Key features	<ul style="list-style-type: none">To actively oversee the compensation systems design and operation.To monitor and review the compensation system to ensure that the system operates as intended.Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action.The Bank shall disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	
(i) Compensation structure- prudent risk taking	<p>The compensation structure may be fixed shall align with prudent risk taking, after ensuring the following: -</p> <ul style="list-style-type: none">Compensation must be adjusted for all types of risks.Compensation outcomes must be symmetric with risk outcomes.Compensation payout schedules must be sensitive to the time horizon of risks.The mix of cash, equity and other forms of compensation must be consistent with risk alignment. <p>A wide variety of measures of credit, market and liquidity risks may be used for implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements.</p>

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.

- a) Managing Director & CEO (MD& CEO)/ Whole Time Directors (WTDs) and /Material Risk Takers (MRTs)
- b) Risk control and compliance staff- Non IBA scheme
- c) Senior Executives / Other Officers - Non IBA scheme
- d) Other officers and staff -On IBA scheme

(ii) Malus /Clawback Arrangement/Compensation Recovery

A Malus /clawback arrangement or a compensation recovery is provided in the policy in the case of MD & CEO, WTD's, MRTs and Senior executives/ officers (Non IBA Scheme).

The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement in line with framework to invoke Malus/Clawback as per the compensation policy, after taking into account relevant statutory and regulatory stipulations as applicable.

A malus arrangement permits the Bank to prevent vesting of all or part of the deferred remuneration, but does not reverse vesting after it has already occurred.

A clawback is a contractual agreement between the employee and the Bank whereby the employee agrees to return previously paid or vested remuneration to the Bank, under certain circumstances.

Criteria for the application of malus and clawback, also specify a period during which malus and/ or clawback can be applied, covering at least deferral period.

The Bank has put in place appropriate modalities to incorporate malus/ clawback mechanism in respect of variable pay so as to invoke the malus and clawback clauses that may be applicable on the entire variable pay.

Malus and Clawback clause in relation to variable pay including ESOPs shall apply on all variable pay commencing from the date of payment or grant until completion of the vesting, that is the "Deferral Period.

The concept of "Retention Period" is not being extended to ESOPs; however, the NRC shall have the discretion to extend the application period for Clawback till such period depending upon the Misconduct risks involved.

Malus & Clawback shall survive during the Deferral Period and such other period as stated in the policy irrespective of separation of Key Employees due to any reason including without restriction to the cases of resignation, retirement, early retirement or termination from the Bank.

The Committee will review the performance taking into consideration the macroeconomic environment as well as the internal performance indicators and accordingly decide whether any part /full of the deferred variable pay/ entire variable pay belonging to a financial year/years merits a withdrawal. Committee may decide/frame any other performance criteria/ strategic target, from time to time and to invoke malus and clawback clauses, if situation warrants.

(iii) Limit on variable pay

- (a) Managing Director & CEO, WTD's and/Material Risk Takers (MRTs)

As per the policy, Variable pay is at least 50 % of the total compensation in a year and up to a maximum of 300 % of the fixed pay. Subject to performance, variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organization wise performance. The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There shall be a proper balance between cash and share-linked components in the variable pay.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay, but shall not be less than 50% of the fixed pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Deferral arrangements must invariably exist for the variable pay, regardless of the quantum of pay as per the compensation policy of the Bank.

- (b) Senior Executives/Other officers including Risk control and compliance staff- Non IBA scheme

As per the policy, the Bank may fix the variable pay for achievement against business parameters for Senior Executives/ other officers other than Employees under IBA scheme. Variable pay may be decided by the Board or Board delegated authorities from time to time during the financial years, subject to any regulatory caps that are prevalent. As per the policy, the Bank may fix variable pay based on individual performance, unit-level/business wise performance as well as the organisation wise performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organization wise performance as applicable.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the proportion of variable pay to fixed pay for the aforementioned category of staff is weighted in favour of fixed compensation. The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff.

- (c) Employees under IBA scheme

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee. Grant of ESOP as per the ESOP scheme of the Bank, from time to time.

(iv) Severance pay and guaranteed bonus

As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.

Guaranteed bonus (joining/sign on bonus) shall only occur in the context of hiring new staff and be limited to first year. Further, guaranteed bonus should be in the form of share-linked instruments only since payments in cash upfront would create perverse incentives. Such bonus will neither be considered part of fixed pay nor part of variable pay.

(v) Hedging

As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement.

(vi) Committees to mitigate risks caused by an individual decision

- In order to further balance, the impact of market or credit risks caused to the Bank by an individual decision taken by a senior level executive, MD & CEO, Deputy Managing Director or a whole time director, the Bank has constituted various committees to take decisions on various aspects:
- Credit limits are sanctioned by committees at different levels and there is an upper limit fixed in credit sanction decisions.
- Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

- Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee (ALCO). Bank's exposure to liquidity risk are also monitored by ALCO.

(vii) Compensation of risk control staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. Effective independence and appropriate authority of such staff are necessary to preserve the integrity of financial and risk management's influence on incentive compensation.

The mix of fixed and variable compensation for control function personnel should be weighted in favor of fixed compensation. Therefore, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

(a) Compensation of MD & CEO, Deputy Managing Director, Whole Time Directors and Material Risk Takers

- The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.
- The variable compensation is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organizational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth creation, compliance, governance and misconduct risk, divergence in Bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organization wise performance as applicable.
- The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to the limit as prescribed in the compensation policy. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.
- Approval from Reserve Bank of India is to be obtained to decide compensation for MD & CEO, Deputy Managing Director / whole time directors. The payment of compensation also requires approval of the shareholders of the Bank pursuant to the Bank's Articles of Association read with the Section 196 and other applicable provisions of the Companies Act, 2013.
- Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.

(b) Risk control and compliance staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

(c) Senior executives/Other Officers (Non IBA Scheme)

The compensation structure for officers other than on IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank's compensation philosophy, the CTC shall be determined considering the role, market competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

(d) Compensation paid to Other Officers and staff members on IBA Scheme

The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on 10th bipartite settlement / 7th Joint Note. However, it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the Bank, etc.

It is prerogative of the Bank either to utilize the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.

The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.

(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

(i) Deferred compensation and Performance Linkage (Non-IBA)

In case of deferral arrangements of variable pay to MD & CEO, DMD, WTD's and Material Risk Takers (MRTs), the deferral period should be a minimum of three years in the manner as provided in the compensation policy of the Bank. This would be applicable to both the cash and non-cash components of the variable pay. A minimum of 60% of the total variable pay must invariably be under deferral arrangements. If cash component is part of variable pay, at least 50% of the cash bonus should also be deferred. In cases where the cash component of variable pay is under ₹25 lakhs, deferral requirements would not be necessary. The deferral shall be as per the policy including ESOS policy of the Bank.

Deferral arrangements of variable pay for rest of the officers in the manner as provided in the policy including ESOS policy of the Bank.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period. The vesting should be no faster than on a pro rata basis. Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments. Vesting should not be frontloaded. Bank uses Black-Scholes model to arrive fair value of the share-linked instruments, on the date of grant in line with Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 4, 2019 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Bank will follow the applicable accounting policies specified in regulation 15 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, clarification of Reserve Bank of India dated August 30, 2021 on Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 4, 2019 and other relevant guidelines for adjusting deferred remuneration.

(ii) Claw-back and deferral arrangements

The provisions of Malus/claw-back and deferral arrangements applicable to the referred functionaries (all Non IBA Scheme) are as per the compensation policy subject to relevant statutory and regulatory stipulations as applicable.

(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.

Subject to the policy, Bank uses an optimum mix of cash and share-linked instruments to decide variable compensation structure of MD & CEO, DMD /WTD, Material Risk Takers (MRTs), and senior executives and other officers on Non – IBA Scheme. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The grant of different forms of variable pay as stated above is subject to relevant statutory and regulatory stipulations as applicable. Other than cash portion of variable pay, the Bank has ESOP as non-cash variable pay for select few senior management staff.

In the case of MD & CEO, DMD /WTD, Material Risk Takers (MRTs), there should be a proper balance between the cash and share linked components in the variable pay. In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to the maximum limit of pay in the form of cash as specified in the policy.

Payment of variable pay to senior executives and other officers other than on Non – IBA Scheme and staff engaged in financial and risk control shall be made as per the compensation policy of the Bank. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

The grant of total variable pay shall be based on individual performance as well as the organizational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.

Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organization wise performance as applicable.

The Officers in Scale I-VII as well as Award staff come under the purview of IBA Scheme vide 7th Joint Note / 10th bipartite settlement Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee and form part of the overall performance management program at the discretion of the Bank. ESOP is used as a compensation as well as a retention tool by Bank, the extent of ESOP will be decided by the Board or its delegated authorities. However, the grant of stock option is as per CSB Employees Stock Option Scheme which is subject to the approval of shareholders of the Bank, from time to time.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

B. Quantitative Disclosures**(i) Whole Time Directors and Material Risk Takers.**

The quantitative disclosures for the financial year ended March 31, 2023 cover the Bank's Whole Time Directors and Material Risk Takers. The Material Risk Takers are identified in accordance with the revised guidelines on 'Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff, etc., issued by the RBI on November 4, 2019.

Particulars		March 31, 2023	March 31, 2022	
Quantitative Disclosures	(g) i)	Number of meetings held by the Nomination & Remuneration Committee during the financial year	18	17
	ii)	and remuneration paid to its members.	₹8,80,000	₹6,00,000
	(h) i)	Number of employees having received a variable remuneration award during the financial year	12	1
	ii)	Number and total amount of sign-on/ joining bonus made during the financial year.	Nil	Nil
	iii)	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i) i)	Total amount of outstanding deferred remuneration, split into		
	a)	Cash	₹56,16,872	₹30,66,667
	b)	Shares	Nil	Nil
	c)	Share-linked instruments (number of unvested stock options outstanding as on 31 March and fair value of the same)	11,08,280 options with a fair value of ₹21,42,76,051.60	7,43,781 options with a fair value of ₹15,01,21,266.13
	ii)	Total amount of deferred remuneration paid out in the financial year.		
	a)	Cash	₹35,74,795	₹15,33,333
	b)	Share-linked instruments (number of vested stock options outstanding as on 31 March and fair value of the same)	2,88,738 options with a fair value of ₹5,10,28,666.74	1,44,369 options with a fair value of ₹2,55,14,333.37
	(j)	Breakdown of amount of remuneration awards for the financial year (Approval basis)		
	(i)	Fixed	₹10,37,49,512	₹11,80,93,215
	(ii)	Variable Pay- Cash Component		
	-	Upfront payment	₹3,51,99,357	₹2,64,62,298
	-	Deferred payment	₹3,21,25,382	₹61,25,000
	(iii)	Variable Pay- Non Cash Component		
	-	Share linked Instruments- Deferred	4,89,701 stock options with a fair value of ₹4,35,25,486.94	6,18,286 stock options with a fair value of ₹9,78,34,984.18
	General Quantitative Disclosure	(k) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NIL
(ii)		Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
(iii)		Total amount of reductions during the year due to ex- post implicit adjustments.	NIL	NIL
(l)		Number of MRTs identified	16	12
(m) i)		Number of cases where malus has been exercised	NIL	NA
ii)		Number of cases where clawback has been exercised	NIL	NA
iii)		Number of cases where both malus and clawback have been exercised	NIL	NA
(n)		The mean pay for the Bank as a whole (excluding sub staff) and the deviation of the pay of each of its WTDs from the mean pay		
i)		Mean pay for the Bank	₹4,04,462.88	₹4,79,750.37
ii)		Deviation of the pay of each of its WTDs from the mean payoff the Bank		
-		MD & CEO	45.77*	59.37
-		Deputy Managing Director	29.57*	77.12

* Mr. Pralay Mondal was elevated and appointed as the Managing Director & CEO of the Bank with effect from September 15, 2022.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

(2) Remuneration paid to the non-executive directors

Disclosure for compensation of Non-executive Directors	Particulars	March 31, 2023	March 31, 2022
	a) Amount of remuneration (sitting fee) paid to the non-executive directors excluding Part-time Chairman	₹91,60,000.00	₹78,05,000.00
	b) Amount of remuneration and sitting fee paid to Part-time Chairman – Shri. Madhavan Aravamuthan (From 01.04.2022 to 28.06.2022)		
	i Remuneration	₹4,40,000.00	₹18,00,000.00
	ii Sitting fee	₹3,35,000.00	₹18,25,000.00
	c) Amount of remuneration and sitting fee paid to Part-time Chairperson – Smt. Bhama Krishnamurthy*		
	i Remuneration (From November 17, 2022 to March 31, 2023)	₹6,70,000.00	N.A
	ii Sitting fee (From April 1, 2022 to March 31, 2023	₹25,00,000.00	N.A
	d) Total (a+b+c)	₹1,31,05,000.00	₹1,14,30,000.00

*Appointed as Part-time Chairperson with effect from November 17, 2022

Notes pertaining to FY 2022-23

- Fixed remuneration includes salary, consolidated benefit allowance, gratuity, residential accommodation and Bank's contributions towards National Pension Scheme etc.
- Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
- The Bank, on September 15, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a fixed pay of ₹1.25 Crore per annum to Mr. Pralay Mondal for his position of Deputy Managing Director, prorated for his period of appointment as Deputy Managing Director with effect from February 17, 2022 up to September 14, 2022.
- Remuneration paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 1, 2021 to February 16, 2022, during which he held the position of 'President – Retail, SME, Technology and Operations'. The Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, is still under consideration of Reserve Bank of India. Pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022 onwards, the same remuneration as stands approved by the Reserve Bank of India for the position of Deputy Managing Director, and further provision has been made in the books of accounts for the difference of ₹0. 73 crore to be paid subject to the approvals/or in the manner as may be approved by Reserve Bank of India. However, 1,56,389 options granted in FY 2022-23 and 2,50,000 options granted in FY 2021-22, to Mr. Pralay Mondal and disclosed was in the capacity as 'President – Retail, SME, Technology and Operations'.
- The Bank on November 1, 2022, submitted the application with Reserve Bank of India, being the proposal for payment of variable pay which comprises cash and non-cash components in the form of stock options, all together amounting to ₹1,19,74,204/- to Mr. Pralay Mondal for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022 and the same has been provided in the books of accounts.
- The list of MRTs was amended by additions/ deletions in the list with effect from February 28, 2023, and consequential changes were made in the calculation of fixed pay of MRTs with effect from the said date. No variable pay was paid to MRTs since February 28, 2023.
- Payments of terminal benefits and variable pay (upfront and deferrals) made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2022-2023 were also included as part of the total payments made to MRTs and accordingly, reporting was made at respective places. A similar approach has been followed in the case of the options granted to him in the previous financial year(s).
- The Bank, on May 30, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of variable pay amounting to ₹2,10,00,000, all in the form of cash subject to deferrals, to Shri. C. VR. Rajendran, ex-Managing Director &CEO, for the performance period 2021-22.
- No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.
- Payment of sitting fee to Non-Executive Independent Directors was within the limits as prescribed in Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Notes pertaining to FY 2021-22

- Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation and Bank's contributions towards Provident fund. Leave fare Concession for the FY 2019-20 and for the FY 2020-21, both have been claimed in the FY 2020-21 only.
- Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
- 11 out of 12 MRTs were identified in that position with effect from January 21, 2022.
- No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors viz. Mr. Madhavan Menon and Mr. Sumit Maheshwari.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

- Payment of sitting fee to Non-Executive Independent Directors was within the limits as prescribed in Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- The Bank, on November 24, 2021, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for revision of fixed pay of Shri. C. VR. Rajendran, Managing Director & CEO from ₹2,00,00,000 p.a. to ₹2,10,00,000 p.a. with effect from April 1, 2020.
- The Bank, on November 24, 2021, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for grant/ payment of variable pay of ₹3,67,50,000/-, out of which ₹2,45,00,000/- shall be in non-cash form (stock options) and balance in the cash bonus, for the performance period 2020-21 to Mr. C. VR. Rajendran, Managing Director & CEO.
- The Bank on March 26, 2022, submitted the application with Reserve Bank of India, being the proposal for payment of variable pay amounting to ₹2,10,00,000, all in the form of cash, to Shri. C. VR. Rajendran, Managing Director &CEO for the performance period 2021-22 and approval of RBI is awaited.
- Remuneration paid to Mr. Pralay Mondal disclosed was in the capacity as 'President – Retail, SME, Technology and Operations' and approval of RBI is awaited on the terms and conditions of his appointment as Deputy Managing Director.

2.14 Other Disclosures

2.14.1 Business Ratio

Particulars	March 31, 2023	March 31, 2022
(i) Interest Income as a percentage to Working Funds*	8.72	8.47
(ii) Non-interest income as a percentage to Working Funds*	1.19	1.03
(iii) Cost of Deposits	4.38	4.31
(iv) Net Interest Margin	5.48	5.27
(v) Operating Profit as a percentage to Working Funds* \$	2.66	2.55
(vi) Return on Assets (%)	2.06	1.90
(vii) Business (Deposits plus advances) per employee^ (₹ in Crore)	6.47	7.71
(viii) Profit per employee (₹ in Crore)	0.08	0.10

* Working funds represents average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

^ Business is the total of net advances and deposits (net of inter-bank deposits).

\$ Operating profit is profit before provisions and contingencies

2.14.2 Income from Bancassurance

	(₹ in Crore)	
Nature of Income	March 31, 2023	March 31, 2022
From Selling Life Insurance Policies	50.71	32.72
i. Traditional	46.26	31.32
ii. Term	1.76	0.55
iii. ULIP	2.69	0.85
From Selling Non-Life Insurance Policies	0.92	0.76
i. Fire	0.14	0.16
ii. Marine	0.00	0.00
iii. Others	0.64	0.54
iv. Standalone Health	0.14	0.06
Others	Nil	Nil
Total	51.63	33.48

2.14.3 Marketing and Distribution

Bank has received following fees/remuneration in respect of the marketing and distribution function (excluding Bancassurance business) undertaken by them;

	(₹ in Crore)	
Particulars	March 31, 2023	March 31, 2022
From Selling Mutual Fund Products	0.01	0.00
From Atal Pension Yojana (APY)	0.01	0.02
From Credit card business	4.64	0.00
From Sovereign Gold Bond	0.01	0.00
Total	4.67	0.02

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.14.4 Details of Priority Sector Lending Certificate Purchased & Sold during the year

(₹ in Crore)

Sl No.	Type of PSLCs	March 31, 2023		March 31, 2022	
		Purchased (Face Value)	Sold (Face Value)	Purchased (Face Value)	Sold (Face Value)
1	PSLC – General	-	-	-	-
2	PSLC – Agriculture	-	-	-	700
3	PSLC – Small & Marginal Farmer	-	2,000	-	850
4	PSLC – Micro Enterprise	850	-	650	-

2.14.5 Details of provisions and contingencies debited in Profit and Loss Account during the Year

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
A Provision for NPI	0.00	0.09
B Provisions towards NPA/write offs##	30.66	68.90
(less: Bad debts recovered)	-73.56	-78.71
Net Provisions towards NPA/write offs	-42.90	-9.81
C Provision for Income tax (Including Deferred Tax)@	186.25	155.74
D Provision for Standard Assets*	14.80	8.59
E Provision for diminution on Restructured Advances	-0.51	0.49
F Other provisions \$	2.40	0.13
Total	160.04	155.23

*Includes contingency provision amounting to ₹ Nil Crore (Previous Year: ₹3.80 Crore)

Of which amount written off for which provision not held is ₹21.63 Crore (Previous Year: ₹5.77 Crore)

\$ Of which, Provision for fraud amounting to ₹2.10 Crore (Previous Year: ₹1.17 Crore)

@Amount of Provisions made for Income tax during the year

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Provision for Income Tax		
a) Current Tax	193.35	106.01
b) Deferred Tax	-7.14	49.73
Total	186.21	155.74

2.14.6 Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release dated January 18, 2016, was issued by the MCA outlining the roadmap for implementation of IFRS converged Ind AS for banks. This roadmap required banks to prepare Ind AS based standalone & consolidated financial statements for the accounting periods beginning April 01, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. RBI, through its notification dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements from the stated periods and also stated that early adoption of Ind AS is not permitted.

Reserve Bank of India (RBI) through press release RBI/2018- 2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all scheduled commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice.

The implementation of Ind AS by banks requires certain legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act, 1949, compatible with accounts under Ind AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, RBI, through its Statement on Developmental and Regulatory Policies dated April 05, 2018, had deferred the implementation of Ind AS by a year. The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, RBI through its notification dated March 22, 2019 deferred the implementation of Ind AS till further notice.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

The implementation of Ind AS is expected to result in significant changes to the way the Bank prepares and presents its financial statements. The areas that are expected to have significant impact on application of Ind-AS are summarized below:

- 1) Financial assets (which primarily include advances and investments) shall be classified under amortised cost, fair value through other comprehensive income (a component of Reserves and Surplus) or fair value through profit/ loss categories based on the nature of the cash flows and intention of holding the financial assets and business model assessment.
- 2) Interest will be recognized in the income statement using the effective interest method, whereby, fees net of transaction costs and all other premiums or discounts will be amortised over the life of the financial instrument.
- 3) Stock options will be required to be fair valued on the date of grant and be recognized as staff expenses in the income statement over the vesting period of the stock options.
- 4) The impairment requirements of Ind-AS 109, Financial Instruments, are based on an Expected Credit Loss (ECL) model that replaces the incurred loss model under the existing reporting framework. The bank will be generally required to recognize either a 12-Month or Lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. Ind-AS 109 will change the Bank's current methodology for calculating the provision for standard assets and non-performing assets (NPA). The Bank will be required to apply a three-stage approach to measure ECL on financial instruments accountant for at amortised cost or fair value through other comprehensive income. Financial assets will migrate through the following three stages based on the changes in credit quality since initial recognition.

Stage 1: 12 months ECL – for exposures which have not been assessed as credit- impaired or where there has not been a significant increase in credit risk since initial recognition, the portion of the ECL associated with probability of default events occurring within the next twelve months will need to be recognized.

Stage 2: Life time ECL – for credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL will need to be recognized.

Stage 3: Life time ECL – Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that assets have occurred, For financial assets that have become credit impaired, a lifetime ECL will need to be recognized.

Even though RBI has deferred the implementation , the Bank is gearing itself to bring the necessary systems and processes in place to facilitate the Proforma submission to RBI and seamless transition to Ind AS. With respect to the various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are summarized as follows:

- Bank has set up a Steering Committee comprising members from cross-functional areas of the bank to initiate the implementation process.
- Bank is in the process of implementing changes required in existing IT architecture and other processes to enable smooth transition to Ind AS
- As directed by the RBI, the Bank is submitting half yearly Proforma Ind AS financial statements to the RBI within the stipulated timeline
- Training to the employees is imparted in a phased manner
- The Bank will continue its preparedness towards adoption of IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2.14.7 Payment of DICGC Insurance Premium

Sr. No.	Particulars	₹ in Crore	
		March 31, 2023	March 31, 2022
1	Payment of DICGC Insurance Premium	24.52	22.87
2	Arrears in payment of DICGC premium	-	-

2.14.8 Disclosure on amortization of expenditure on account of enhancement in family pension of employees of bank – Not Applicable

2.15 Provisions on Standard Assets

Particulars	₹ in Crore	
	March 31, 2023	March 31, 2022
Opening Balance	176.80	168.21
Additions/adjustments during the year	14.80	8.59
Deductions during the year	-	-
Provisions held towards Standard Assets	191.60	176.80

The above provision held towards standard assets includes 'Contingency Provision for any Credit Loss Contingencies' of ₹105.92 crores.

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'

3.1 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies

- A. Changes in accounting policies during the year – Nil
- B. Changes in accounting estimates – Nil

3.2 Accounting Standard 10 – Property, Plant & Equipment

- i) Disclosure related to revaluation of land and building owned by the Bank.
- (a) The effective date of the revaluation – 31.03.2021
- (b) Whether an independent valuer was involved – Land and building was valued by two independent valuers. Lower of the value arrived by the valuers is taken as the revalued amount.
- (c) The methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition and age of building.	Based on the age, condition and maintenance of the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentiality, etc.
	Valuation	Present market value	Prevailing market rate based on the above

- (d) The extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques – Fair value as explained in item (c) above
- (e) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on 31.03.2023: ₹152.02 Crores

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Change for the period: ₹(1.19) Crore being amount transferred from Revaluation Reserve to General Reserves

As per para 44 of AS 10 – Property, Plant & Equipment, an amount equivalent to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost need to be transferred to General reserve. The transfer of ₹1.19 Cr is on account of the same.

3.3 Accounting Standard 15 (Revised) –Employee Benefits

3.3.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹18.32 Crores (Previous Year ₹13.95 Crore).

3.3.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

A. Amount recognized in Balance Sheet and Profit & Loss Account

The amount recognized in the balance sheet is as follows:

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Present Value of Obligations – Closing (A)	144.76	163.13	57.64	54.75	39.28	26.36
Fair Value of Plan Assets – Closing (B)	146.03	161.13	59.57	44.51	N.A	N.A
Funded Status (B) – (A)	1.27	(2.00)	1.93	(10.24)	(39.28)	(26.36)
Net Liability (Asset) recognized in Balance Sheet (Net Asset included in Item No. VII – Others of Schedule II – Other Asset. Net Liability included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions).	(1.27)	2.00	(1.92)	10.24	39.28	26.36

The amount recognized in the statement of profit and loss account is as follows:

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Current Service Cost	32.31	36.46	9.26	5.41	12.14	1.67
Past Service Cost	0.00	0.00	0.00	0.00	N.A	N.A.
Interest Cost	7.78	8.01	3.49	2.70	1.69	1.48
Expected Return on Plan Assets	(12.02)	(9.1)	(3.33)	(2.78)	N.A	N.A.
Net Actuarial Loss/(Gain) recognized in the year	69.22	73.3	10.13	20.12	6.56	7.98
Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses)	97.29	108.67	19.54	25.45	20.39	11.13

B. Changes in Fair Value of Plan Assets

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Fair Value of Plan Assets at the beginning of the year	161.13	130.81	44.51	37.92	N.A.	N.A.
Expected Return on Plan Assets	12.02	9.1	3.33	2.78	N.A.	N.A.
Contributions	100.56	151.24	31.72	22.29	N.A.	N.A.
Benefits Paid	117.63	120.54	16.33	16.41	N.A.	N.A.
Actuarial (Loss)/Gain	(10.05)	(9.48)	(3.67)	(2.06)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	146.03	161.13	59.56	44.52	N.A.	N.A.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

C. Changes in Present Value of Obligations

(₹ in Crore)

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Present Value of Obligations at the beginning of the year	163.13	175.37	54.76	45.00	26.36	25.04
Interest Cost	7.78	8.01	3.49	2.70	1.69	1.48
Current Service Cost	32.31	36.46	9.26	5.41	12.14	1.67
Past Service Cost	N.A	N.A	N.A	N.A	N.A	N.A
Benefits Paid	117.63	120.54	16.33	16.41	7.47	9.81
Actuarial Loss/(Gain)	59.17	63.83	6.46	18.06	6.56	7.98
Present Value of Obligations at the end of the year	144.76	163.13	57.64	54.76	39.28	26.36

D. Movement in Net Liability Recognized in Balance Sheet

(₹ in Crore)

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Net Liability at the beginning of the period	2	44.56	10.25	7.08	26.36	25.04
Add Expenses Charged to Profit & Loss Account	97.29	108.67	19.55	25.45	20.39	11.13
Less Contributions	100.56	151.24	31.72	22.29	7.47	9.81
Net Liability (Asset) at the end of the period	(1.27)	2.00	(1.92)	10.24	39.28	26.36

E. Actual Return on Plan Assets

(₹ in Crore)

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Expected Return on Plan Assets	12.02	9.10	3.33	2.78	N.A.	N.A.
Actuarial Gain (Loss)	(10.05)	(9.48)	(3.67)	(2.06)	N.A.	N.A.
Actual Return on Plan Assets	1.97	(0.38)	(0.34)	0.72	N.A.	N.A.

F. Actuarial Assumptions

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Discount Rate (p.a.)	7.46%	6.96%	7.49%	7.34%	7.49%	7.34%
Expected Return on Plan Assets (p.a.)	7.46%	6.96%	7.49%	7.34%	7.49%	7.34%
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality table	IALM (2012-14) ULT		IALM (2012-14) ULT		IALM (2012-14) ULT	

G. Investment Percentage maintained by Pension & Gratuity Trust

Particulars	Pension		Gratuity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Life Insurance Companies	100.00%	100.00%	100.00%	95.03%
Central Govt. Securities	--	--	--	--
State Govt. Securities	--	--	--	--
Other Trust Securities (PSU)/Deposits with Banks etc.	--	--	--	4.97%
Total	100.00%	100.00%	100.00%	100.00%

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

H. Experience Adjustments

(i) Pension

(₹ in Crore)

Particulars	Year ended March				
	2023	2022	2021	2020	2019
Defined Benefit Obligations	144.76	163.13	175.37	166.54	197.92
Plan Assets	146.03	161.13	130.81	136.36	147.31
Surplus/(Deficit)	1.27	(2.00)	(44.56)	(30.18)	(50.61)
Experience adjustments on Plan Liabilities	64.99	68.47	155.20	90.54	71.93
Experience Adjustments on Plan Assets	(10.86)	(9.96)	3.97	25.09	(7.21)

(ii) Gratuity

(₹ in Crore)

Particulars	Year ended March				
	2023	2022	2021	2020	2019
Defined Benefit Obligations	57.64	54.75	45.00	44.75	59.70
Plan Assets	59.57	44.51	37.92	58.67	52.07
Surplus/(Deficit)	1.93	(10.24)	(7.08)	13.92	(7.63)
Experience adjustments on Plan Liabilities	8.55	19.16	26.59	3.76	23.04
Experience Adjustments on Plan Assets	(3.83)	(2.15)	(3.87)	10.37	(3.62)

I. Expected Contributions

Bank's best estimates of contributions to the funds for Financial Year 2023-24 are as follows:

Pension: ₹81.64 Crore

Gratuity: ₹12.94 Crore

3.3.3 Other Long term Employee Benefits

As on March 31, 2023, the Bank holds provision of ₹6.03 Crores (Previous Year ₹5.57 Crores) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.

The Actuarial liability of compensated absences of accumulated sick and leave travel concession of the employees of the Bank is given below:

	March 31, 2023	March 31, 2022
Sick leave (₹ in Crores)	3.61	4.01
Leave Travel Concession (₹ in Crores)	2.42	1.56
Total actuarial liability (₹ in Crores)	6.03	5.57
Assumptions		
Discount Rate (p.a.)	7.49	7.34
Future Salary Increases (p.a.)	5.00	5.00
Attrition Rate	1.00	1.00

3.4 CSB Employee Stock Option Scheme

Pursuant to the requisite approval of the members on May 4, 2019, the Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme2019" ("ESOS 2019" or "Scheme"). The scheme is intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust viz., CSB ESOS Trust ("ESOS Trust"/"Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Under the trust route, the Bank allots shares to the trust and trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee.

Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the erstwhile Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020, post listing of shares on December 4, 2019, for ratification though the ESOS 2019 and as well as the Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained. No options were granted prior to the amendment/ratification of the scheme/listing of shares of the Bank.

The first amendment was made in the Scheme at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

The second amendment was made in the Scheme at the Annual General meeting of the Bank held on August 12, 2021, permitting vesting of unvested employee stock options after the date of retirement/early retirement as per original Vesting schedule as specified in the Grant Letter, subject to the provision of the applicable laws and at the discretion of the Nomination and Remuneration Committee of the Board.

Post amendments, under the Scheme, the quantum of secondary acquisition is capped at 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is line with the statutory ceiling prescribed under the "SEBI SBEB & SE Regulations" and (ii) Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently 2% of the paid up equity capital as at the end of the previous financial year, prescribed in 'SEBI SBEB & SE Regulations' as amended from time to time.

Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant. The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option.

In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition and for the purpose of the Plan.

As on March 31, 2023, 50,00,000 shares of the Bank were held by CSB ESOS Trust as per the scheme which were allotted to the trust on July 12, 2019. No shares were allotted to the trust in the financial year 2022-23 (Previous year: Nil)

Stock option activity under the scheme during the financial year ended March 31, 2023 and March 31, 2022 is set out below:

Particulars	March 31, 2023			March 31, 2022		
	No of Options	Weighted average exercise price	Weighted average remaining contractual life (No. of years)	No. of Options	Weighted average exercise price	Weighted average remaining contractual life (No. of years)
Outstanding at the beginning of the year	15,06,436	83.53	4.16	8,88,150	41.70	5.14
Granted during the year	7,47,456	207.93	5.50	6,18,286	143.62	4.75
Forfeited during the year	Nil	NA	NA	Nil	NA	NA
Options Lapsed	1,21,418	256.25	NA	Nil	NA	NA
Exercised during the year	Nil	NA	NA	Nil	NA	NA
Outstanding at the end of the year	21,32,474	117.30	3.90	15,06,436	83.53	4.16
Options exercisable at the end of the year	2,88,738	75.00	1.0	1,44,369	75	2.0

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Out of the 7,47,456 options granted in the financial year 2022-23, 3,76,067 options were granted on June 28, 2022 at an exercise price of ₹196.60 per option, 2,15,000 options were granted on July 21, 2022 at an exercise price of ₹207.00 per option and 1,56,389 options were granted on September 23, 2022, at an exercise price of ₹236.45 per option. All the options were granted at market price, to be vested subject to the vesting conditions/ malus and claw back arrangements and be exercised within the period as per the terms of the grant and the Scheme.

The following table sets forth, the summary of stock options outstanding on March 31, 2023 and March 31, 2022:

Range of exercise price (₹ per share)	March 31, 2023			March 31, 2022		
	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
10 - 100	11,78,150	33.90	3.78	11,78,150	33.90	4.78
100 - 200	3,76,067	196.60	4.75	-	-	-
200 - 300	5,78,257	235.65	3.59	3,28,286	261.65	1.96

The weighted average fair value, based on Black-Scholes model, of options granted during the financial year ended March 31, 2023, was ₹88.57 (Financial year ended March 31, 2022 was ₹158.24).

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme up to and including March 31, 2021 and thereafter Fair Value method by using Black-Scholes Model, for accounting the value of Options granted. In case, the Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme, the difference between the market price and exercise price will be considered as the value of an Employee Stock Option and shall be expensed over the period of vesting. The market price for this purpose is the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. If such shares are listed on more than one recognised stock exchange, then the closing price on the recognised stock exchange having higher trading volume shall be considered as the market price which is in line with Securities and Exchange Board of India (*Share Based Employee Benefits and Sweat Equity*) Regulations, 2021. In case of valuation of options is done by using fair value method by using Black- Scholes Model, the fair value thus arrived at should be recognised as expense beginning with the accounting period for which the approval has been granted and accounting of the options granted shall be made for, accordingly.

The value of option arrived at will be amortised over the period of vesting/ expensed beginning with the accounting period for which approval has been granted, in line with para 42 of GN (A) 18 (Issued 2005) Guidance Note on Accounting for Employee Share-based Payments and further clarification of Reserve Bank of India dated August 30, 2021 on Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 4, 2019. In case, the options granted under the Scheme do not vest on one date but have graded vesting schedule, total options granted shall be segregated into different groups, depending upon the vesting dates and each vesting date should be considered as a separate option grant, and evaluated and accounted for, accordingly.

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' for the options granted up to and including March 31, 2022, the impact on reported net profit and EPS in the financial year ended March 31, 2023 would be as follows:

Particulars	March 31, 2023	March 31, 2022
Net Profit (as reported) (₹ in crores)	547.36	458.49
Add: Stock based employee compensation expense included in net income (₹ in crores)	Nil	8.97
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	Nil	9.58
Net Profit (Proforma) (₹ in crores)	547.33	457.88

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Particulars	March 31, 2023	March 31, 2022
Earnings per share: Basic (in ₹)		
As reported	31.55	26.43
Proforma	31.55	26.39
Earnings per share: Diluted (in ₹)		
As reported	31.55	26.43
Proforma	31.55	26.39

Payments to and provisions for employees shown in ‘Schedule – 16 _ Operating Expenses’ of previous year includes value of ‘compensation cost of Employee Stock Options’ granted amounting to ₹12.68 Crore of Mr. C VR Rajendran, ex-Managing Director & CEO, who has retired early on March 31, 2022, he has stock options for which vesting period is unexpired. Board, Nomination and Remuneration Committee and the shareholders of the Bank have approved the vesting of options on future dates as per the agreed schedule. Reserve Bank of India, vide letter dated May 30, 2022 advised that no further RBI approval is required for continued payment and vesting of cash and non-cash portion (stock options) of already approved variable pay of earlier years by RBI to Mr. C.VR. Rajendran. Compensation cost of Employee Stock Options granted to him which are unvested as on March 31, 2022 amounting to ₹4.76 Cr has been charged to ‘Payments to and provisions for employees’ of the last year.

The fair value of options granted during the period 2022-23 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

Date of Grant	June 28, 2022	July 21, 2022	September 23, 2022
No. of Options	3,76,067	2,15,000	1,56,389
Average Dividend Yield	0%	0%	0%
Expected Volatility	43.31% to 43.92%	43.3% to 43.92%	39.19% to 42.61%
Risk free interest rate	6.63% to 7.22%	6.72% to 7.21%	6.92% to 7.20%
Expected life of options	2.5 to 5.51 years	2.5 to 5.51 years	2.5 to 5.51 years
Expected forfeiture	Nil	Nil	Nil
Fair Value Range(₹)	84.2	88.72	98.86
Exercise Price(₹)	196.60	207.00	236.45
Average Fair Value(₹)	84.2	88.72	98.86

The fair value of options granted during the period 2021-22 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

Date of grant	April 28, 2021	August 30, 2021	December 17, 2021
No. of Options	2,50,000	40,000	3,28,286
Average Dividend Yield	0%	0%	0%
Expected Volatility	48.65 %	47.45%	36.15% to 44.97 %
Risk free interest rate	5.11 % to 6.60 %	4.96% to 6.61%	3.90% to 5.01%
Expected life of options	5-9 years	5-9 years	1.25 – 3.25 years
Expected forfeiture	Nil	Nil	Nil
Fair Value Range(₹)	246.86	290.50	74.63
Exercise Price(₹)	10.00	10.00	261.65
Average Fair Value(₹)	246.86	290.50	74.63

Assumptions

The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities. Expected Life of options is the period for which the Bank expects the options to be live. The minimum life of a stock option

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

is the minimum period before which the options cannot be exercised, and the maximum life is the period after which the options cannot be exercised. Expected dividends during the estimated expected term of the option are based on recent dividend activity. Expected forfeiture is based on expected exercise behaviour which is based on the historical stock option exercise pattern of the Bank

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in Bank’s share price.

3.5 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expense structure are as follows:

Treasury

Treasury operations include trading and investments in Government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers. The income of this segment primarily consists of earnings from the investment portfolio of the Bank, gains and losses on trading operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads.

Corporate/Wholesale Banking

This segment provides loans and other banking services to Corporate and other clients where value of individual exposure to the clients exceeds ₹5 Crore as defined by RBI. Threshold limit has raised from ₹5 crores to ₹7.5 crore for fresh exposures and also to existing exposure where incremental exposure exceeds ₹7.5 crore. Revenue of this segment consists of interest and fees earned on loans to such customers and charges and fees earned from other banking services. Expenses of this segment primarily consist of interest expense on funds utilized and allocated overheads.

Retail Banking

Retail banking constitutes lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers, identified on the basis of RBI guidelines. Revenue of this segment consists of interest earned on loans made to such customers and charges /fees carried from other banking services to them. The principal expenses of the segment consist of interest expenses on funds borrowed and other expenses.

Additional disclosure of the Digital Banking Segment as a sub-segment within the existing “Retail Banking Segment”– RBI circular RBI/2022-2023/19 DOR.AUT.REC.12/22.01.001/2022-23 dated 07-04-2022

Other Banking Operations

This segment includes para banking activities like third party product distribution and other banking transactions, not covered under any of the above segments. The income from such services and associated costs are disclosed in this segment.

	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Business Segments										
Revenue	429.50	481.62	622.77	509.37	1,522.70	1,252.19	60.69	41.93	2,635.66	2,285.11
Result	82.97	136.88	110.09	54.20	516.42	405.39	26.02	18.38	735.50	614.85
Unallocated expenses									-	-
Operating profit									735.50	614.85
Provisions other than tax									-1.89	-0.62
Provision for Tax									-186.25	-155.74
Extraordinary profit									-	-
Net profit									547.36	458.49
OTHER INFORMATION										
Segment assets	6,482.53	7,722.98	7,268.97	5,884.97	15,343.42	11,690.86	13.23	10.47	29,108.15	25,309.29
Unallocated assets									54.13	46.98
Total assets									29,162.28	25,356.27
Segment liabilities	101.04	1,761.51	7,181.87	3,626.33	18,675.55	17,316.01	-	-	25,958.46	22,703.85
Unallocated liabilities									0.19	1.03
Total liabilities									25,958.65	22,704.88
Capital employed	6,381.49	5,158.82	87.10	1,869.21	-3,332.13	-4,951.75	13.23	8.36	3,149.69	2,605.42
Unallocated liabilities									53.94	45.97
Total liabilities									3,203.63	2,651.39

The Corporate/wholesale liabilities have been arrived at using the modified definition given in RBI direction RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19 dated February 22, 2019.

As per RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022 on establishment of Digital Banking Unit (DBU), for the purpose of disclosure under 'Accounting Standard 17 - Segment Reporting', 'Digital Banking' has to be identified as a sub-segment under Retail Banking. Since the Bank has not established DBU, Digital Banking has not been disclosed as a sub-segment under Retail Banking.

Part B: Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

3.6 Accounting Standard 18 – Related Party disclosures

The Bank has transactions with its related parties comprising promoter group entities / other related entities forming part of the promoter group, key management personnel and relatives of key management personnel.

(a) Related Parties

(i) Promoter

Sr. No	Name of the Entity	Nature of Relationship
1.	FIH Mauritius Investments Ltd (FIHM)	Promoter

(ii) Name of the related parties - Promoter Group

Sr. No	Name of the Entity	Nature of Relationship
1.	Fairfax India Holdings Corporation	Parent Company of FIHM
2.	Fairfax Financial Holdings Limited	Ultimate parent Company of FIHM
3.	FIH Private Investments Ltd	Wholly owned subsidiary of FIHM
4.	I Investments Limited	Wholly owned subsidiary of FIHM
5.	Anchorage Infrastructure Investments Holdings Limited	Subsidiary of FIHM

(iii) Names of the other related parties wherein Promoter/Promoter Group has direct equity investment *

Sr. No	Name of the Entity	Nature of Relationship
1.	Fairchem Organics Limited	Investee Company of FIHM
2.	National Collateral Management Services Limited	Investee Company of FIHM
3.	IIFL Finance Limited	Investee Company of FIHM
4.	IIFL Securities Limited	Investee Company of FIHM
5.	Sanmar Engineering Services Limited	Investee Company of FIHM
6.	Saurashtra Freight Private Limited	Investee Company of FIHM
7.	Bangalore International Airport Limited	Investee Company of FIHM
8.	5Paisa Capital Limited	Investee Company of FIHM
9.	Seven Islands Shipping Limited	Investee Company of FIHM
10.	Maxop Engineering Company Private Limited	Investee Company of FIHM
11.	Jaynix Engineering Private Limited	Investee Company of FIHM

* Defined in terms of Section 2(76) (v) to (viii) of the Companies Act, 2013 read with Regulation 2(zb) and 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 2(i) (oo) and (pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(iv) Key Managerial Personnel*

As on March 31, 2023

Name of the Key Managerial Personnel	Relatives of the Key Managerial Personnel
Mr. Pralay Mondal, Managing Director & CEO (Elevated and appointed as the Managing Director & CEO of the Bank with effect from September 15, 2022)	<ul style="list-style-type: none"> Ms. Mahasweta Mondal Ms.Anima Mondal Ms. Pritha Mondal Ms. Trina Mondal Mr. Biplab Mondal

As on March 31, 2022

Name of the Key Managerial Personnel	Relatives of the Key Managerial Personnel
Mr. C. VR. Rajendran, Managing Director & CEO (Retired with effect from the close of business hours of March 31, 2022)	<ul style="list-style-type: none"> Ms. Meena Rajendran Mr. Viswanathan Rajendran Ms. Indhu Rajendran Ms. Sindhuja Mr. Chidambaram
Mr. Pralay Mondal, Deputy Managing Director (Appointed with effect from February 17, 2022)	<ul style="list-style-type: none"> Ms. Mahasweta Mondal Ms. Anima Mondal Ms. Pritha Mondal Ms. Trina Mondal Mr. Biplab Mondal

*In terms of Reserve Bank of India guidelines no. DBOD. No. BP. BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks and further Master Direction No. DOR.ACC.REC. No.45/21.04.018/2021-22 dated August 30, 2021 on Financial Statements – presentation and disclosures (RBI Master Direction), Key Management Personnel (KMP) means the Whole Time Directors of the Bank only.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

(v) Entities in which Key Managerial Personnel /their relatives are interested

As on March 31, 2023

Name of Key Managerial Personnel	Name of the entities in which interested	Nature of the interest
	NIL	

As on March 31, 2022

Name of Key Managerial Personnel	Name of the entities in which interested	Nature of the interest
Mr. C. V R. Rajendran	NSE Clearing Limited	Public Interest Director
Mr. Pralay Mondal	NIL	NA

(b) Details of the transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

Items	₹ in Crore)	
	March 31, 2023	March 31, 2022
Interest expenses- paid		
Key Managerial Personnel	0.006	0.07
Relatives of Key Management Personnel	0.00	
Remuneration paid to Wholetime Director		
Key Management Personnel	3.05#	6.55
No. of stock options granted under ESOS (in numbers)	1,56,389	5,78,286\$
Value of ESOP charged to P&L	2.18	11.90
Fee income/brokerage received		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Securities Limited	0.06	Not applicable

- 0.00 represents insignificant amount.
- From April 1, 2022, any person or entity forming part of the promoter group of the listed entity shall be deemed related party and further any transaction involving transfer of resources, services or obligations between a listed entity and its related party had to be construed as a related party transaction. Hence, the disclosure is made in the note with respect to the said transactions from the financial year starting April 1, 2022, only.
- # The Bank, on September 15, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a fixed pay of ₹1.25 Crore per annum to Mr. Pralay Mondal for his position of Deputy Managing Director, prorated for his period of appointment as Deputy Managing Director with effect from February 17, 2022 up to September 14, 2022.
- #Pursuant to the approval received from Reserve Bank of India on September 15, 2022 in terms of Section 35B of the Banking Regulation Act, 1949, Mr. Pralay Mondal who had been the Deputy Managing Director of the Bank since February 17, 2022, was elevated and appointed as the Managing Director & CEO of the Bank for a period of three (3) years, with effect from September 15, 2022 up to September 14, 2025 (both dates inclusive).
- # Remuneration of ₹1.85 crore paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 1, 2021 to February 16, 2022, during which he held the position of 'President – Retail, SME, Technology and Operations'. The Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, is still under consideration of Reserve Bank of India. Pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022 onwards, the same remuneration as stands approved by the Reserve Bank of India for the position of Deputy Managing Director, and further provision has been made in the books of accounts for the difference of ₹0. 73 crore to be paid subject to the approvals/or in the manner as may be approved by Reserve Bank of India. However, 1,56,389 options granted in FY 2022-23 and 2,50,000 options granted in FY 2021-22, to Mr. Pralay Mondal and disclosed was in the capacity as 'President – Retail, SME, Technology and Operations'.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

- ## Payments of terminal benefits, and variable pay (upfront and deferrals) amounting to ₹ 1.20 crore made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2022-2023 were also included as part of the total payments made to Key Managerial Personnel. A similar approach has been followed in the case of the options granted to him in the previous financial year(s) and accordingly, 5,78,286 options granted and reported in the Financial year ended March 31, 2022, includes 3,28,286 options granted to him under ESOS 2019, for the performance period 2020-21.
- Fee income/brokerage received from 3-in-1 tie-up arrangement in the nature of 'referral programme' with IIFL Securities Limited ("IIFL Securities ") and as part of the programme, IIFL Securities will share a part of fee income on a revenue sharing basis of 40% of the brokerage earned from the customers sourced by the Bank.
- Transactions reported are the transactions with related parties defined and coming under AS 18 - Related Party Disclosures notified under Sections 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendments Rules 2016, Section 188 of the Companies Act, 2013, Regulation 2(zb), 2 (zc) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(c) Material transactions with related parties (Applicable from April 1, 2022)

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties, defined in terms of Section 2(76) (v) to (viii) of the Companies Act, 2013 read with Regulation 2(zb), 2(zc) and 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), effective from April 1, 2022.

Items	₹ in Crore)	
	March 31, 2023	
Interest Income Received – Loans		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited		
1. DA/PTC transactions	59.71	
2. BC arrangement	1.14	
Interest Income Received – Investments		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited		
Interest income from investment in Non-Convertible Debentures	2.08	
Interest paid		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Interest paid on fixed deposit maintained with the Bank under the terms of BC arrangement	0.21	
Service charge / Commission		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited		
Service charge / commission paid under the terms of BC arrangement.	1.59#	
Deposit		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited		
Fixed deposit maintained with the Bank under the terms of the BC arrangement agreement	5.23\$	
Advance		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited		
1. DA/PTC transactions	115.51*	
2. BC arrangement	0.00\$	
Redemption of investments		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Finance Limited- investment in Non-Convertible Debentures	87.63^	

- A transaction with a related party shall be considered material, if the transaction(s) during a financial year, exceeds ₹1,000 crore or ten per cent of the annual consolidated turnover of the listed company as per its last audited financial statements, whichever is lower.
- \$ Requisite approvals were obtained to engage IIFL Finance Limited as one of the business correspondents during the financial year 2022-23, for a value of transaction/s up to ₹500 Crore, which was discontinued with effect from December 31, 2022 and value of transaction reported is the difference between the opening balance and closing balance.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

3. # Includes provision made to the tune of ₹0.35 crore for the period from October 1, 2022, up to December 31, 2022.
4. * Requisite approvals were obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited during the financial year 2022-23, for a value of transaction/s not exceeding ₹900 crore at any point of time during the period and value of transaction reported is the difference between the opening balance and closing balance.
5. ^Requisite approvals were obtained to stay invested in ₹90.00 Crore non-convertible debentures issued by IIFL Finance Limited, with a coupon rate of 9.50% p.a., acquired through secondary market acquisition, till its maturity date, i.e., May 7, 2022.
6. Since the amendment as disclosed in para-b(2), is effective from April 1, 2022, the disclosure is made in the note with respect to the said transactions from the financial year starting April 1, 2022, only.
7. 0.00 represents insignificant amount

(d) Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balances payable to/receivable from related parties.

Item	(₹ in Crore)	
	March 31, 2023	March 31, 2022@
Deposit with the Bank		
Key Management Personnel	0.59	1.92
Relatives of Key Management Personnel	0.01	
Entities wherein Promoter/Promoter Group has equity investment - IIFL Finance Limited	5.23	Not applicable
Fixed deposit maintained with the Bank under the terms of the BC arrangement agreement		
Advance		
Entities wherein Promoter/Promoter Group has equity investment - IIFL Finance Limited	899.30	Not applicable
1. DA/PTC transactions	15.25	
2. BC arrangement		
Investments		
Entities wherein Promoter/Promoter Group has equity investment - IIFL Finance Limited- investment in Non-Convertible Debentures	87.63	Not applicable

1. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. @ Please refer to point No.(b)(2)

(e) Related party outstanding balances

The following table sets forth, for the periods indicated, the balances payable to/receivable from related parties.

Item	(₹ in Crore)	
	March 31, 2023	March 31, 2022@
Deposits with the Bank		
Key Managerial Personnel	0.29	1.00
Relatives of Key Managerial Personnel	0.01	
Remuneration paid to Wholetime Director		
Key Managerial Personnel		
No. of options outstanding under ESOS (in numbers)	13,58,407#	13,11,436#
ESOP Reserve outstanding in the books	14.63	12.45
Advance		
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited- DA/PTC transactions	899.30	Not applicable

1. # The options granted to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, in the previous period were also included in the No. of options outstanding under ESOS.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

2. @ Please refer to point No.(b)(2)

3.7 Accounting Standard 19 – Leases

Operating leases primarily comprise office premises, which are renewable at the option of the Bank.

- i. Liability for Premises taken on Non-Cancellable operating lease are given below:

Particulars	(₹ in Crore)	
	March 31, 2023	March 31, 2022
Not later than 1 year	3.18	3.26
Later than 1 year and not later than 5 years	3.20	2.95
Later than 5 years	-	-
Total	6.38	6.21

- ii. Amount of lease payments recognised in the P&L Account for operating leases is ₹63.57 Crores (Previous Year ₹50.40 Crores)

3.8 Accounting Standard 20 – Earnings per Share

Particulars	March 31, 2023	March 31, 2022
Basic		
Weighted average number of equity shares outstanding	17,34,85,827	17,34,85,827
Net profit after tax (₹ in Crore)	547.36	458.49
Basic Earnings per Share (₹)	31.55	26.43
Diluted		
Weighted average number of equity shares outstanding	17,34,85,827	17,34,85,827
Net profit after tax (₹ in Crore)	547.36	458.49
Diluted Earnings per Share (₹)	31.55	26.43
Nominal value per Equity Share (₹)	10	10

3.9 Accounting Standard 21 – Consolidated Financial Statements (CFS), Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard 24 – Discontinuing Operations – Not Applicable

3.10 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on March 31, 2023, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹54.13 Crore, which is included in Item No.6 of Schedule II-Other Assets. Components of Net Deferred Tax Asset as on March 31, 2023 are as follows:

Particulars	(₹ in Crore)	
	March 31, 2023	March 31, 2022
Deferred Tax Asset		
Provision for Employee Benefits	10.69	7.68
Provision for Standard Assets	48.22	44.50
Provision for Bad & doubtful debts	0.00	0.00
Carry Forward Loss	0.00	0.00
Others	5.90	4.47
Total Deferred Tax Asset	64.81	56.65
Deferred Tax Liability		
Depreciation on Fixed Assets	1.82	1.89
Special Reserve u/s 36 (1)(viii)	8.86	7.78
Total Deferred Tax Liability	10.68	9.67
Net Deferred Tax Asset	54.13	46.98

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

3.11 Accounting Standard 26 – Intangible Assets

The Bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

	₹ in Crore	
	March 31, 2023	March 31, 2022
a) Acquired Application Software		
Opening Balance at cost	71.62	63.89
Add Additions during the year	11.59	7.73
Less Disposals during the year	0.00	0.00
Less Amortisation to date	52.77	41.21
Net Carrying Amount	30.44	30.41
b) Internally Generated Software		
Opening Balance at cost	19.74	18.30
Add Additions during the year	0.00	1.44
Less Disposals during the year	0.00	0.00
Less Amortisation to date	17.11	16.13
Net Carrying Amount	2.63	3.61
Total Carrying Amount	33.07	34.02

3.12 Accounting Standard 28 – Impairment of Assets

In the opinion of the Banks’ Management, there is no material impairment to the fixed assets as at March 31,2023 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

3.13 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

3.13.1 Description of Contingent Liabilities

Sr.No.	Contingent Liability#	Brief Description
1	Claims against the Bank not acknowledged as debts	These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate
3	Guarantee given on behalf of constituents	As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation
4	Acceptances, endorsements and other obligations	These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank’s customers that are accepted or endorsed by the Bank
5	Other items for which the Bank is contingently liable	Includes income tax/service tax/GST appeals filed by the Bank@, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). @Under Contingent Liabilities (Schedule 12) – ‘Other items for which the bank is contingently liable’ include disputed tax liabilities of ₹126.63 Crore (Previous Year ₹59.06 Crore). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues. Provision for income tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.
6	Others	The Bank’s pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

#Refer schedule 12 for amounts relating to contingent liability.

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

4. Additional Disclosures

4.1 Disclosure of Letter of Comforts (LOCs) issued by Bank

Bank has no subsidiaries and Letter of Comforts issued to subsidiaries as on March 31, 2023 is Nil.

4.2 Proposed Dividend

The Board of Directors have not recommended any dividend for Financial Year 2023 (Year ended March 31, 2022: Nil)

4.3 Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

4.4 Investor education and protection fund

Since the Bank had not declared any dividends since the financial year 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the “Fund”) by the Bank for the financial year ended March 31, 2023.

All the unclaimed dividends pertaining to the prior period/ financial years, which remained unclaimed for a period of seven (7) consecutive years or more, were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

4.5 Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013 and Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and further, in accordance with the Corporate Social Responsibility Policy of the Bank, the amount required to be earmarked by the Bank for CSR activities for the financial year 2022-23 was ₹6.72 crores (Previous year ₹0.84 crores), being two percent of the average net profits of the Bank as per Section 135(5) of the Companies Act, 2013.

The Bank has successfully utilized the whole of the CSR budget earmarked, for the purpose of undertaking various CSR activities in line with the annual action plan as approved by the CSR Committee and the Board.

The details of the CSR activities undertaken by the Bank are given below:

		₹ in Crore	
Sl. No.	Particulars	March 31, 2023	March 31, 2022
1	Amount required to be spent by the Bank during the financial year	6.72	0.84
2	Amount approved by the Board to be spent during the financial year	6.72	0.84
3	Amount spent for construction/acquisition of any asset during the financial year	-	-
4	Amount of expenditure/spent incurred other than (3) above	6.72	0.84
5	Details of unspent at the end of the year	-	-
6	Reason for unspent	NA	NA
7	Details of excess amount spent	-	-
8	Details of unspent CSR amount for the preceding three financial years	-	-
9	Details of ongoing projects	-	-

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

		₹ in Crore	
Sl. No.	Particulars	March 31, 2023	March 31, 2022
10	Nature of CSR activities	Promoting Healthcare including Preventive Healthcare and sanitation Setting up homes/old age homes and hostels for senior citizens, women and orphans Promoting Education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Promoting Healthcare including Preventive Healthcare, including Covid-19 Vaccination Programme/Drive Disaster Management including relief and rehabilitation Setting up homes and hostels for women and orphans Promotion of Education
11	Mode of implementation	Through implementing agencies	Direct/ Through implementing agencies
12	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-
13	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

4.6 Inter-bank participation with risk sharing – Nil

4.7 Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

With reference to the RBI circular DBR.BPBC.No.37/21.04.048/2018-19 dated April 24, 2019, Banks are advised to disclose exposure to ILFS and its group:

	Amount outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA (2)	Provisions required to be made as per IRAC norms. (3)	Provisions actually held (4)
March 31, 2023	-	-	-	-
March 31, 2022	-	-	-	-

4.8 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Sr. No Disclosures required under the Micro, Small & Medium Development Act, 2006	
I	Delayed payments due as at the end of each accounting year on account of Principal – Nil and Interest due thereon – Nil
II	Total interest paid on all delayed payments during the year under the provisions of the Act – Nil
III	Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act – Nil
IV	Interest accrued but not due– Nil (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date)
V	Total Interest Due but not paid – Nil (Represents all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for income tax purposes)

SCHEDULE 18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTINUED)

Note: Outstanding dues to those vendors/suppliers who are registered as micro/small enterprise under the Micro, Small and Medium Enterprises Development Act, (MSMED) 2006 and having an Udyam Registration are only counted as qualified MSME for the purpose of the reporting.

4.9 The Code on Social Security, 2020

The Government has formulated four Labour Codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 which are yet to be implemented. The four Labour Codes envisage strengthening the protection available to workers, including unorganized workers in terms of statutory minimum wage, social security and healthcare of workers. As these Labour Codes have not been effective, the impact of these Labour Codes in the financial statement for the year ended March 31, 2023 has not been factored.

4.10 Intermediary Transactions

a) Funds Given

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the bank to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the bank(“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the bank other than those in the ordinary course of banking business.

b) Funds Taken.

The bank has not received any fund from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries than those in the ordinary course of banking business.

4.11 Comparative Figures

The previous year’s figures have been regrouped and reclassified wherever necessary to conform to current year’s presentation.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration No:101248W/W-100022

Sd/-
Ritesh Goyal
Partner
(Membership No 115007)

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No 039585)

Place : Mumbai
Date : April 28, 2023

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Place : Thrissur
Date : April 28, 2023

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
Sijo Varghese
Company Secretary

Sd/-
B.K. Divakara
Chief Financial Officer

Sd/-
P V Antony
General Manager – Accounts

BASEL III PILLAR 3 DISCLOSURES

1. Scope of Application

CSB Bank Ltd (formerly Catholic Syrian Bank Ltd) is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934.The bank has no subsidiaries.

2. Capital Structure

Qualitative Disclosures:

As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CETI) of 5.5% (8% including CCB) as on 1st October 2021. The minimum capital required to be maintained by the Bank (including CCB) for the period ended 31st March 2023 is 11.5% with minimum Common Equity Tier 1 (CETI) of 8% (including CCB of 2.5%).

Bank’s capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves and revaluation reserves (after discounting). Tier 2 capital consists of provision for standard assets, provisions held for country exposures and Investment Fluctuation reserves. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures

The breakup of capital funds is as follows:

	(₹ in million)	
	As on 31.03.2023	As on 31.03.2022
Tier 1 Capital		
Paid up Share capital	1735.38	1,735.38
Share Premium	17921.08	17,921.08
Employee Stock Options Outstanding	183.19	134.52
Statutory Reserves	4560.01	3,191.61
Capital Reserves	2080.14	2,078.77
Special Reserve (36 (i) (viii))	352.05	309.37
Other eligible reserves	1020.51	1,008.57
Revaluation Reserves after discounting	684.10	689.47
Credit balance in P&L Account	2072.92	
Total Tier 1 Capital (Gross)	30,609.37	27,068.77
Less: Debit balance in P&L account		(1,988.25)
Less: Deferred Tax Assets ,illiquid investments and Other Intangible Assets	(349.62)	(816.72)
Total Tier 1 Capital (Net) [A]	30,259.75	24,263.80
Tier 2 Capital		
General provisions	856.77	959.38
Investment Fluctuation Reserve	590.77	590.77
Total Tier 2 Capital (Net) [B]	1,447.54	1,550.15
Total Eligible capital [A] + [B]	31,707.29	25,813.95

3 Capital Adequacy

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardized duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and is fully phased in by 1st October 2021. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations April 2022.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank’s risk

bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardize the Bank’s existence are avoided.

Quantitative Disclosures

a) Capital Requirement for Credit Risk – Standardized Approach

Portfolios	Gross Exposure (₹ Mio)	Gross Exposure (₹ Mio)	Capital Requirement (₹ Mio)	Capital Requirement (₹ Mio)
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
On Balance Sheet				
Cash & Balance with RBI	14,699.10	9,482.38	0.00	0.00
Inter Bank Deposits	3,667.96	6,255.22	83.01	44.03
Market repo(CROMS)	0.00	0.00	0.00	0.00
Investments (HTM)	47,022.73	40,577.56	0.00	0.90
Advances	2,06,506.45	1,58,146.80	6,881.17	5,570.23
Fixed Assets & Other Assets	13,183.91	32,056.68	627.18	569.84
Total	2,85,080.15	2,46,518.63	7,591.36	6,185.00
Off Balance Sheet				
Letter of Credit & Guarantees	9,952.18	10,792.76	395.88	458.05
Undrawn Credit Commitments	16,386.37	16,541.47	393.10	260.94
Forward Exchange Contracts	1,819.22	1,779.65	3.46	3.51
Total	28,157.77	29,113.88	792.44	722.51
Total On & Off Balance Sheet	3,13,237.92	2,75,632.52	8,383.80	6,907.51

b) Capital Requirement for Market Risk – Standardized Duration Approach

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Interest Rate Risk	11,328.24	29,509.87	191.62	544.05
Foreign Exchange Risk	110.00	110.00	9.90	9.90
Equity Risk	135.99	97.88	30.60	22.02
Total	11,574.22	29,717.75	232.12	575.97

c) Capital Requirement for Operational Risk – Basic Indicator Approach

	(₹ in million)
	As on 31.03.2023
Capital Requirement	1674.86
Equivalent Risk Weighted Assets	20935.77

d) Total Capital Requirement

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Credit Risk	8,383.80	6907.51	93,153.37	76,750.10
Market Risk	232.12	575.97	2,901.46	7,199.60
Operational Risk	1,674.86	1,256.64	20,935.77	15,708.06
Total	10,290.78	8740.12	1,16,990.60	99,657.76
Total Net Tier 1 Capital			30,259.75	24,263.80
Tier 1 Capital Ratio			25.87%	24.35%
Tier 2 Capital Ratio			1.23%	1.55%
Total CRAR			27.10%	25.90%

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

4. Credit Risk: General Disclosure

Qualitative Disclosures

a) Definition of past due and impaired loans

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

- Interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts
- the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has put in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee - Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department at Head Office level acts as the secretariat of CRMC.

Credit approvals are subject to a well-established and time tested system of competencies, which act as a framework within which decision making committees are authorized to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Rating migration studies are conducted at quarterly intervals. The findings of the rating migration study brings light many behavioral patterns. Credit Risk Management Department conducts industry-wise evaluation to analyze the latest trends and developments in the industry, their impact on bank's customers, the desirability of taking further exposure, assessment of the quality of bank's exposure to that industry etc.

Credit rating system is in force using various CRA formats to measure the risk involved in each borrower account. All non-retail borrowers with an aggregate credit limit of above ₹25 lakhs, both funded and non-funded exposure taken together, excluding retail loans are subjected to borrower rating. Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies, Gold loans, Retail loans and Staff loans are subjected to portfolio rating.

All stressed credit exposures, 50 lakhs and above (SMA1 and SMA2) shall be reviewed monthly by the executive level Committee- Large Advance Committee to detect delinquency signals at an early stage and enable the nursing of the account. All standard credit exposures above ₹200 lakhs will be reviewed by Large Advance Committee on a quarterly basis. Besides this, all credit exposures above ₹2500 lakhs shall be subjected to detailed review by FMG Committee on a monthly basis.

Bank has subscribed CRISIL Quantix and Internal Risk Score for industry score which is utilized in the evaluation of credit risk proposals. Bank has also subscribed EWS software from CRISIL which should alert the bank about some external wrongdoings in the loan accounts which may turn out to be fraudulent. Bank is in the process of procuring RAM model from CRISIL to host rating models in a server. The platform creates centralised repository of rated borrowers with comprehensive information on the rationale of each of the rating awarded.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book

	Loans 31.03.2023	Loans 31.03.2022	Investments 31.03.2023	Investments 31.03.2022
Fund Based	2,06,506.45	1,58,146.80	47,022.73	40,577.56
Non-Fund Based	9,952.18	10,792.76	-	-
Total	2,16,458.63	1,68,939.57	47,022.73	40,577.56

b) Industry type distribution – Banking Book

Industry Name	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	Investment Exposure
(A)			(B)	(C)
A. Mining and Quarrying	22.47	3.12	25.59	0.00
A.1 Coal	0.00	0.00	0.00	0.00
A.2 Others	22.47	3.12	25.59	0.00
B. Food Processing	3862.11	1448.96	5311.07	0.41
B.1 Sugar	0.88	0.00	0.88	0.00
B.2 Edible Oils and Vanaspati	813.46	1435.00	2248.46	0.00
B.3 Tea	26.92	0.00	26.92	0.00
B.4 Coffee	1.73	0.00	1.73	0.00
B.5 Others	3019.13	13.96	3033.09	0.41
C. Beverages (excluding Tea & Coffee) and Tobacco	947.41	0.02	947.43	0.00
C.1 Tobacco and tobacco products	0.00	0.00	0.00	0.00
C.2 Others	947.41	0.02	947.43	0.00
D. Textiles	6758.10	725.55	7483.65	250.00
D.1 Cotton	6000.14	719.88	6720.02	0.00
D.2 Jute	25.75	0.00	25.75	0.00
D.3 Man-made	9.48	0.00	9.48	0.00
D.4 Others	722.74	5.67	728.41	250.00
Out of D (i.e., Total Textiles) to Spinning Mills	6028.11	719.95	6748.06	0.00
E. Leather and Leather products	563.36	8.05	571.41	0.00
F. Wood and Wood Products	195.72	7.20	202.92	0.00
G. Paper and Paper Products	451.88	0.00	451.88	0.00
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5.00	0.00	5.00	1.32
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	1288.70	747.89	2036.59	3.12
I.1 Fertilizers	14.28	0.00	14.28	0.00
I.2 Drugs and Pharmaceuticals	355.39	726.90	1082.29	0.00
I.3 Petro-chemicals (excluding under Infrastructure)	0.00	0.00	0.00	0.00
I.4 Others	919.02	20.99	940.02	3.12
J. Rubber, Plastic and their Products	571.57	41.08	612.65	244.84
K. Glass & Glassware	5.49	0.00	5.49	0.00
L. Cement and Cement Products	72.29	0.00	72.29	0.00

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

Industry Name	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	(₹ in million)
				Investment Exposure
M. Basic Metal and Metal Products	1566.44	50.53	1616.97	0.00
M.1 Iron and Steel	214.66	0.11	214.78	0.00
M.2 Other Metal and Metal Products	1351.77	50.42	1402.19	0.00
N. All Engineering	915.34	207.96	1123.31	0.00
N.1 Electronics	7.85	6.63	14.49	0.00
N.2 Others	907.49	201.33	1108.82	0.00
O. Vehicles, Vehicle Parts and Transport Equipments	925.61	0.24	925.85	0.00
P. Gems and Jewellery	294.06	0.10	294.16	0.00
Q. Construction	2166.74	3436.56	5603.30	0.00
R. Infrastructure	2968.60	4059.31	7027.91	18.21
R.a Transport (a.1 to a.6)	1476.00	1782.10	3258.11	0.00
R.a.1 Roads and Bridges	1476.00	1782.10	3258.11	0.00
R.a.2 Ports	0.00	0.00	0.00	
R.a.3 Inland Waterways	0.00	0.00	0.00	
R.a.4 Airport	0.00	0.00	0.00	
R.a.5 Railway Track, tunnels, viaducts, bridges	0.00	0.00	0.00	
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)		0.00	0.00	
R.b. Energy (b.1 to b.6)	827.48	97.99	925.47	0.00
R.b.1 Electricity Generation	827.48	97.84	925.32	0.00
R.b.1.1 Central Govt PSUs	0.00	0.00	0.00	
R.b.1.2 State Govt PSUs (incl. SEBs)	50.43	0.00	50.43	0.00
R.b.1.3 Private Sector	777.05	97.84	874.88	
R.b.2 Electricity Transmission	0.00	0.00	0.00	0.00
R.b.2.1 Central Govt PSUs		0.00	0.00	
R.b.2.2 State Govt PSUs (incl. SEBs)		0.00	0.00	
R.b.2.3 Private Sector		0.00	0.00	
R.b.3 Electricity Distribution	0.00	0.00	0.00	0.00
R.b.3.1 Central Govt PSUs		0.00	0.00	
R.b.3.2 State Govt PSUs (incl. SEBs)		0.00	0.00	
R.b.3.3 Private Sector		0.00	0.00	
R.b.4 Oil pipelines		0.00	0.00	
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility		0.00	0.00	
R.b.6 Gas pipelines	0.00	0.15	0.15	0.00
R.c. Water and Sanitation (c.1 to c.7)	495.41	2177.22	2672.63	0.00
R.c.1 Solid Waste Management	0.00	0.00	0.00	
R.c.2 Water supply pipelines	0.00	0.00	0.00	
R.c.3 Water treatment plants	0.23	0.00	0.23	0.00
R.c.4 Sewage collection, treatment and disposal system	0.00	0.00	0.00	
R.c.5 Irrigation (dams, channels, embankments etc)	495.18	2177.22	2672.40	

Industry Name	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	(₹ in million)
				Investment Exposure
R.c.6 Storm Water Drainage System	0.00	0.00	0.00	
R.c.7 Slurry Pipelines	0.00	0.00	0.00	
R.d. Communication (d.1 to d.3)	169.70	2.00	171.70	0.00
R.d.1 Telecommunication (Fixed network)	169.70	2.00	171.70	
R.d.2 Telecommunication towers	0.00	0.00	0.00	
R.d.3 Telecommunication and Telecom Services	0.00	0.00	0.00	
R.e. Social and Commercial Infrastructure (e.1 to e.9)	0.00	0.00	0.00	0.00
R.e.1 Education Institutions (capital stock)		0.00	0.00	
R.e.2 Hospitals (capital stock)		0.00	0.00	
R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million		0.00	0.00	
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets		0.00	0.00	
R.e.5 Fertilizer (Capital investment)		0.00	0.00	
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage		0.00	0.00	
R.e.7 Terminal markets		0.00	0.00	
R.e.8 Soil-testing laboratories		0.00	0.00	
R.e.9 Cold Chain		0.00	0.00	
R.f. Others, if any, please specify	0.00	0.00	0.00	18.21
OTHERS - Treasury Exposure		0.00	0.00	18.21
S. Other Industries, pl. specify	480.42	11.93	492.35	0.00
OTHERS	480.42	11.93	492.35	
All Industries (A to S)	24061.28	10748.50	34809.79	517.89

c) Residual Contractual Maturity breakdown of Assets as on 31.03.2023

	Cash & balance with RBI	Balance with Banks and money at call and short notice	Advances	Investments	(₹ in million)
					Fixed assets and other assets
Next Day	1196.38	672.39	453.21	15371.79	0.00
2-7 days	3874.12	2994.62	3384.65	1959.07	0.00
8-14 days	189.98	0.00	3707.73	492.32	0.00
15-30 days	423.86	0.00	10056.34	1226.45	2.16
31days- <2M	358.15	0.00	16286.28	988.93	0.00
2M<3M	320.52	0.00	18192.40	1735.51	89.84
3M-<6M	1099.58	0.00	54701.10	3721.84	60.83
6M-<1Y	1822.83	0.00	18384.91	2874.80	216.76
1-<3Y	5070.51	0.70	55253.50	12865.60	657.69
3-<5 Y	277.15	0.00	15785.23	429.20	410.22
> 5 Yr	66.02	0.25	10301.09	16821.43	6824.86
Total	14699.10	3667.96	206506.45	58486.95	8262.35

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

d) Disclosures regarding Non-Performing Assets

(₹ in million)

	As on 31.03.2023	As on 31.03.2022
Amount of NPAs (Gross)		
Substandard	809.58	1,190.03
Doubtful 1	509.90	688.77
Doubtful 2	691.16	439.31
Doubtful 3	556.11	522.18
Loss	58.85	54.83
Total Gross NPAs	2,625.60	2,895.11
Net NPAs	718.20	1,069.88
NPA Ratios		
Gross NPAs to Gross Advances	1.26%	1.81%
Net NPAs to Net Advances	0.35%	0.68%
Movement of provisions for NPAs		
Opening balance (01.04.2022)	1,783.32	2,205.14
Provisions made during the period	632.15	628.27
Write-off	0.00	0.00
Write back of excess provisions	541.84	1,050.09
Closing balance	1,873.63	1,783.32
Write-offs that have been booked directly to the income statement	431.84	105.90
Recoveries that have been booked directly to the income statement	707.36	771.45

Major Industry breakup of NPA

Industry	March 31, 2023		March 31, 2022	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	401.44	259.78	455.87	249.72

Geography	March 31, 2023		March 31, 2022	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	2,625.60	1,873.63	2,895.11	1,783.32
Overseas	0	0	0	0

(₹ in million)

	31.03.2023	31.03.2022
Amount of Non-Performing Investments	18.60	18.60
Amount of provisions held for non-performing investments	18.60	18.60
Movement of provisions for depreciation on Investments	For the period ended 31.03.2023	For the period ended 31.03.2022
Opening balance (01-04-2022)	1304.54	1240.91
Provisions made during the period	229.94	281.59
Write-off & Write back of excess provisions/diminution	90.45	217.96
Closing balance	1444.03	1304.54

5. Credit Risk: Disclosures for portfolios subject to standardized approach

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardized approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA, ACUTE (SMERA), INFOMERICS and India Ratings are considered for arriving at the capital requirement. Risk weight of exposure to corporate and NBFC's computed on the basis of RBI circular vide ref no. RBI/2022-23/125DOR.STR.REC.71/21.06.201/2022-23. As per this circular, external rating of borrower is considered for computation of risk weight only if name of borrower and facility rated is available in the PR issued by credit rating agency.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure

Quantitative Disclosures

Risk weight wise classification of exposures

(₹ in million)

	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) - (B)	(C) = (A) - (B)
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	1,55,489.97	1,19,964.26	0.00	0.00	1,55,489.97	1,19,964.26
100% risk weight	45,420.45	40,928.00	0.00	0.00	45,420.45	40,928.00
More than 100% risk weight	15,548.22	8,047.31	0.00	0.00	15,548.22	8,047.31
Total	2,16,458.63	1,68,939.57	0.00	0.00	2,16,458.63	1,68,939.57
Investments						
Below 100% risk weight	47,022.73	40,577.56	0.00	0.00	47,022.73	40,577.56
100% risk weight	-	-	0.00	0.00	-	-
More than 100% risk weight	-	-	0.00	0.00	-	-
Total	47,022.73	40,577.56	0.00	0.00	47,022.73	40,577.56

6. Credit Risk Mitigation: Disclosures for standardized approaches

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- Deposits with specific lien to the facility
- Subsidies received (for priority sector advances)
- Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts)

	(₹ in million)	
	31.03.2023	31.03.2022
Corporate	3,793.15	1,692.01
Regulatory Retail	96,190.53	62,804.78
Personal Loans	9,366.55	8,507.68
Total	1,09,350.24	73,004.47

b) Exposures Covered by Guarantee

	(₹ in million)	
Covered by Guarantee	31.03.2023	31.03.2022
Corporate	308.13	581.61
Regulatory Retail	5,105.41	2,853.52
Total	5,413.54	3,435.12

7. Securitization

No exposure of the bank has been securitized.

8. Market Risk in the Trading Book

Qualitative Exposures

- The Bank follows Standardized Duration Method for computing capital requirement for Market Risk.
- Market Risk Management Department (MRMD) is functioning as a part of Integrated Risk Management Department of the Bank, in terms of Governance structure approved by the Board of the Bank.
- MRMD is responsible for identification, assessment, monitoring and reporting of market risk associated with Treasury Operations.
- The following Board approved policies with defined Market Risk Management parameters for each asset class are in place:
 - Market Risk Management Policy comprising various Market Risk Limits
 - Investment Policy
 - Forex Policy
 - Stress Test Policy
- Risk monitoring is an ongoing process and risk positions are analyzed and reported to Top Management of the Bank, ALCO and Risk Management Committee of the Board.
- Risk management and reporting is based on parameters such as Modified Duration, PV01, Maximum permissible exposures, Value at Risk Limits, Limits on various investment categories, Risk appetite limits in line with best banking practices.
- Forex Open position limit (Daylight/Overnight), Stop Loss Limit, Aggregate Gap Limit (AGL) and Individual Gap Limit (IGL) as approved by the Board is monitored and exceptions, if any, are reported to Top Management of the Bank, ALCO and Risk Management Committee of the Board.
- Value at Risk (VaR) is computed on a daily basis. Stress Testing is carried out at quarterly intervals as a complement to Value at Risk. Back Testing entails a formal testing and accounting of exceptions on a quarterly basis. Results are reported to ALCO and Risk Management Committee of the Board.
- Stop Loss limit / Take profit limits as prescribed in Investment Policy are also adopted in Market Risk Management Policy for monitoring purposes for individual investments and exposure limits for certain portfolios have been prescribed.

Quantitative Disclosures

Capital Requirement for Market Risk

	(₹ in million)			
Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Interest Rate Risk	11,328.24	29,509.87	191.62	544.05
Foreign Exchange Risk	110.00	110.00	9.90	9.90
Equity Risk	135.99	97.88	30.60	22.02
Total	11,574.22	29,717.75	232.12	575.97

9. Operational Risk

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

Cyber Risk: Cyber Risk can be defined as the risk connected to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive Information over computer networks. Common categories of Cyber Risk include inter-alia, Hacker Attacks, Data Breach, Virus / Malware transmission and Cyber Extortion. Financial gain continues to be a primary driver of the most sophisticated criminal offences and presents evolving challenges as criminal networks reinvest the revenue they generate into developing more advanced capabilities.

Cyber Risk can drive up costs and impact revenue. It can harm an organisation's ability to innovate and to gain and maintain customers. Cyber risk pose commercial losses and public relations problems, disruption of operations and the possibility of extortion, cyber- attacks. It also exposes an organisation to negligence claims, the inability to meet contractual obligations and a damaging loss of trust among customers. Protecting key information assets is of critical importance to the sustainability and competitiveness of business today due to which financial institutions like us are taking front foot in terms of their cyber preparedness. Because of this and to safeguard our institution from cyber threats, the bank has set up the cybersecurity framework.

Cyber Security Framework: Cybersecurity risks are products of three elements: threat, vulnerability and impact. The Bank has the holistic risk picture based on periodic vulnerability assessment and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and IB-CART (Indian Banks - Centre for Analysis of Risks and Threats). The Bank has also invested in advanced systems such as antivirus / anti-malware, threat protection, network firewalls and application firewalls. It continues to invest in enhancing the overall effectiveness of the Bank's security posture to enable the Bank to prioritise and align its resources to detect and respond to cyber incidents quickly and prevent emerging cybersecurity risks.

Information Security Management department headed by Chief Information Security Officer (CISO) was formed to address cybersecurity risks. As part of the cybersecurity framework, proactive security measures adopted by the bank are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-rogue services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to banks network, Data Leakage Prevention solution to prevent data leakage, DDoS mitigation service to prevent Denial of services, DMARC &SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing,

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

SSL encryption for data transfers, network firewall etc., Bank is continuing to invest on advanced technologies to enhance the systems. To evaluate banks preparedness against cyber-attacks, bank participates in the cyber-drill conducted by IDRBT. Bank has always taken continuous steps to create cybersecurity awareness among employees and customers through training/Newsletter/SMS/Emails.

10. Interest Rate Risk in the Banking Book

Qualitative Disclosures

Interest rate risk refers to impact on Bank's Net Interest Income and the value of its assets and liabilities arising from fluctuations in interest rate due to internal and external factors. The interest rate risk is viewed from two perspectives viz. 'earnings perspective' and 'economic value perspective'.

Earnings perspective – The immediate impact of changes in interest rates on bank's earnings in relation to changes in its Net Interest Income (NII).

Economic Value Perspective – The economic value of bank's assets, liabilities and off- balance sheet positions get affected due to variation in market interest rates. Consequently, the net worth gets corrected and is referred to as Market Value of Equity (MVE).

Internal factors include the composition of the Bank's assets and liabilities, quality, maturity/duration, existing rates and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions.

Rising or falling interest rates impact the Bank depending on whether Balance sheet is asset sensitive or liability sensitive. The Bank identifies inherent risk associated with the changing interest rates on its on- balance sheet and off- balance sheet exposures in the banking book from both short term and long term perspective.

RBI vide their circular dated 17th Feb 2023, have issued revised guidelines on Governance, measurement and management of Interest Rate Risk in Banking Book (IRRBB) which are in alignment with revised framework issued by BASEL Committee on Banking Supervision. Pending announcement of effective date of operative guidelines on IRRBB, Banks are advised to be in preparedness for measuring, monitoring and disclosing their exposure to interest rate risk in the banking book as per the new guideline. Our bank has initiated pro-active steps to fall in line with Regulatory requirements on this count.

Structure and organization

The Asset-Liability Management Committee (ALCO) is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through ALM Policy of the Bank.

ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directs the investment activities of the bank in line with its interest rate view. The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and reviews its functioning periodically and provides direction. It reviews various decisions taken by ALCO for managing interest rate risk.

Scope and nature of risk reporting and measurement systems –

RBI has stipulated monitoring of Interest Rate Risk at monthly intervals through a Statement of Interest Rate Sensitivity under Traditional Gap Analysis (IRS-TGA). Earnings at Risk (EaR) measures the change in Net Interest Income of the Bank due to parallel change in interest rate on both the assets & liabilities.

RBI has also stipulated to estimate the impact of change in interest rates on economic value of Bank's assets and liabilities through Interest Rate Sensitivity under Duration Gap Analysis (IRS-DGA), and is the same is carried out monthly. The impact of interest rate changes on the Market Value of Equity (MVE) is monitored through IRS-DGA by recognizing the changes in the value of assets and liabilities for a given change in the market interest rate. The change in value of equity (including reserves) with 2% parallel shift in interest rates on both assets and liabilities are estimated. Accordingly, ALCO reviews IRS-TGA and IRS – DGA on a monthly basis and monitors the Earnings at Risk and Market Value of Equity.

Key Assumptions for IRRB calculations:

- Bulk of the advance portfolio to re-price within 12 months.
- Maturity of term deposits considered after adjusting empirically observed premature closure rates.
- Savings Bank Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived basis on behavioural analysis.
- Current Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived from behavioural analysis in duration gap approach
- In the case of EaR approach, Current Deposits are treated as non-sensitive

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective

(₹ in million)		
1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2023	Impact as on 31.03.2022
+200 basis points	2008.51	1260.69
-200 basis points	-2008.51	-1260.69

Interest Rate Risk – Economic Value Perspective

(₹ in million)		
1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2023	Impact as on 31.03.2022
+200 basis points	1331.82	-50.45
-200 basis points	-1331.82	50.45

11. Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

(₹ in million)				
	Notional Amount	Credit Equivalent	Notional Amount	Credit Equivalent
	31.03.2023	31.03.2023	31.03.2022	31.03.2022
Forward Exchange Contracts	10791.04	249.31	4219.94	101.98

Leverage Ratio frame work

Definition and minimum requirement

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

Leverage Ratio = Capital Measure/ Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 1, 2015 and the Basel Committee will monitor the impact of these disclosure requirements. Accordingly, banks operating in India are required to make disclosure of the leverage ratio and its components from April 1, 2015 on a quarterly basis and according to the disclosure templates as indicated in paragraph 16.7 along with Pillar 3 disclosures.

Table 1 – Summary comparison of accounting assets Vs. leverage ratio exposure method

Item	(₹ in Million)
1 Total consolidated assets as per published financial statements	291622.81
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4 Adjustments for derivative financial instruments	
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	11553.70
7 Other adjustments	
8 Leverage ratio exposure	303176.52

Table 2 – Leverage ratio common disclosure template

Item	Leverage ratio framework
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	291622.81
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	291622.81
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	29.59
5 Add-on amounts for PFE associated with all derivatives transactions	219.72
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8 (Exempted CCP leg of client-cleared trade exposures)	
9 Adjusted effective notional amount of written credit derivatives	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11 Total derivative exposures (sum of lines 4 to 10)	249.31
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	
14 CCR exposure for SFT assets	
15 Agent transaction exposures	
16 Total securities financing transaction exposures (sum of lines 12 to 15)	
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	11304.40
18 (Adjustments for conversion to credit equivalent amounts)	
19 Off-balance sheet items (sum of lines 17 and 18)	11304.40
Capital and total exposures	
20 Tier 1 capital	30259.75
21 Total exposures (sum of lines 3, 11, 16 and 19)	303176.52
Leverage ratio	
22 Basel III leverage ratio	9.98%

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)

	Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 Capital: Instruments and reserves		
1 Directly issued qualifying common share capital plus related stock surplus (share premium)	19839.65	a1+a2
2 Retained earnings	10085.62	b1+b2+b3+b4+b6+b7a
3 Accumulated other comprehensive income (and other reserves)	684.10	c1
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6 Common Equity Tier 1 capital before regulatory adjustments	30609.37	
Common Equity Tier 1 Capital: regulatory adjustments		
7 Prudential valuation adjustments		
8 Goodwill (net of related tax liability)		
9 Intangibles	349.62	e1-e2
10 Deferred tax assets	0.00	e2
11 Cash-flow hedge reserve		
12 Shortfall of provisions to expected losses		
13 Securitisation gain on sale		
14 Gains and losses due to changes in own credit risk on fair valued liabilities		
15 Defined-benefit pension fund net assets	0.00	
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17 Reciprocal cross-holdings in common equity		
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20 Mortgage servicing rights ⁴ (amount above 10% threshold)		
21 Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)		
22 Amount exceeding the 15% threshold		
23 of which: significant investments in the common stock of financial entities		
24 of which: mortgage servicing rights		
25 of which: deferred tax assets arising from temporary differences		
26 National specific regulatory adjustments ⁷ (26a+26b+26c+26d)		
26a of which: Investments in the equity capital of the unconsolidated insurance subsidiaries		
26b of which: Investments in the equity capital of unconsolidated non-financial subsidiaries		
26c of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d of which: Unamortised pension funds expenditures		
Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
of which: [INSERT TYPE OF ADJUSTMENT]		

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

	Amounts Subject to Pre-Basel III Treatment	Ref No
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28 Total regulatory adjustments to Common equity Tier 1	349.62	
29 Common Equity Tier 1 capital (CET1)	30259.75	
Additional Tier 1 capital: Instruments		
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
31 of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32 of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33 Directly issued capital instruments subject to phase out from Additional Tier 1		
34 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35 of which: instruments issued by subsidiaries subject to phase out		
36 Additional Tier 1 capital before regulatory adjustments	0	
Additional Tier 1 capital:Regulatory Adjustments		
37 Investments in own Additional Tier 1 instruments	0	
38 Reciprocal cross-holdings in Additional Tier 1 instruments		
39 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41 National specific regulatory adjustments (41a+41b)		
41a Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43 Total regulatory adjustments to Additional Tier 1 capital		
44 Additional Tier 1 capital (AT1)		
44a Additional Tier 1 capital reckoned for capital adequacy		
45 Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	30259.75	
Tier 2 capital: Instruments & Provisions		
46 Directly issued qualifying Tier 2 instruments plus related stock surplus		
47 Directly issued capital instruments subject to phase out from Tier 2	0.00	d
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49 of which: instruments issued by subsidiaries subject to phase out		
50 Provisions	1447.54	c1+c3+c4
51 Tier 2 capital before regulatory adjustments	1447.54	
Tier 2 capital: Regulatory Adjustments		
52 Investments in own Tier 2 instruments		
53 Reciprocal cross-holdings in Tier 2 instruments	0.00	

	Amounts Subject to Pre-Basel III Treatment	Ref No
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56 National specific regulatory adjustments (56a+56b)		
56a of which: Investments in the Tier 2 capital of unconsolidated subsidiaries		
56b of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment		
of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]		
of which: [INSERT TYPE OF ADJUSTMENT]		
57 Total regulatory adjustments to Tier 2 capital	0.00	
58 Tier 2 capital (T2)	1447.54	
58a Tier 2 capital reckoned for capital adequacy	1447.54	
58b Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58c Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1447.54	
59 Total capital (TC = T1 + T2) (45 + 58c)	31707.29	
Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
of which: [INSERT TYPE OF ADJUSTMENT]		
of which: ...		
60 Total risk weighted assets (60a + 60b + 60c)	116990.60	
60a of which: total credit risk weighted assets	93153.37	
60b of which: total market risk weighted assets	2901.46	
60c of which: total operational risk weighted assets	20935.77	
Capital ratios		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	25.87%	
62 Tier 1 (as a percentage of risk weighted assets)	25.87%	
63 Total capital (as a percentage of risk weighted assets)	27.10%	
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	8.00%	
65 of which: capital conservation buffer requirement	2.50%	
66 of which: bank specific countercyclical buffer requirement	0	
67 of which: G-SIB buffer requirement	0	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	19.10%	
Capital ratios		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70 National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71 National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)		
72 Non-significant investments in the capital of other financial entities		
73 Significant investments in the common stock of financial entities		
74 Mortgage servicing rights (net of related tax liability)		

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

	Amounts Subject to Pre-Basel III Treatment	Ref No
75 Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0.00	c3+c4
77 Cap on inclusion of provisions in Tier 2 under standardised approach	1462.38	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80 Current cap on CET1 instruments subject to phase out arrangements		
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82 Current cap on AT1 instruments subject to phase out arrangements		
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84 Current cap on T2 instruments subject to phase out arrangements	0.00	
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

Notes

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.00
	Total as indicated in row 10	0.00
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	856.77
	Eligible Investment Fluctuation Reserves included in Tier 2 capital	590.77
	Total of row 50	1447.54
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0.00

Composition of Capital: Reconciliation Requirements Step 1

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
(₹ in million)		
A Capital & Liabilities		
i Paid-up Capital	1,735.38	
of which: Amount eligible for CET1	1,735.38	
of which: Amount eligible for AT1	-	
Employee's Stock Options Outstanding	183.19	
Reserves & Surplus	30,117.69	
Minority Interest	-	
Total Capital	32,036.26	
ii Deposits	2,45,058.12	
of which: Deposits from banks	9,426.92	
of which: Customer deposits	2,35,631.20	
of which: Other deposits (pl. specify)	-	
iii Borrowings	7,829.70	
of which: From RBI	-	
of which: From banks	-	
of which: From other institutions & agencies	7,829.70	
of which: Others (pl. specify)	-	
of which: Capital instruments	-	
iv Other liabilities & provisions	6,698.73	
of which: DTLs related to goodwill	-	
of which: DTLs related to intangible assets	-	
Total Capital & Liabilities	2,91,622.81	
B Assets		
i Cash and balances with Reserve Bank of India	14,699.10	
Balance with banks and money at call and short notice	3,667.96	
ii Investments	58,486.95	
of which: Government securities	53,367.22	
of which: Other approved securities	-	
of which: Shares	51.14	
of which: Debentures & Bonds	2,553.60	
of which: Subsidiaries / Joint Ventures / Associates	-	
of which: Others (Commercial Papers, Mutual Funds etc.)	2,514.99	
iii Loans & Advances	2,06,506.45	
of which: Loans and advances to banks	-	
of which: Loans and advances to customers	2,06,506.45	
iv Fixed assets	3,193.61	
v Other Assets	5,068.73	
of which: Goodwill and intangible assets	544.35	
Out of which:		
Goodwill	-	
Other intangibles (excluding MSRs)	544.35	
of which: Deferred tax assets	541.33	
vi Goodwill on consolidation	-	
Total Assets	2,91,622.81	

BASEL III PILLAR 3 DISCLOSURES (CONTINUED)

Composition of Capital: Reconciliation Requirements Step 2

	Balance sheet as in financial statements	(₹ in million) Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
i Paid-up Capital	1,735.38	
Employee's Stock Options Outstanding	183.19	
Reserves & Surplus	30,117.69	
of which:		
Share premium	17,921.08	
Statutory Reserves	4,560.01	
Capital Reserves	2,080.14	
General Reserves	1,020.01	
Investment Fluctuation Reserve	590.77	
Special Reserve (Tax): After Tax Portion	352.05	
Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-	
Contingency Reserves	0.50	
Add: Credit balance in Profit and Loss account	2,072.92	
Current Period profits not reckoned for capital adequacy purpose		
Revaluation Reserve reckoned as Tier I Capital	684.10	
Revaluation Reserve not reckoned as Tier I Capital (55% discount)	836.12	
Investment Reserve		
Minority Interest	-	
ii Total Capital	32,036.26	
Deposits	2,45,058.12	
of which: Deposits from banks	9,426.92	
of which: Customer deposits	2,35,631.20	
iii of which: Other deposits (pl. specify)	-	
Borrowings	7,829.70	
of which: From RBI	-	
of which: From banks	-	
of which: From other institutions & agencies	7,829.70	
of which: Others (pl. specify)	-	
of which: Capital instruments: Tier II Bonds	-	
iv of which Eligible Amount after discounting	-	
Other liabilities & provisions	6,698.73	
of which: Provision for Standard assets	-	
Total Capital & Liabilities	2,91,622.81	

	Balance sheet as in financial statements	(₹ in million) Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
B Assets		
i Cash and balances with Reserve Bank of India	14,699.10	
Balance with banks and money at call and short notice	3,667.96	
ii Investments	58,486.95	
of which: Government securities	53,367.22	
of which: Other approved securities	-	
of which: Shares	51.14	
of which: Debentures & Bonds	2,553.60	
of which: Subsidiaries / Joint Ventures / Associates	-	
of which: Others (Commercial Papers, Mutual Funds etc.)	2,514.99	
iii Loans & Advances	2,06,506.45	
of which: Loans and advances to banks	-	
of which: Loans and advances to customers	2,06,506.45	
iv Fixed assets	3,193.61	
v Other Assets	5,068.73	
of which: Goodwill and intangible assets	544.35	
Out of which:		
Goodwill	-	
Other intangibles (excluding MSRs)	544.35	
of which: Deferred tax assets	541.33	
vi Goodwill on consolidation	-	
vii Debit balance in Profit & Loss account	-	
Total Assets	2,91,622.81	

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