CSB BANK LIMITED

Annual Report 2024-25

CSB Bank
Trusted Heritage Smart Future

# ENGINEERED TO BUILD EMPOWERED TO SCALE

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## Investor Information

| | |
|---|---|
| Market Cap* | : ₹ 5,243.61 crore |
| CIN | : L65191KL1920PLC000175 |
| BSE Code | : 542867 |
| NSE Symbol | : CSBBANK |
| Bloomberg Code | : CSBBANK IN |
| CRISIL Ratings@ | : CRISIL A / Stable |
| INDIA Ratings@ | : IND A / Stable |
| AGM Date & Time | : August 26, 2025 \| 11.00 A.M. |
| AGM Mode | : VC/OAVMs |

* As of March 31, 2025
@ Instrument Ratings

**For more investor-related information, please visit**

https://www.csb.co.in/investor-relations

Or simply scan the QR code


Disclaimer

This document contains statements about expected future events and financials of CSB Bank Limited ('CSB Bank'), which are forward-looking. By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.


# ENGINEERED TO BUILD EMPOWERED TO SCALE

***Real transformation is never incidental. It is the result of deliberate vision, strategic consistency, and the ability to anticipate the needs of tomorrow. In an environment where expectations shift quickly and value must be continuously redefined, institutions must be both steady and adaptive, anchored in trust, yet agile in execution.***

At CSB Bank, we recognise that meaningful transformation is driven not just by ambition, but by a clear sense of direction and the operational discipline to translate vision into tangible outcomes. As we progress steadily towards our strategy 'SBS 2030'—to become a mid-sized, full-service, new-age private sector bank—this year's theme, 'Engineered to Build. Empowered to Scale', encapsulates both our strategic intent and the spirit propelling our journey forward.

Our transformation is guided by the core principles of the SBS 2030 framework, which began with the Sustain phase. During this initial stage, we focussed on reinforcing the foundations of trust, governance, and stability that have shaped CSB Bank's legacy for over a century. Having laid this groundwork, we are now at the fag end of the Build phase, focussed on further strengthening our capabilities, systems, and culture-the critical enablers of sustainable and enduring progress.

This phase of our evolution, is driven by the seamless integration of our next-generation core banking platform. Rather than implementing isolated technology upgrades, we are reimagining the very architecture of our operations, deciding with precision what remains core and what is better unbundled for greater agility and responsiveness. This cohesive, design-led approach positions us to deliver both performance and adaptability. The outcome is a more agile, efficient, and customer-centric institution, well-equipped to scale and serve the evolving needs of our customers.

As we approach the Scale phase, we are focussing on expanding our presence across all geographies and key customer segments, including emerging and mid-sized corporates, retail clients, small businesses, and other priority sectors. Supported by a strong capital base, we are investing purposefully in infrastructure, technology and products to meet evolving needs with relevance and speed. This foundation enables us to deliver innovative, customer-centric solutions that support sustainable growth, while remaining aligned with our core values.

# HOW TO READ THIS REPORT?

Navigating through this report will help the reader to answer the following key questions.

### Core questions to ask

Who governs the Bank and how do they approach the evolving market dynamics?

Chairperson's Message 24
Message from the Managing Director & CEO 28
From ED's Desk 34
Management Discussion and Analysis 82
Board's Report 118

### What will you find?

- Overview of the Bank's performance and outlook
- Strategic approach towards value creation
- Approach to macro developments, opportunities, and risks
- Strength and depth of Board expertise and Executive Leadership
- Comprehensive assessment of governance structures and control mechanisms

### Core questions to ask

What are the risks to the Bank and how is the Bank addressing them?

Operating Environment 42
Technology and Cyber Security Framework 50
Human Capital 60
Risk Management Framework 73

### What will you find?

- Where the Bank stands in the overall scheme of things
- Evolution of risk identification, risk measurement, risk controlling and management techniques
- Implementation of risk mitigation tools and techniques

### Core questions to ask

How does the Bank create value for all stakeholders?

Our Strengths 38
Economic Value Creation 48
Stakeholder Engagement 70
Governance 72

### What will you find?

- Key components of the business model that helps in transforming resources
- The Bank's approach towards stakeholder communication

## Awards and Accolades

- Mr. Pralay Mondal, Managing Director & CEO of the Bank, was honoured with the 'CEO of the Year' award at the prestigious 23rd Edition of the Asia Business Leader of the Year Award - 2024.
- CSB Bank was adjudged as one of the 'Best BFSI Brands 2025' at the 8th edition of 'ET NOW Best BFSI Brands - 2025.
- CSB Bank was honoured with the 'Innovative Bank of the Year' award at the prestigious India Banking Summit & Awards 2025, for most innovative emerging technology implementation.
- CSB Bank was conferred the 'Treasury Sustainability Award' at the India Treasury Summit - 2025.
- CSB Bank was honoured as the runner-up for the Best 'MSME Lending in the Private Sector category' at the ASSOCHAM 11th MSME Excellence Awards – 2025.
- CSB Bank was honoured with the 'Indian CSR Awards 2024' under the 'Best Healthcare Initiative of the Year' category for its flagship project 'Project Dialysis', jointly undertaken with Fairfax India Charitable Foundation.
- CSB Bank bagged three prestigious awards- '(1) Best Bank (India Private Sector Bank – Small), (2) Best Performance on Growth, and (3) Best Performance on Risk Management', at the 2nd ICC Emerging Asia Banking Conclave & Awards 2024, organised by the Indian Chamber of Commerce.
- CSB Bank was honoured with the Special Mention Award for Excellence in Operational Efficiencies at the IBEX India BFSI Awards 2025, hosted by IBEX India.
- Bank's Technology Team won Excellence Award for 360° Innovation in Banking at the 5th Annual BFSI Technology Excellence Award for 360° Innovation in Banking, hosted by Quantic.
- Mr. Alok Singh, Head Treasury, was awarded 'Treasury Professional of the Year, at the India Treasury Summit - 2025.
- Bank's customised paperless factoring solution, combined with a paperless import payment system for Fossil India, aimed at optimising liquidity and enhancing the management of its extensive sales operations, was adjudged the 'Innovative Product of the Year' at the India Banking Summit 2025.
- Mr. Rajesh Choudhary, Chief Information Officer was awarded the 'Banking CIO of the Year, at the prestigious India Banking Summit & Awards 2025.
- CSB Bank was recognised as the winner of the prestigious CISO Elevator Pitch at the 3rd Edition of the Indian Banks' Association (IBA) CISO Summit 2024 and honoured with the award under the Special Mention – Innovative Subcategory, for its pioneering cybersecurity practices and strategic approach to information security.

## Honours that Inspire Us

Key Highlights of FY 2024-25

# ENABLING SUCCESS.
## POWERING SCALE.

### Business Growth

**₹ 47,836 crore**
Balance Sheet Size
33%

**₹ 31,842 crore**
Gross Advances
30%

**₹ 36,861 crore**
Deposits
24%

**₹ 68,703 crore**
Total Business
27%

### Balance Sheet KPIs

**4.13%**
NIM

**1.53%**
ROA

**0.52%**
Net NPA

**22.46%**
Capital Adequacy Ratio

### Profitability

**₹ 4,569 crore**
Total Income
30%

**₹ 1,476 crore**
Net Interest Income
0%

**₹ 972 crore**
Non-Interest Income
66%

**₹ 594 crore**
Profit After Tax
5%

### Environment and Social Impact

**₹ 13.90 crore**
CSR Spends

**11,19,507**
Beneficiaries

**18**
States / UTs Covered

**5**
Aspirational Districts Covered

### Strong Workforce

**7,616**
Employees

**34 Years**
Average Age of Employees

**2,375**
Women Employees

**837**
Employees with 10+ Years of Experience

presents Y-o-Y Growth from FY 2023-24 to FY 2024-25

About the Bank

# BUILDING ON TRUST.
# SCALING FOR GROWTH.

**Trust is not just earned overnight; it is built through decades of dedication and consistent performance. Since our inception in 1920, we have steadily evolved from a mere regional player into a key enabler of economic growth. Our journey is rooted in a deep commitment to empowering communities and promoting sustainable development in a dynamic, ever-changing environment.**

Promoted by FIH Mauritius Investments Ltd, an entity backed by Fairfax Group, we have undertaken a slew of strategic initiatives to drive our transformation: streamlining processes, modernising our technology infrastructure , and strengthening our leadership and workforce capabilities.

Governance, regulatory compliance, and social responsibility remain central to our ethos. Backed by a committed team of 7,616 employees, we continue to build a service culture anchored in trust and accountability. We are committed to delivering exceptional service that addresses the diverse and evolving financial needs of our retail customers, MSMEs, corporate clients, agricultural communities, microfinance and underbanked segments, high-net-worth individuals (HNIs), and digital-first customers.

## Vision Mission

CSB endeavours to be a leading bank striving to excel in bringing products & services 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

Our strategic vision, encapsulated in the SBS 2030 (Sustain. Build. Scale.) strategy, reflects our focus on sustainable growth, financial robustness, and becoming a prominent national player.
This vision is powered by our professional management team, strong governance practices, sound risk management, and a firm commitment to innovation and customer satisfaction.

While we deeply value our rich heritage as a traditional bank, our current focus is on evolving into a comprehensive, modern banking institution - a central objective of the SBS 2030 strategy. At the heart of this transformation is the integration of our next-generation core banking platform, designed to enhance agility, scalability, and customer experience. Alongside this, we are streamlining operations, equipping our workforce, launching innovative offerings, and strengthening key functions such as sales, technology, and risk - laying the foundation for sustainable growth and trusted service delivery.

**Sustain the Bank's Critical Strengths**

**Build a Future-Ready Organisation**

**Scale the Bank to the Next Level**

## Our Offerings

At CSB Bank, we offer a diverse range of financial products and services tailored to suit the unique needs of our customers. Our offerings include:

Each of our products and services is meticulously designed to offer seamless, efficient, and future-ready financial solutions, empowering our customers to accomplish their goals with confidence and clarity.

### Deposit Products

- Savings Accounts
- Current Accounts
- Fixed Deposits
- Recurring Deposits
- Family Banking
- Segmented Products

### Retail Assets

- Gold Loans
- Home Loans
- Vehicle Loans
- Personal Loans
- Agri Loans
- MFI Loans
- Education Loans
- Loan Against Property (LAP)
- Two-Wheeler Loans
- Healthcare Finance
- Loan Against Securities (LAS)

### MSME Banking

- Term Loans
- Working Capital Loans
- Export Finance
- Import Finance
- Bill Discounting
- LC/BG
- Loan Against Property (LAP)
- MSME Solutions

### Corporate Banking

- Working Capital Finance
- Corporate Loans
- Term Loans
- Bill Finance
- Export/Import Finance
- Buyer's/Supplier's Credit
- LC/BG
- Bill Discounting

### Digital and Other Offerings

- ATMs/CDMs
- Internet and Mobile Banking
- WhatsApp Banking
- POS/QR Solutions
- Cash Management Services
- Treasury Products
- RTGS/NEFT
- Utility and Bill Payments
- Foreign Exchange/TFX
- Third-Party Products (TPP)
- Locker Facility
- UPI payments

Key Milestones

# ANCHORING THE PAST.
# POWERING THE FUTURE.

**For over a century, we have remained deeply rooted in our core values of trust, service, and innovation. Through resilience and agility, we have navigated the evolving banking landscape, honouring our legacy while continuously advancing forward. Our journey is a testament to empowering customers, fostering financial inclusion, and creating lasting value for our stakeholders. As we look ahead, we remain committed to setting new benchmarks of excellence, blending the strength of our past with the momentum of the future.**

## 1920

- Incorporated as 'The Catholic Syrian Bank Limited'

## 1964-65

- Successfully took over the assets and liabilities of six small- and medium-sized banks in Kerala, strengthening the Bank's regional footprint

## 1969

- Attained the status of Scheduled Commercial Bank

## 1975

- Received licence to deal in foreign exchange

## 2007

- Received the first-ever Foreign Direct Investment (FDI), marking a historic milestone in the Bank's growth journey

## 2015

- Obtained approval of the erstwhile Foreign Investment Promotion Board (FIPB) for receiving FDI up to 74% of the paid-up share capital of the Bank

## 2018

- FIH Mauritius Investments Ltd, a Fairfax Group entity, acquired a 51% stake in the Bank's paid-up capital, marking a strategic investment in the Bank's growth journey

## 2019

- Name changed to 'CSB Bank Limited'
- Shares listed on Indian stock exchanges following a successful IPO

## 2020

- Celebrated a century of excellence and commitment in service

## 2021

- Ranked No. 2 in India on Forbes' 'World's Best Banks' list
- Awarded the ISO 27001:2013 certificate by the British Standards Institution (BSI) for the Bank's Information Security Management System

## 2022

- Achieved the milestone of opening 100 branches in each of three consecutive financial years, beginning FY 2020–21

## 2023

- Launched high-end segmented offerings for customers - Zenith programme

## 2024

- Received Best Bank award in the small bank category in the prestigious Mint BFSI awards for 2023-24
- Received Treasury Sustainability Award at the prestigious India Treasury Summit & Awards - 2024

## 2025

- **Successfully migrated the Core Banking Solution (CBS) to Oracle FLEXCUBE**
- **Adjudged as one of the 'Best BFSI Brands 2025' at the 8th edition of 'ET NOW Best BFSI Brands - 2025**

SBS 2030

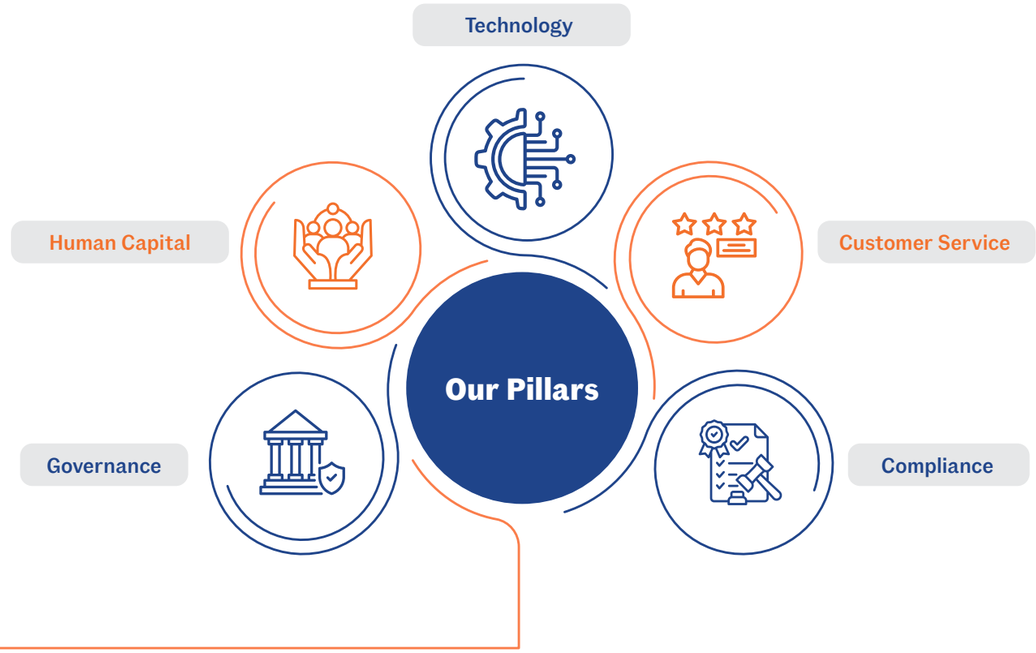
# TRANSFORMATIONAL JOURNEY

**At CSB Bank, our SBS 2030 vision outlines a clear and ambitious path forward: to Sustain the strong foundation and core strengths that define us, Build a future-ready and resilient organisation and Scale to unlock new levels of growth, performance, and excellence.**

## Our Focus

The SBS 2030 vision charts a clear path for CSB Bank's evolution from a regionally rooted institution to a pan-India, mid-sized bank. This journey is driven by a sharp focus on customer centricity and anchored in strong governance, effective risk management, and a commitment to robust compliance.

Currently in the Build phase, our priority is to strengthen our foundational infrastructure across systems, capabilities, and processes to enable long-term growth. Under this phase, which continues through FY 2025-26, we are laying the groundwork for Scale phase beginning in FY 2026-27. As we at transition stage, our focus will progressively shift from consolidation and capability-building to scaling operations, broadening our reach, and accelerating progress towards becoming a future-ready, full-service institution.




### Sustain and Build Phase (Till FY 2025-26)

- Establish a robust Pan-India operational footprint
- Develop an advanced, next-generation technology platform
- Diversify and enhance our product portfolio
- Build a strong and sustainable liability franchise
- Maintain strategic emphasis on the gold loan segment
- Drive process optimisation and re-engineering initiatives
- Fortify the risk management framework for enhanced resilience

### Building for Scale Phase (FY 2026-27 to FY 2029-30)

- Transition into a cutting-edge, full-service private sector bank
- Enhance our product suite to cater to diverse customer segments
- Place customer centricity at the core of all operations
- Foster innovation and collaboration as key growth drivers
- Build a connected ecosystem through strategic partnerships and alliances
- Focus on delivering sustained value creation

## Key Enablers

- Good Governance Structure
- Clear Executable Strategy
- Board Support and Guidance
- Growth-Oriented Policy
- Building Infrastructure in Physical, Hybrid, and Digital modes
- Robust and Efficient Customer-Centric Process
- Strong Leadership
- Innovation, Agility, and Digitalisation

### Technology Transformation

We are redefining the banking experience to meet the dynamic needs of our customers by harnessing advanced technologies. As part of this commitment, the Bank has undertaken a major technology transformation by replacing nearly all the systems and further migrated the core banking system with Oracle FLEXCUBE. We are also investing in next-generation infrastructure, including revamping and relocation of data centres and a private cloud, while deploying advanced platforms and APIs designed to support future scalability, accelerate product innovation, and drive improved operational efficiency.

## Bank of the Future

As we progress towards our vision of becoming the Bank of the Future (BOTF), our focus is on building a diversified business mix across Gold, Retail, MSME and Wholesale segments. This balanced approach will enable us to enhance portfolio stability while ensuring sustainable revenue streams.

### Customer-Centric Approach

Customer centricity is at the heart of our journey. By actively capturing customer feedback, we tailor our offerings to meet their evolving needs. Branches remain pivotal as personalised service hubs, fostering deeper relationships and delivering exceptional experiences.

### Operational Excellence

We are reinforcing our credit policies and risk frameworks to uphold prudent and responsible lending. Alongside this, we are embedding stronger compliance, control, and performance-enhancing mechanisms to meet regulatory expectations and elevate operational standards.

By embracing the digital ecosystem, we are building strategic alliances and intensifying efforts across digitisation, centralisation, process re-engineering, and automation. Our goal is to simplify banking by offering customers seamless, intuitive experiences that place ease of doing business at the forefront.

## Key Objectives

- Growth in granular liability franchise with ever-improving CASA Ratio
- Focus on strong operating performance with consistency
- Major investments in the initial 3-4 years with a defined payback period
- Well-capitalised bank with an adequate liquidity buffer to manage economic and credit cycles
- Prudent treasury investment strategy viz. wholesale funded book growth with the right balance of risk vs. return
- Well-diversified retail book to manage risks
- Relentless focus on non-interest income earnings
- Enhance coverage, create segmentation, and whitelist opportunities in wholesale business
- Focus on asset quality, risk management, and strong collection framework

Pan-India Presence

# Designed for Reach.
## Driven to Empower.

**We take pride in expanding our footprints across the nation, connecting major urban centres with remote and underserved regions. This physical reach is complemented with advanced digital platforms and strategically located service points, allowing us to deliver seamless and responsive customer experiences. By combining reach with relevance, we continue to meet the evolving needs of individuals, businesses, and institutions, driving financial empowerment across the country.**

We have expanded our physical presence significantly in FY 2024–25 by opening 56 new branches. This milestone has propelled our distribution network to have 829 branches and 791 ATMs across the country.

This expansion builds on the momentum of previous years, during which we added 100 branches in FY 2020-21, FY 2021-22, and FY 2022-23, followed by 76 branches in FY 2023-24. These consistent additions reflect our sustained commitment to enhancing customer access and extending our reach across India's diverse markets, year after year.

Through our branches in rural and semi-urban areas, we serve the financial needs of low- and middle-income communities. Our outreach is further supported by Financial Literacy and Credit Counselling Centres (FLCCs) and the Business Correspondent (BC) model, which helps to extend banking access and awareness across these segments.

**829**
Branches

**56**
New Branches Opened in FY 2024-25

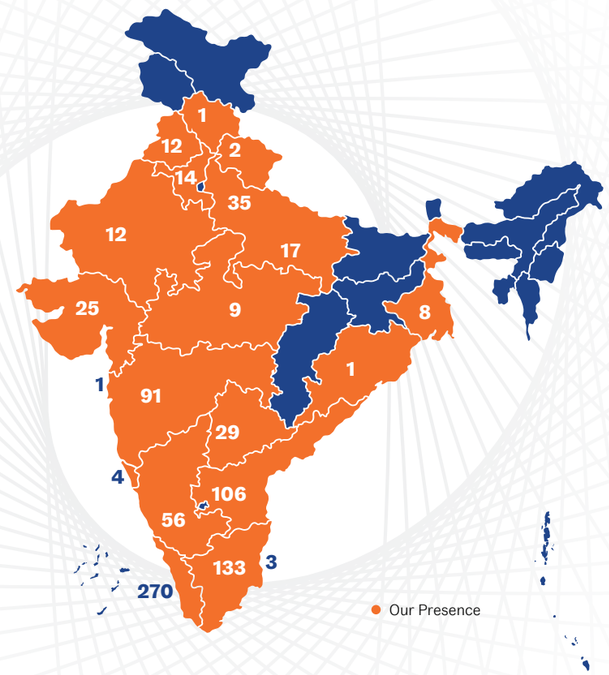
**449**
Branches in Semi-Urban/ Rural Locations

**791**
ATMs/Cash Deposit Machines (CDMs)

**60**
New ATMs/CDMs Opened in FY 2024-25

**1,600+**
Touch Points

## Our Pan-India Presence




Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. Our Bank or any of our Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. Our Bank does not warrant or represent any kind of connection with its accuracy or completeness.

| State | % Distribution | |
|---|---|---|
| | March 2024 | March 2025 |
| Kerala | 35 | 33 |
| Tamil Nadu | 17 | 16 |
| Andhra Pradesh | 12 | 13 |
| Maharashtra | 10 | 11 |
| Karnataka | 7 | 7 |
| Delhi | 4 | 4 |
| Telangana | 3 | 3 |
| Gujarat | 3 | 3 |
| Others | 9 | 10 |

| State | No. of Branches | |
|---|---|---|
| | March 2024 | March 2025 |
| Metropolitan | 188 | 216 |
| Urban | 159 | 164 |
| Semi-Urban | 366 | 387 |
| Rural | 66 | 62 |
| **Total** | **779** | **829** |

## Road Ahead

In line with our vision to deepen our pan-India presence and mitigate concentration risk, we are strategically expanding our branch footprint across North, West, and underpenetrated parts of South India. This expansion aligns with our broader growth strategy and is being closely integrated with our ongoing technology transformation. New branches are being developed with enhanced systems, upgraded product suites, and re-engineered processes to better serve our retail, wholesale, transaction banking, and MSME customers.

We intend to continue with our branch expansion strategy setting the stage for a larger scale growth in the coming years. The expansion plan timeline aligns with the stabilisation of our core banking migration and the associated technology upgrades. With our new digital infrastructure fully operational, we will be strongly positioned to accelerate customer acquisition, expand our granular liability base, and enhance our retail franchise. With an expanded and fortified distribution network empowers the Bank to foster sustainable and inclusive growth, enabling deeper engagement with a wider and more diverse customer base across.

Business Segments

# Tailored Offerings.
## Empowered Customers.

**Our business segments are designed to deliver focussed, high-impact solutions across retail, MSME, wholesale banking, and integrated treasury. Aligned with the SBS 2030 strategy, we are transitioning from traditional banking models to a future-ready portfolio, rooted in digital agility, strong risk management, and customer centricity.**

Whether through curated retail products, digitally streamlined MSME lending, structured corporate banking solutions, or proactive treasury strategies, each business vertical is built to enable responsible growth, deepen relationships, and strengthen our presence across India. This measured and forward-looking approach blends innovation with execution rigour to create sustainable, long-term value.

## Retail Banking

**We are dedicated to providing purpose-led, need-based financial solutions that empower individuals and small businesses across India. From savings accounts and fixed deposits to gold loans, auto loans, education loans, credit cards, home finance and digital offerings, among others, our services are designed to support customers through every stage of life, combining convenience, security, and trust. By integrating traditional strengths with modern digital platforms, we offer customers the freedom to bank how they choose, via branches, mobile applications, or through dedicated relationship managers. Our continued focus is on making banking more intuitive, efficient, and personalised, helping customers to achieve their financial goals with greater confidence.**

| ₹ 6,233 crore | 24% | ₹ 6,624 crore |
|---|---|---|
| Loan Book | Y-o-Y Portfolio Growth | Disbursements in FY 2024-25 |

### Product Suite

- Comprehensive range of deposit products, including current accounts, savings accounts, fixed deposits, recurring deposits, and corporate salary accounts.
- Facilitation of international fund transfers for NRI customers through remittance and rupee drawing arrangements with leading exchange houses in the Middle East and partnerships with major money transfer agents.
- Bancassurance services in collaboration with top life and non-life insurance companies to benefit our customers.
- Wide range of personal and business loans, including:
  - Gold loans
  - Two-wheeler and motor vehicle loans
  - Agri loans
  - MFI loans
  - Housing loans and overdrafts against mortgage, hypothecation, or pledge
  - Education loans
  - Healthcare finance
  - Credit cards
  - Personal loans
  - Loan Against Property (LAP) for individuals
  - Equipment/Inventory finance

### Growth Drivers

- India's large, aspiration-driven youth population is increasingly fuelling the demand for credit products like personal loans, credit cards, and consumer durables. Growing consumer spending power, particularly among urban and middle-class households, has contributed to higher demand for retail loans.
- The rapid increase in smartphone users and widespread internet access, especially in rural areas, have made digital banking and loan products more accessible.
- Policies aimed at improving access to banking services, such as the Pradhan Mantri Jan Dhan Yojana and other financial inclusion programmes, have brought millions of unbanked individuals into the formal banking fold.

### Key Highlights of FY 2024-25

- Proactively de-risked the portfolio by moderating the exposure to higher-risk segments such as unsecured personal loans, two-wheelers, and microfinance loans.
- Growth was channelled into stable segments, including commercial vehicles, healthcare finance, and inventory funding.
- Gold loans continued to perform well and remain a core contributor to the Bank's portfolio. However, the mix is expected to taper down as the other retail products gain traction.

### Future Roadmap

- Build a balanced retail franchise that grows both assets and liabilities to support the Bank's broader growth agenda.
- Grow retail assets to 30% of the total loan book by FY 2029-30, starting with secured products and steadily scaling into unsecured offerings.
- Focus on acquiring customers and deepening relationships through cross-selling of credit cards, personal loans, and deposits to build a profitable long-term franchise.
- Prioritise customer segments where we can deliver end-to-end solutions, beginning with the middle and lower spectrum and gradually expanding into higher-value segments as capabilities evolve.
- Expand our national footprint with new branches in eastern India such as Kolkata, while consolidating our presence in the North and maintaining strength in the South.
- Roll out agile retail products such as instant personal loans, over-the-counter credit, and enhanced deposit offerings to support faster acquisition, with the support of new tech architecture.
- Strengthen digital safeguards and compliance systems to ensure customer data protection and successful scale-up of digital banking.

## Gold Loans

**At CSB Bank, gold loans remain a cornerstone of our lending portfolio. By expanding our branch network into rural and semi-urban markets, traditionally served by informal lenders, we have deepened our reach, enhanced financial inclusion, and strengthened portfolio quality.**

| ₹ 14,094 crore | 35% | ₹ 28,613 crore |
|---|---|---|
| Loan Book | Y-o-Y Portfolio Growth | Disbursements in FY 2024-25 |

### Growth Drivers

- Gold loans from banks witnessed significant growth in FY 2024-25, emerging as the fastest-growing segment despite a broader slowdown in overall bank credit. The growing preference for secured, asset-backed lending is driving increased demand for gold loans over unsecured options. Gold loans, being secured by high-value collateral, offer strong repayment assurance and mitigate default risk for the lender.
- The RBI has taken active steps to promote secured lending, encouraging a shift from unsecured credit to secured options such as gold loans.

### Key Highlights of FY 2024-25

- Gold loans remained a core contributor to the loan portfolio in FY 2024-25, with a portfolio share of 44% and delivering strong yields.
- Gold loan portfolio has shown 35% year-on-year growth amounting to ₹ 3,687 crore during FY 2024-25.
- Portfolio showed strong growth marked by a reduced loan to value ratio. LTV was maintained at sub 70%.
- Interest rate continued to trend at around 12% for FY 2024-25 as well, supporting the bottom line.
- Collateral and LTV ratios were tightly managed, with internal caps set at 85% (including accrued interest); actual average LTVs remained below 70% for retail and between 75–85% for agricultural gold loans.

### Future Roadmap

Diversifying the loan portfolio under the SBS 2030 strategy by developing multiple business lines and progressively reducing reliance on gold loans, with a targeted portfolio share of approximately 20%.

## MSME Banking

**We cater to the evolving needs of MSMEs with customised financial solutions that enable growth and resilience. From working capital finance to tailored loan offerings and sector-specific advisory, our approach is relationship-driven and execution-focussed. By combining deep market understanding with responsive service, we support MSMEs in scaling sustainably and contributing to India's economic engine.**

| ₹ 4,241 crore | 33% | ₹ 2,199 crore |
|---|---|---|
| Loan Book | Y-o-Y Portfolio Growth | Disbursements in FY 2024-25 |

### Product Suite

- Providing financial solutions such as term loans, working capital loans, invoice and bill discounting, letters of credit, and bank guarantees.
- Structured MSME operations into Business Banking Group (BBG) for established businesses and Emerging Enterprise Group (EEG) for newer enterprises, based on revenue size and business maturity.

### Growth Drivers

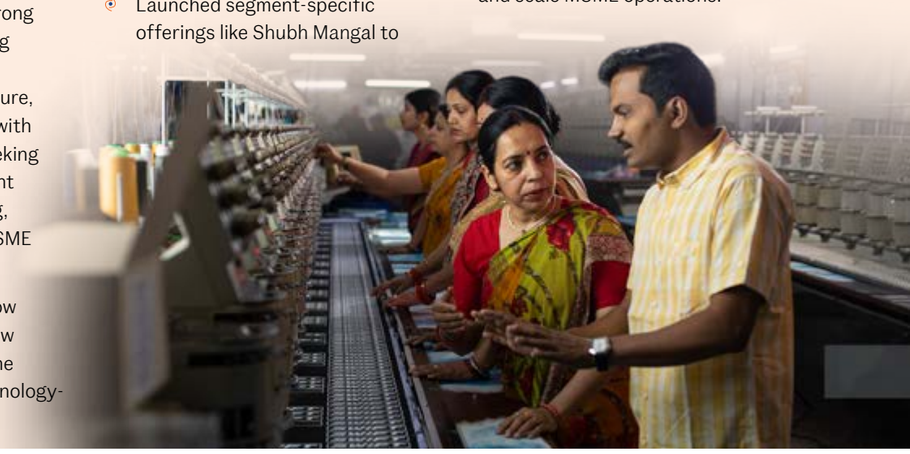
- Despite contributing ~30% to GDP and employing ~60% of the workforce, only 2.5 crore out of 6.3 crore of Indian MSMEs have access to formal credit. Strong demand for MSME financing is fuelled by growth in key sectors such as infrastructure, manufacturing, and retail, with businesses increasingly seeking project financing, equipment loans, and vendor financing, driving the expansion of MSME banking.
- Digital lending platforms now account for over 25% of new MSME loans, highlighting the sector's shift towards technology-driven financing solutions.

### Key Highlights of FY 2024-25

- Shifted to a working capital-led MSME portfolio, now comprising 65% towards working capital and 35% term loans, better aligned with MSME business models.
- Expanded presence beyond Kerala and Tamil Nadu into key growth markets such as Delhi-NCR, Rajasthan, Pune, Hyderabad, and Bengaluru, reducing geographic concentration risk.
- Introduced data-driven products like Turbo (scorecard-based underwriting) and Spot On (real-time decisioning) to streamline MSME lending.
- Launched segment-specific offerings like Shubh Mangal to serve underbanked customer profiles effectively.
- Set up a dedicated trade and FX advisory unit offering services such as ECFCs, buyer's credit, and foreign currency loans to MSMEs.
- Institutionalised a fast-track credit approval process, delivering in-principle approvals within 30 minutes and disbursals within 24-36 hours.

### Future Roadmap

Exclusive mobile app for MSME business is planned to fully digitise and scale MSME operations.



## Wholesale Banking

**CSB Bank's Wholesale Banking platform caters to large corporates, mid-sized enterprises, financial institutions, and government bodies through three dedicated verticals: Corporate Banking, Commercial Banking, and the Financial Institutions and Government Business (FIPS) division. Each vertical offers customised solutions spanning term loans, working capital finance, trade and transaction banking, and specialised government-related services. Through a relationship-driven approach and a strong focus on operational rigour, we strive to build deeper client partnerships, uphold the highest standards of compliance, and generate long-term value across our wholesale banking franchise.**

| ₹ 7,274 crore | 21% | ₹ 4,654 crore |
|---|---|---|
| Loan Book | Y-o-Y Portfolio Growth | Disbursements in FY 2024-25 |

### Product Suite

- Financing for working capital requirements.
- Trade finance solutions.
- Term loans for capital expenditure.
- Supply chain financing options.
- Securitisation services.
- Foreign exchange risk management, including the use of derivatives.

### Growth Drivers

- Corporate banking is growing rapidly as mid and large enterprises seek more credit, transaction, and treasury services.
- Market shifts like normalising interest rates and volatility are opening new avenues for revenue in corporate lending and transaction banking.
- Increasing demand for private credit and asset management is creating opportunities banks to collaborate with credit managers and institutional investors.

### Key Highlights of FY 2024-25

- By pivoting to balanced growth across corporate and commercial banking, the concentration of NBFC exposure (70%) has been reduced significantly. Wholesale Banking book grew 22% in FY 2024-25, driven by 40% growth in the core book despite phased out liquidation of DA portfolio.
- Strengthened the wholesale banking team, adding zonal heads and local teams for stronger regional reach and engagement.
- Revamped our loan underwriting policies to support corporate and commercial banking growth. Relaunched trade, FX, and transaction banking products; introduced a factoring policy and syndication, completing three large deals.
- Secured AD1 licence and launched forward contracts, significantly expanding FX offerings and doubling non-fund income.

### Future Roadmap

- Expand the wholesale banking franchise into new geographies, including East India, Pune, and Gujarat, through dedicated local coverage teams.
- Introduce stable, cash flow-backed project financing models and scale the syndication business.
- Develop sector-specific expertise with product specialists in high-growth sectors such as healthcare, education, and warehousing.

## Integrated Treasury

**Our treasury operations are focussed on maintaining optimal liquidity while ensuring full compliance with regulatory requirements, including the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). To meet SLR norms, the Bank manages a well-diversified portfolio comprising Government of India securities, treasury bills, state development loans, and other approved instruments. This portfolio is actively managed to optimise yield and capture value from market opportunities.**

### Product Suite

- Trades in commercial papers, bonds, debentures, mutual funds, alternative investment funds, pass-through certificates, certificates of deposits, and equities to manage short-term liquidity, enhance yield, and generate trading profits.
- Arranges medium-term liabilities through foreign currency borrowings and certificates of deposit issuances.
- Manages a corporate bond portfolio and a standard SLR portfolio, including state development loans.

### Growth Drivers

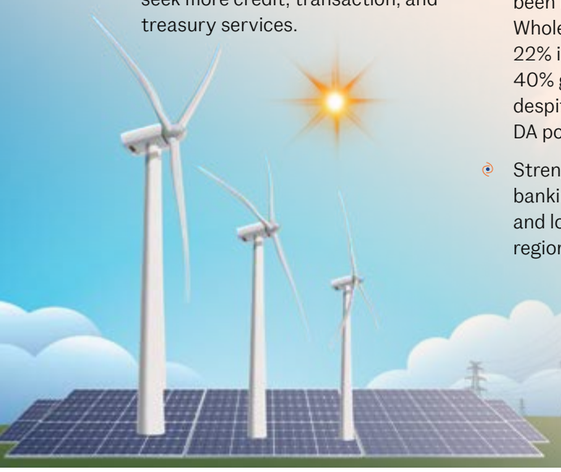
- India's strong GDP growth (~6.5% in FY 2024-25) is driving treasury expansion through higher government revenues, investments, and market activity.
- Stable external indicators including current account, FX reserves, and inflation, support a favourable treasury environment.
- Rising FDI and deeper financial markets offer more funding and investment avenues, while heightening risk and compliance needs.

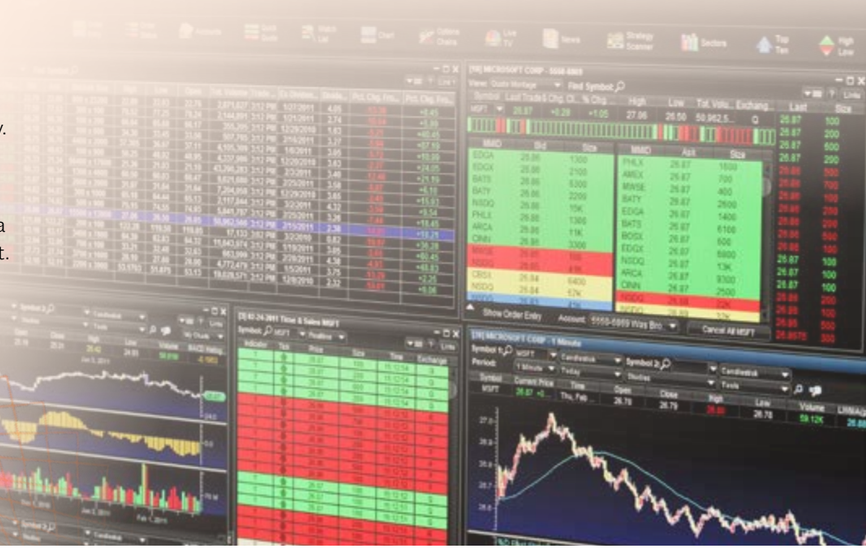
### Key Highlights of FY 2024-25

- Maintained a stable CD ratio (85-90%) by scaling up CD issuances from ₹ 1,000 crore to ₹ 1,760 crore and actively raising bulk deposits as needed based on cost considerations.
- Prioritised long-term franchise building over short-term NIM gains through risk averse, cycle-conscious strategies.
- Raised $400 million in SOFR-linked foreign currency borrowings to hedge NIM compression amid expected US rate cuts.
- Extended bond portfolio duration to lock in higher yields and cushion against declining interest rates.

### Future Roadmap

- Enhanced core systems will support stronger funds mobilisation through improved product delivery and efficiency.
- Liquidity management will be strengthened through diversified funding options, including CDs, Interbank Borrowings, Refinance and Repos.





Chairperson's Message

# Engineered Vision.
## Empowered Purpose.

*Robust governance framework remains at the core of CSB Bank's institutional strength. Led by a seasoned and professional Board of Directors, we uphold a resilient governance framework that fosters trust and reinforces investor confidence. We have also deepened investors' engagement through transparent disclosures and consistent open dialogue.*

**Dear Shareholders,**

I consider it a great privilege to address you for the first time as the Chairperson of CSB Bank, at a pivotal moment in the Bank's journey. As you are aware, we have embarked upon a SBS (Sustain, Build and Scale) 2030 strategy of becoming a mid-sized new-age bank with a national presence by 2030 and we are now at the advanced stage of the Build phase of our SBS 2030 strategy. At this pivotal moment, we reflect on what this period has represented for us: a phase of meaningful and sustained transformation. During this period, our efforts have been centred on revamping our technology stack, broadening our product suite, and enhancing our digital infrastructure. This period has been instrumental in strengthening our institutional core and redefining how we operate, innovate, and deliver value to our stakeholders.

Over the past few years, we have expanded our physical presence, established strategic partnerships with fintech's to deliver differentiated offerings, strengthened our liability franchise, streamlined core processes, and achieved solid progress in customer acquisition and operational resilience.

### The Evolving Macroeconomic Landscape

The global economic system that has underpinned trade and finance for over eight decades is now undergoing a profound transformation. This reset poses significant challenges to global economy and international trade. Traditional paradigms are being rapidly redefined, even as a new global order remains in flux. For the banking sector, this environment demands swift and strategic adaptation of advanced technologies, agile operating models, enhanced risk management frameworks, and customer-centric innovations to remain resilient, competitive, and responsive to emerging global challenges.

The recent escalation of the global tariff war, triggered by United States' implementation of a sweeping series of tariff increases on most of the countries, culminating in near-universal import levies, has ushered in the most restrictive trade environment since the Great Depression. This dramatic shift has disrupted global trade flows, heightened market volatility, and amplified economic uncertainty across international markets. The resulting fragmentation underscores the urgent need for multilateral dialogue and coordinated policy responses to restore stability and foster a more predictable global trade framework.

Amidst these turbulent conditions, India is stepping into a new chapter of resilience and progress. As of June 2025, India has officially surpassed Japan to become the world's fourth-largest economy, with a projected growth of 6.5% in FY 2024-25. Unlike other large economies, India remains relatively insulated from the worst of the tariff escalation due to its diversified export base and lower dependence on USA. Buoyant domestic consumption, ongoing structural reforms, and steadfast policy direction continue to act as effective shock absorbers.

As we look ahead to 2047, the centenary of India's independence, the Country has articulated a bold and forward-looking vision: to become a fully developed, self-reliant economy – a Vikshit Bharat. The scale and scope of this aspiration are significant, but so too is the collective potential of over 140 crore citizens, supported by expanding access to innovation, capital, and opportunity. This national aspiration is grounded in realism, and with sustained effort, inclusive development, and strategic clarity, it is well within reach.

Amidst these evolving economic dynamics, the Indian banking sector delivered steady performance in FY 2024-25, achieving adequate profitability, improved asset quality, and steady credit growth - particularly in the retail and MSME segments. However, the credit growth moderated to about 12% year-on-year by March 2025, down from over 16% the previous year. This broad-based deceleration across agriculture, services, and retail segments was shaped by a combination of prudent risk management, evolving regulatory frameworks, and the statistical impact of a high base.

Deposit growth softened to around 10.2-10.3%, compared to 13.1% a year earlier driven by liquidity tightening and the normalisation of elevated base effects, despite competitive term deposit offerings. A significant shift towards term deposits was observed, as customers preferred securing higher yields through fixed tenure instruments over savings accounts. This behaviour was largely influenced by the rising interest rate environment, which made fixed-income instruments notably more attractive to savers seeking predictable, stable returns. At the same time, persistently low yields on savings accounts and growing awareness of financial planning tools encouraged customers to favour instruments with stronger growth potential. This structural migration reflects a broader behavioural shift towards capital preservation and income stability, hallmarks of financial prudence in a complex and uncertain macroeconomic backdrop.

The Banking sector is in the midst of a rapid digital renaissance, propelled by cutting-edge technologies and proactive government reforms.

Banks are increasingly harnessing AI, machine learning, and hyper automation to deliver personalised experiences, optimise operations, and fortify risk frameworks. Cybersecurity has become an area of strategic focus, supported by national policies and AI-powered threat detection systems designed to counter increasingly sophisticated digital risks.

In FY 2024-25, the Government of India continued its significant reforms aimed at enhancing governance, improving operational efficiency, and advancing financial inclusion. These measures are reshaping the structural backbone of Indian banking, fostering a sector that is not only more resilient and efficient, but also closely aligned with the evolving imperatives of a future-ready economy. At the same time, the RBI adopted a measured and supportive monetary policy, reducing the repo rate by 25 basis points each in February and April 2025, followed by an additional 50 basis point cut in June. This brought the repo rate down to 5.50%. These calibrated rate reductions were intended to ease borrowing costs, revive credit appetite, and sustain economic momentum amid moderating inflation and rising external uncertainty. The RBI's actions reflect a balanced approach to nurturing growth while maintaining price and financial stability.

## The Year Gone By

Reflecting on FY 2024-25, we reached a pivotal phase in our journey to becoming a full-service, new-age private bank, driven by a clear focus on technological innovation and strategic transformation.

As outlined at the beginning of my message, a major milestone during the year was the comprehensive revamp of our technology infrastructure, anchored by the migration to the Oracle Core Banking System (CBS) and the deployment of multiple integrated surround systems. Planned and executed over the past 18 months, this foundational shift has catalysed the enterprise-wide transformation. It has fostered strong cross-functional collaboration and laid the groundwork for scalable service delivery, enhanced customer experience, and sharper, data-driven decision-making.

Our branch expansion strategy continues to progress in a calibrated and purposeful manner. We are steadily growing our physical footprint, ensuring that each addition aligns with our strategic priorities and operational readiness. In FY 2024-25, we opened 56 new branches, bringing our total network to 829. This measured expansion reflects our commitment to building a robust pan-India presence, while systematically reducing geographic concentration. By integrating a thoughtfully curated branch network with a strong digital backbone, we are well positioned to accelerate customer acquisition, deepen engagement, and deliver a full-spectrum financial offering spanning payments, wealth management, and retail credit.

We have adopted a balanced and forward-looking approach towards asset quality, combining proactive risk management with prudent conservatism. This philosophy is exemplified in our decision to adopt and continue with our accelerated provisioning policy and contingency provisions, not as a reaction to pressure, but as a proactive move to strengthen risk buffers and fortify our portfolio's resilience. Throughout the year, we made timely realignments to manage the emerging risks.

We have continued our strategic investment in building a future-ready workforce through talent development programme, leadership training, and skill enhancement initiatives with a special trust on compliance and regulatory frameworks, ensuring our workforces are equipped to execute the Bank's strategic roadmap effectively.

## Our Financials

Our financial performance has remained strong, with significant growth across key business metrics. Deposits increased by ₹ 7,142.68 crore, reaching ₹ 36,861.49 crore compared to ₹ 29,718.80 crore in the previous financial year. Gross advances rose by ₹ 7,270.23 crore to ₹ 31,841.98 crore as against ₹ 24,571.75 crore in the previous financial year.

Total income grew by ₹ 1,057.37 crore, totalling ₹ 4,569.20 crore from ₹ 3,511.83 crore in the corresponding previous year. Interest income increased by ₹ 669.60 crore to ₹ 3,597.14 crore from ₹ 2,927.54 crore, while non-treasury other income rose by ₹ 337.46 crore to ₹ 874.10 crore from ₹ 536.64 crore.

The Bank's total operating profit improved by ₹ 130.32 crore, reaching ₹ 910.24 crore from ₹ 779.92 crore, and net profit increased by ₹ 26.98 crore to ₹ 593.80 crore from ₹ 566.82 crore. Our net interest margin remained strong at 4.13% despite the higher interest rate cost looming in the system.

The capital adequacy ratio stood at 22.46%, slightly lower than the previous year's 24.47%. As on March 31, 2025, Return on assets was at 1.53% (1.79% in FY 2023-24), Return on equity at 15.44% (17.37% in FY 2023-24), Gross NPA at 1.57% (1.47% in FY 2023-24) and Net NPA at 0.52% from 0.51% in FY 2023-24.

## Championing Sustainability and Responsible Growth

The world is in a climate emergency. Unless greenhouse gas emissions are reduced drastically, global temperatures could rise by as much as 2.9°C this century - a trajectory that would have catastrophic consequences for all life on Earth. As a responsible financial institution, we acknowledge the gravity of this crisis and are firmly committed to playing our part in driving environmental stewardship and supporting the global transition to a low-carbon future.

Our ESG framework is proactive, and impact-driven. We are working to significantly reduce our carbon footprint, promote diversity and inclusion, and uphold the highest standards of ethical conduct. These guiding principles are firmly embedded into our organisational culture and influence decision-making at every level. We are actively supporting renewable energy projects and are committed to phasing out financing for high-emission, pollutant industries. Our objective is to play a catalytic role in the global push towards decarbonisation, aligning our financial practices with the imperatives of a sustainable, low-carbon future.

Our social impact strategy remains strong and focussed. We continue to support initiatives that uplift underserved communities, with a special focus on activities that come under education, healthcare, and gender equality. Notably, through our partnership with Fairfax India Charitable Foundation Trust under the programme 'Project Dialysis', we deliver affordable, high-quality dialysis services across India, especially to underserved regions where dialysis infrastructure is either limited or non-existent. With dedicated funding and a growing CSR portfolio year by year, we aim to create long-lasting value and promote inclusive development across India.

Robust governance framework remains at the core of CSB Bank's institutional strength. Led by a seasoned and professional Board of Directors and its sub-committees, we uphold a resilient governance framework that fosters trust and reinforces investor confidence. We have also deepened investors' engagement through transparent disclosures and consistent open dialogue.

By embedding ESG principles into our strategic actions, we are not only responding to present-day imperatives but also contributing to the foundation of a sustainable and inclusive tomorrow. It is this commitment to responsible growth, grounded in integrity and vision, that defines who we are and sets us apart.

## Future Roadmap

As we look ahead, CSB Bank is poised to enter the 'Scale' phase of its strategic roadmap beginning in FY 2026–27, a pivotal milestone in our transformation journey. In the current financial year, our focus remains on reinforcing and consolidating the initiatives successfully executed during the Build phase, ensuring they are well-positioned to support the next stage of growth.

Our business model is evolving to deliver seamless, need-based solutions through integrated channels, aimed at deepening customer relationships across retail, MSME, and wholesale segments. This unified approach enhances customer experience, improves operational efficiency and strengthens key return metrics by unlocking synergies across our portfolio. Our continued commitment to technological innovation and strategic execution will be key enablers as we move forward.

With disciplined focus on profitability, top-line momentum of growth, and consistent improvement in earnings per share (EPS), CSB Bank is strongly placed to strengthen its market presence and deliver enhanced value to shareholders. We are confident that, through our focussed strategy, CSB Bank will emerge as a respected mid-sized institution by 2030 and definitely create enduring value for all shareholders.

## Thanking Note

I wish to take a moment to express my heartfelt gratitude to everyone who has been a part of our journey: our loyal investors, customers, committed associates, trusted partners, and all our well-wishers. Your enduring trust has been both humbling and deeply motivating. We are especially grateful to Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), the Stock Exchanges, and the Central and State Governments for their unwavering support and regulatory stewardship, which have played a pivotal role in guiding us towards progress.

A special salute to our senior leadership team, led by Managing Director & CEO, Mr. Pralay Mondal whose sharp vision and flawless execution has steered us towards consistent success and growth. A big thank you to each CSB family member whose passion, resilience, and relentless pursuit of excellence have been the driving force behind our momentum. You have helped us script a chapter defined by purpose, performance, and pride.

We step into the future with confidence and optimism, inspired by your belief in us.

Thank you for walking this path together.

Warm regards,

**Biswamohan Mahapatra**

**Chairperson**

Message from the MD & CEO

# Steering Growth.
## Building Legacy.

*Our aspiration is to shape CSB Bank into a forward-looking and digitally enabled institution that delivers not just performance but meaningful progress. We are redefining the way banking is experienced: anchored in innovation, powered by data, and centred around the evolving needs of our customers.*

**Dear Shareholders,**

FY 2024-25 marked an inflection point in CSB Bank's transformation journey. It was a year of momentum and intent, as we advanced with clarity and purpose towards our ambitions set under the SBS 2030 strategy.

Our aspiration is to shape CSB Bank into a forward-looking and digitally enabled institution that delivers not just performance but meaningful progress. We are redefining the way banking is experienced: anchored in innovation, powered by data, and centred around the evolving needs of our customers. With the Build phase nearing completion, we are now preparing to Scale with confidence. The groundwork we have laid across technology, talent, product architecture, and governance are robust, positioning us to elevate our impact as we enter the next chapter of growth.

### The India Story

India's economic growth story is one of the most compelling narratives in the world today. As the nation rapidly climbs the global economic ladder, it is essential to understand not just the scale of this progress but the deeper impact it has on millions of lives. From ranking as the 10th largest economy in 2014 to becoming the fourth-largest by 2025, India's ascent reflects the convergence of visionary policymaking, grassroots entrepreneurship, and a collective spirit of resilience and aspiration.

In just over a decade, India has more than doubled its nominal GDP, reaching an impressive $4 trillion milestone. This remarkable achievement comes in the face of a persistently challenging global environment, marked by geopolitical instability, including the Middle East conflict and the prolonged Russia-Ukraine war, alongside rising trade protectionism, policy uncertainty, and volatile financial markets. Amid these complexities, India continues to stand out as the fastest-growing major economy, with a projected growth rate of 6.5% in FY 2024-25 This sustained momentum reflects India's underlying economic resilience and growing systemic relevance, reinforcing its role as a key engine of global growth. Today, India ranks as the fourth-largest economy in nominal terms, behind only the United States, China, and Germany. However, it is the sheer pace and consistency of India's ascent that distinguishes it, outpacing other large economies and highlighting its expanding influence in shaping the future global economic order.

At CSB Bank, we are deeply committed to playing our part in this transformational era. We believe that the true measure of a nation's growth lies in the inclusiveness of its progress, ensuring that economic prosperity is broad-based, equitable, and reaches every individual and community. Our focus is on empowering MSMEs, rural entrepreneurs, and underserved populations, who not only form the backbone of India's economic engine but also drive entrepreneurial upliftment and act as vital catalysts for both production and consumption.

We are committed to narrowing the gap between macroeconomic progress and everyday prosperity by expanding access to financial services, advancing digital innovation, and promoting financial literacy. Our objective is to enable inclusive, sustainable growth that nurtures communities, energises grassroots entrepreneurship, and contributes meaningfully to India's developmental aspirations. Through these efforts, we aim to create meaningful and long-term impact by empowering individuals and businesses, supporting economic activity, and advancing our purpose of building a more inclusive and resilient future for all.

### Prioritising Customers

Customer centricity is more than a guiding principle for us. It is the anchor of our transformation journey under SBS 2030. In a market that increasingly values personalised service, speed, and transparency, we are evolving from transactional interactions to relationship-led engagement models that prioritise relevance, responsiveness, and reliability.

We have redesigned our service architecture to ensure that every customer segment is served with precision, through tailored solutions, seamless digital experiences, accelerated response times, and consistent engagement across multiple touchpoints.

**Our differentiated approach across key business segments includes:**

- Wholesale Banking: We are expanding our transaction banking suite with bespoke cash management, trade finance, and escrow offerings. Significant upgrades to our back-end platforms have enhanced Straight-Through Processing (STP) capabilities, improving client onboarding and transaction turnaround times.
- MSME Banking: We have introduced scorecard-driven underwriting for faster loan decisions across working capital and term loan products. Dedicated relationship managers, backed by data-enabled early warning systems, are driving proactive engagement and portfolio hygiene.
- Retail Banking: In retail, our proposition is anchored around simplified credit access, especially in secured segments such as gold loans, LAP, commercial vehicle finance, and agribusiness lending. These products are designed for instant disbursement, minimal documentation, and doorstep engagement, particularly for underbanked and rural customers.

To institutionalise a consistent customer experience, we have established a dedicated Service Governance and Process Engineering unit, tasked with identifying friction points, benchmarking service levels, and driving improvements across customer journeys. This is further supported by a newly created Sales Enablement function, which works in close alignment with our branch network to enhance frontline effectiveness and improve the quality of customer acquisition.

A robust governance framework ensures that service excellence is not left to chance but is systematically embedded across the Bank. The Customer Service Committee of the Board, together with an Executive-Level Committee, provides strategic oversight and operational guidance, ensuring that customer insights translate into actionable outcomes. Regular reviews by the Board reinforce the priority placed on elevating customer experience as a core business imperative.

To embed a culture of service excellence, our frontline teams undergo regular capability-building interventions, anchored by clearly defined accountability frameworks, where Branch Heads and Cluster Heads are directly accountable for resolution timelines, supported by Zonal Nodal Officers and a centralised team at the Head Office.

On the digital front, we have moved beyond channel presence to intelligent integration, enabling customers to interact seamlessly across platforms. Our omnichannel Complaint Management System, accessible via branches, a 24x7 contact centre, and digital platforms, facilitates timely and efficient grievance redressal, governed by defined service-level agreements (SLAs) and real-time status tracking.

Looking ahead, we are building a predictive service engine that will combine behavioural insights and transaction data to offer hyper-personalised solutions and proactive support, a key lever in deepening customer relationships and elevating satisfaction.

## Performing across Businesses

Our commitment to delivering differentiated banking solutions is reflected across all key business segments, driving sustained growth and strengthening our position in the market.

### Retail Banking

Retail Banking continued to demonstrate steady traction in FY 2024-25, as CSB Bank progressed in its transformation from a gold loan-led franchise to a well-diversified, full-service retail bank. While gold loans remain a flagship product, supported by sustained demand, prudent LTV, strong risk-adjusted returns, and a consistently low GNPA ratio of below 0.3%, our strategic focus has shifted towards building a broader, scalable, and high-yielding retail portfolio that balances risk and growth across segments.

As I mentioned in my speech in last year's Annual Report, we continued to advance towards our innovative branch-in-branch model, which has proven particularly effective in gold loan operations. This model has enabled us to deepen market penetration while improving unit-level profitability. The model involves creating dedicated gold loan counters within existing branches and piloting select off-site locations. By optimising physical infrastructure, lowering operating costs, and enhancing privacy for customers, it addresses the social discomfort often associated with gold-backed lending, without compromising on service quality.

Our retail expansion is now underpinned by a wider product suite that includes personal loans, auto loans, commercial vehicle loans, construction equipment finance, and credit cards. This growing portfolio is being scaled through a focussed three-pronged sourcing strategy, leveraging internal referrals, deepening cross-sell within our existing customer base, and deploying a digitally integrated Loan Origination System (LOS) that ensures speed, transparency, and consistency in underwriting.

With the successful migration to a modern core banking platform and associated surround systems, we are now equipped to launch products faster, tailor offerings to granular customer segments, and deliver a more personalised, tech-enabled banking experience. These enhanced capabilities are expected to significantly increase per-branch productivity and drive operating leverage. Through this calibrated build-out of the retail business, CSB Bank is laying the foundation for long-term growth, portfolio diversification, and improved customer lifecycle value.

### MSME Banking

Our MSME Banking franchise has advanced through focussed portfolio realignment, centralised credit policies, and data-led innovations. Today, 65% of the portfolio comprises working capital loans, with 72% of disbursements driven by new client acquisitions, underscoring strong traction among first-time formal borrowers and expanding our reach into previously underbanked segments.

We have introduced proprietary scorecard-driven products such as Turbo and Spot On, which enable faster underwriting cycles, sharper risk differentiation, and better alignment with borrower profiles. Supported by branch-based sourcing aligned to regional MSME potential, this model drives proximity-led engagement and sectoral relevance. Service delivery has been further elevated through experienced Relationship Managers, an average turnaround time of three days, and an expanded suite of non-fund-based solutions.

Strategic investments in credit analytics, early warning systems, and scalable collections architecture have strengthened asset quality and operational control. Programmes like SME Ignition continue to elevate frontline delivery, while cross-linkages with our retail and wholesale ecosystems are expected to create synergies and expand market coverage. The recognition from Assocham in MSME reinforces our commitment to sustainable growth, customer-centric approach, and agile execution.

### Wholesale Banking

In Wholesale Banking, FY 2024-25 witnessed strong traction in deepening relationships across sectors, including Large Corporate, Commercial Banking and NBFCs. Our teams adopted a disciplined credit approach, anchored in portfolio quality, by prioritising exposures to entities with robust governance, sound capital structures, and consistent performance track records. We consciously exited lower-rated exposures and tightened concentration norms, thereby enhancing the risk-adjusted return profile of the portfolio.

A consultative client engagement model has been a key differentiator, with proactive support through rating insights, solution structuring, and capital optimisation. We also intensified our focus on operating accounts and transaction banking, building annuity-led revenue streams that strengthen client stickiness and long-term profitability. This value-added service has enhanced CSB Bank's standing among institutional clients, driving increased wallet share, deeper relationships, and higher cross-sell potential. The division also leveraged digital integration, rigorous compliance, and operational agility to deliver a seamless and transparent experience. Through strategic rebalancing, we have transitioned from episodic lending to embedded ecosystem partnerships, positioning the Bank as a trusted long-term partner rather than a transactional lender. The wholesale book continues to sustain healthy margins and superior asset quality, reinforcing our prudent credit strategy.

### Treasury

Our Treasury Operations Division plays a pivotal role in driving growth under the SBS 2030 roadmap, serving as both a profit centre and a unit managing key regulatory ratios. It acts as a strategic enabler across wholesale, MSME, and retail banking, ensuring dynamic liquidity management, regulatory alignment, and the delivery of sophisticated financial solutions. During FY 2024-25, we enhanced alignment with asset-liability strategy and fortified our earnings stability through selective duration calls and calibrated trading positions. In this capacity, the Treasury provides customised funding solutions, foreign exchange risk mitigation, and liquidity support for complex client requirements, while also anchoring retail banking through liability mobilisation and product innovation.

Liquidity management is handled via repo transactions, interbank borrowings, and certificates of deposit, further supported by long-term funding partnerships with global institutions such as the IFC.

The division manages statutory reserves by maintaining RBI-mandated CRR and SLR through a diversified portfolio of government securities and market instruments, balancing safety with yield optimisation to enhance the income. Foreign exchange operations, conducted in compliance with RBI and FEDAI guidelines, contribute to fee income and customer hedging solutions. In addition, the Treasury supports non-fund-based trade finance activities by managing forex exposures and buyer's credit structures, thereby strengthening our corporate franchise. Proactive Liquidity Coverage Ratio management and ongoing technology upgrades ensure that Treasury operations remain efficient, integrated, and aligned with global best practices.

## Our Performance

FY 2024-25 marked another year of resilient performance for CSB Bank, as we continued to uphold our financial and operational discipline while driving sustainable growth. Our consistent ability to balance topline momentum with bottom-line strength has further deepened stakeholder trust and reinforced our long-term credibility.

- Profitability: We have achieved a net profit of ₹ 593.80 crore as of March 31, 2025.
- Provisioning Buffer: Our provisioning buffer is robust, with around ₹185 crore above the regulatory requirements, including a contingent provision of approximately ₹ 105.92 crore. This disciplined approach helps to safeguard the Bank against potential risks and enhances our long-term resilience.
- Net Interest Margin (NIM): Despite a challenging market environment, we maintained our NIM at 4.13% for FY 2024-25.
- Return on Assets (ROA): Our ROA remained strong at 1.53%.
- Liabilities and Deposits: We focussed significantly on growing our deposits and could achieve a growth of 24.03%. While our CASA ratio stood at 24.19%, our term deposits grew at a faster rate.
- Advances: Our net advances grew by 29.47% year-on-year, much higher than the industry growth of around 11%.
- Asset Quality: Our asset quality remained stable, with key indicators such as GNPA at 1.57%, NNPA at 0.52%, and a Provision Coverage Ratio (PCR) of 83.71% including technical write-offs and 67.19% without it. We continue with an accelerated NPA provisioning policy and are maintaining significant contingent provisions.

- Capital Base: Our CRAR stood at 22.46%, supported by a low proportion of risk-weighted assets, primarily due to our significant gold loan portfolio share.

As part of our ongoing commitment to expanding customer access and deepening our national presence, we continued to strengthen our distribution network in FY 2024-25 through a data-driven and customer-centric approach. Rather than focussing solely on increasing branch count, we prioritised in optimising our physical presence to maximise reach, improve cost efficiency, and elevate service standards. Looking ahead, our measured pace of expansion is aligned with our ambition to achieve a well-diversified geographic presence, reduce concentration risk, and drive long-term sustainable growth in tandem with the industry's evolution towards a hybrid, digitally enabled distribution model.

## Revamping Our Tech Stack

Our technology transformation, driven by the SBS 2030 strategy, marks a major step in CSB Bank's journey towards becoming a modern, agile, and customer-first institution.

At the core of this transformation is a modern, stable and updated IT infrastructure. We have established four state-of-the-art data centres across Mumbai and Chennai, for robust cybersecurity and uninterrupted service continuity. A key milestone in this journey was the successful implementation of the Oracle Flexcube Core Banking System in May 2025. This platform now underpins critical banking operations, including CASA, fixed deposits, service orchestration, and limits management. In parallel, we have upgraded/launched over 50 systems across all businesses, control, governance and support functions in the Bank.

Guiding this transformation is our 'Hollow the Core' architecture, which separates fast-changing, high-volume applications from the core system. This modular approach allows for rapid deployment of platforms in areas such as digital payments, specialised lending, compliance, and automation, offering enhanced flexibility while preserving the integrity of our core infrastructure.

We are proud to be the first bank in India to implement ServiceNow's Financial Services Operations platform, an end-to-end onboarding solution that reimagines customer journeys across retail, MSME, and corporate banking. By offering transparent status tracking, faster turnaround times, and automated workflows, we deliver a seamless and efficient onboarding experience for customers.

Our open API and enterprise service bus architecture, supported by a new developer portal, is accelerating collaboration with fintech partners and enabling faster go-to-market for innovative offerings. This ecosystem has already produced innovations such as the Jupiter RuPay Edge Card and opens the door to many more customer-focussed digital offerings.

Additionally, we are equipping teams with modern digital tools and unified platforms. Frictionless mobile and internet banking channels are expanding customer access and convenience, while enhanced internal portals are driving frontline collaboration, responsiveness, and operational efficiency. Our centralised data strategy, supported by artificial intelligence and machine learning, enables hyper-personalised customer experiences and intelligent risk management, underpinned by a robust data governance framework that ensures integrity and compliance.

With this transformation now fully operational, CSB Bank is emerging as a truly next-generation institution, digital at its core, customer-obsessed in its design, and ready to lead in a rapidly changing financial landscape. Our combination of advanced technology, open integration frameworks, and a human-first approach positions us to lead with innovation and deliver meaningful value to customers and communities alike.

## ESG Focus

We see ESG not as a checkbox but as a compass guiding how we grow, serve, and sustain. From reducing our environmental footprint to deepening our social impact and reinforcing strong governance, we are embedding responsibility into every layer of our operations, making it a core tenet of how we create value. But purpose is not possible without people. That is why we place equal importance on our employees, investing in their development, fostering inclusivity, and nurturing a culture where collaboration, empathy, and innovation flourish.

Adopting modern work philosophies is integral to how we empower our teams. A key step in this journey has been our transition from People Strong to Oracle Fusion (HR360), a state-of-the-art, user-friendly platform that elevates the employee experience by enabling self-service across the full spectrum of HR functions. This digital upgrade simplifies everything, from managing personal information and tracking attendance to learning, recruitment, onboarding, and career development, allowing employees and managers to take charge of their own HR needs seamlessly.

Beyond technology, we believe genuine engagement comes from personal connection. To that end, we have institutionalised the HR Business Partnering (HRBP) model, deploying dedicated HRBP Officers across regions to provide contextual support, respond to employee feedback, and guide individual growth journeys. This close collaboration bridges the gap between our strategic goals and the everyday experiences of our workforce, reinforcing our commitment to a people-first, purpose-led workplace.

We also invest heavily in preparing our employees for the future through continuous learning and development programmes. Enhanced recognition platforms and streamlined communication channels have further deepened employee engagement, as evidenced by positive feedback in our latest annual survey. Our commitment to well-being is clear through progressive policies such as menstrual leave for women and annual health check-ups for all employees - practical steps that show that we care about our team's health and happiness.

Finally, our governance framework champions diversity and inclusion, with two women directors on our Board demonstrating our commitment to a balanced representation and inclusive leadership. Diversity continues to be a cornerstone of our ESG agenda and a key pillar of institutional strength.

## Going Ahead

We are at a pivotal juncture in our journey - a point where years of disciplined groundwork is now set to evolve into a phase of purposeful scale and transformation.

Guided by our long-term vision, SBS 2030, we have spent the last few years strengthening our core, investing in future-ready infrastructure, reshaping internal capabilities, and ensuring institutional alignment for sustainable growth. As we near the end of this 'Build phase,' we are preparing to transition into our 'Scale phase' beginning from FY 2026-27.

Fundamental to this next chapter is our technology transformation, one of the most significant in the Bank's history. With the go live of new Oracle Core Banking System, we expect stability by FY 2026-27. This transformation goes beyond modernisation; it reflects a distinctive journey involving a migration of over 50 surround systems. It is purposefully designed to enhance agility, drive operational excellence and enable the launch of new business verticals across transaction banking, retail, wholesale, and beyond.

Our distribution strategy continues to evolve in parallel. We have expanded responsibly, broadening our reach while maintaining a sharp focus on operational efficiency. While our current network provides adequate reach, a more aggressive branch expansion is planned from FY 2026-27 onwards, once our systems and product frameworks are fully equipped to support customer acquisition and delivery at scale.

One of our foremost strategic priorities is to build a resilient and sustainable CASA franchise. Rather than relying on pricing competition, we are focussed on creating distinctive customer experiences through usage-led propositions such as salary accounts, integrated payment solutions, and tailored asset offerings. With foundational investments already underway across talent, technology, and product innovation, we expect to see meaningful traction beginning FY 2026-27. What sets our approach apart is the deliberate focus on experience as a key differentiator, underpinned by scalable infrastructure built to accelerate adoption, deepen engagement, and cultivate long-term loyalty.

At the same time, we are actively reshaping our business mix to achieve a better balance and long-term resilience. While gold loans continue to anchor our performance, we are gradually shifting towards a more diversified portfolio, aiming for a composition of 30% retail, 30% wholesale, 20% gold, and 20% MSME by 2030. This calibrated transition is already in motion We are scaling up our retail asset franchise, accelerating growth in the wholesale and MSME segments, and maintaining gold lending as a reliable contributor to profitability. Each business vertical is strategically positioned to serve a distinct function within our growth blueprint. Retail and wholesale support scale and diversification. Gold lending provides consistency and liquidity. The MSME segment offers access to underserved markets and significant cross-sell potential, enhancing inclusion and deepening customer engagement.

Looking further ahead, we are preparing to launch new offerings that will complement our evolving portfolio. A key milestone will be the introduction of our wealth management business in Retail and Debt Capital Market in Wholesale targeted for FY 2028-29. This proposition will cater to the emerging affluent customer base, broaden our revenue profile, and reinforce long-term relationships through lifecycle engagement and advisory-led services.

We are moving with clarity and conviction - from a product-led model to a multi-product, customer-centric franchise. Every initiative we undertake is anchored in our commitment to long-term value creation for customers, employees, partners, and shareholders alike. I would like to express my sincere gratitude to our customers, shareholders, employees, and regulators for their invaluable support and contributions.

I express my sincere thanks to the regulators viz. RBI, SEBI, IRDA, NPCI, NSE, BSE, and the Central and State Governments etc. for the valuable support and guidance received during the year. I also extend my thanks to the Board for their guidance as we advance towards our SBS 2030 strategy With the continued dedication of all our stakeholders, we are confident in not only meeting but exceeding the milestones outlined in our strategic roadmap, well before 2030. At CSB Bank, we remain steadfast in our purpose: to deliver excellence, drive inclusive growth, and create enduring value for all. We are well equipped and ready to embrace Scale phase with confidence as and when it quick starts in a few months from now on.

Warm regards,

**Pralay Mondal**

**MD & CEO**

From the ED's Desk

# Building Foundations.
## Empowering Growth.

*"Central to this phase is the complete overhaul of our technology infrastructure. We are rearchitecting our core systems to deliver a seamless and future-ready banking experience."*

**Dear Shareholders,**

It is a privilege to address you at a defining moment in CSB Bank's strategic journey. As we are at the fag end of the Build phase of our SBS 2030 strategy, we are focussed on translating intent into impact through decisive and structured actions.

Central to this phase is the complete overhaul of our technology infrastructure. We are rearchitecting our core systems to deliver a seamless and future-ready banking experience. As we enhance our digital capabilities, we are also scaling our physical presence with plans to open sixty plus new branches this year. This expansion is being executed alongside strategic investments in talent, business verticalisation, and process simplification, all designed to ensure an effortless, personalised, and impactful customer experience.

These initiatives represent a bold stride towards our aspiration of building CSB Bank into a digitally empowered, customer-first, and nationally respected institution. With a clear agenda and a strong foundation, we are confident in our ability to lead with purpose, scale with discipline, and grow with resilience.

### Strengthening the Foundation

#### Technology

FY 2024-25 marked substantial progress in execution of bank-wide technology transformation. Key milestones include the rollout of a new core banking system, substantial investments in data centres, digital infrastructure middleware platforms, and the establishment of a modular architecture to support digital banking and omnichannel integration. These upgrades form the foundation for our 'BOTF: Bank of the Future' framework, a design thinking-led blueprint aimed at elevating customer experience, enhancing automation, strengthening compliance, and driving greater operational agility.

#### Branch Expansion

While becoming increasingly digital, we continue to recognise the role of physical branches as local anchors of trust and acquisition. During FY 2024-25, we expanded our network by 56 new branches, taking the total count to 829. This measured expansion ensures pan-India distribution readiness, positioning us to capture growth when the technology-led scale phase is activated in full swing post FY 2025-26.

#### Retail Advances

Our lending strategy during the year was marked by calibrated caution. We deliberately moderated our exposure to select high-yielding unsecured segments, such as microfinance, taking into cognizance the elevated systemic risk and inherent volatility and the need to safeguard long-term portfolio resilience. In parallel, we pursued selective expansion across secured asset classes, including Commercial Vehicles (CV), Construction Equipment (CE), and Loan Against Property (LAP), where underlying collaterals offer greater credit protection.

Looking ahead, beginning FY 2025-26, we aim to accelerate retail lending in a structured and risk-conscious manner. This growth will be anchored in data-intelligent credit frameworks, fully digitised onboarding journeys, and segment-specific product constructs tailored to regional and demographic nuances. Our approach is grounded in sustainable scale, asset quality and an enhanced customer value proposition.

#### Our CASA Strategy

In FY 2024-25, we delivered a robust 24.03% year-on-year growth in overall deposits, significantly outpacing industry trends, alongside a 10.32% increase in CASA deposits, sustaining a healthy CASA ratio of 24.19%. While borrowings and refinance supplemented our funding needs during the year, our long-term approach remains clearly focussed on self-sustaining, granular growth.

Starting FY 2026-27, we will initiate a focussed acquisition and deepening strategy to build a granular, high-quality liability franchise. This strategy will leverage digital-first engagement models, advanced data analytics, and enhanced relationship banking to attract and retain valuable customers. Our approach will be underpinned by differentiated customer value propositions, seamless onboarding experiences, and enhanced cross-sell capabilities, ensuring deposit growth that is both sustainable and cost-efficient.

### Building the Bank of the Future (BOTF)

At the core of our transformation journey is our commitment to BOTF. More than a strategic framework, BOTF represents a fundamental shift in mindset; one that challenges traditional banking models and embraces agility, efficiency, and customer centricity. Anchored in design thinking, BOTF is guided by the principles of empathy, simplicity, and scalability.

It is the way we work, how we engage with customers, and how we drive innovation across the enterprise. This transformation extends beyond process redesign; it is about instilling a culture of continuous improvement, where teams are empowered to anticipate change, respond with agility, and consistently deliver differentiated value. BOTF reflects our ambition to build a forward-looking institution that is not only future-ready but also deeply aligned with the evolving needs of our customers and the broader financial ecosystem.

As we approach the completion of the Build phase, CSB Bank stands poised to enter the most ambitious chapter of its transformation journey - the Scale phase of the SBS 2030 roadmap. The Scale phase, spanning FY 2026-27 to FY 2029-30, is designed to fully activate the foundational investments, process re-engineering and capability-building efforts undertaken over recent years.

Our vision for the Scale phase is bold yet grounded in strategic clarity of tripling our balance sheet by 2030 to surpass the ₹ 1 lakh crore mark, and emerging as a pan-India, mid-sized private sector bank with a strong digital core, diversified portfolio, and customer-first ethos.

The Scale phase will focus on expanding into new geographies while deepening our presence in existing markets through a hub-and-spoke distribution model that blends digital and physical infrastructure. With our technology becoming stable by FY 2025-26, we will accelerate digital-led customer acquisition, enabling more efficient and data-driven cross-sell opportunities across retail, MSME, and liability products. The role of analytics, AI-based segmentation, and personalised customer journey will become central to this growth journey.

In parallel, we will drive operating leverage through full-scale deployment of automation, digitisation, centralised processes, and partnerships that streamline onboarding, servicing, and transaction workflows. With a leaner back-end and smarter front-end, we will improve turnaround times, reduce cost-to-serve, and increase scalability.

We are equally focussed on improving key profitability metrics such as Earnings per Share (EPS), Return on Assets (ROA), and Return on Equity (ROE) thereby maximising the wealth of the shareholders. Our efforts to strengthen granular liability franchise, expand fee-based income streams, and maintain risk-adjusted lending practices will be critical to enhancing returns without compromising on asset quality or compliance.

**The strategic priorities that will guide us in this next phase include:**

- **Granular Liability Franchise**

  We will scale our retail liability and CASA base through focussed acquisition strategies, enabled by our digital core, refined segmentation, and expanded geographic presence. Relationship deepening will be a key theme, supported by cross-sell of assets, investments, and insurance, among others.

- **Digital Ecosystem and Customer Centricity**

  The BOTF framework will continue to shape our design and delivery. Through ecosystem partnerships, voice-of-customer-led design, and digitally enabled service journeys, we will continue to strengthen loyalty, trust, and relevance in every customer interaction.

- **Business Mix Diversification**

  Our lending portfolio will evolve towards a more balanced composition, targeting approximately 20% Gold, 30% Retail, 20% MSME, and 30% Wholesale, ensuring resilience across business and credit cycles.

- **Non-Interest Income and Fee Growth**

  Through leveraging of the transaction banking, trade finance, FX services, and digital product suites, we aim to boost non-interest income contribution to overall revenues, enhance profitability, and reduce dependence on cyclical income.

- **Capital Strength and Liquidity Buffers**

  A well-capitalised and prudently managed balance sheet will remain central to our ability to grow safely. We will continue to follow a disciplined investment approach that protects value across market environments.

- **Credit Governance and Asset Quality**

  Even as we scale, we will uphold our strong credit underwriting, early warning systems, and robust collection processes to safeguard asset quality. This balanced approach to growth ensures long-term sustainability.

As we continue this transformative journey, I extend my sincere gratitude to our valued customers, dedicated employees, trusted partners, and well-wishers for their continued support and confidence in CSB Bank. I also acknowledge with appreciation the guidance and oversight provided by our Board, regulatory bodies - including the Reserve Bank of India, SEBI, the Stock Exchanges, and the Central and State Governments etc. Their steady support and stewardship have been instrumental to our progress and resilience. Together, we look forward to advancing towards our shared vision of building the Bank of the Future, one that is innovative, inclusive, and fully attuned to the evolving needs of our stakeholders.

Warm regards,

**B. K. Divakara**
**Executive Director**

Strengths

# Empowering Progress.
## Engineering Excellence.

**With a strong foundation and a future-ready mindset, we leverage our core strengths to deliver consistent value across segments. Our focus on execution excellence, prudent risk management, digital enablement, and capital strength enables us to stay agile in a dynamic environment. These capabilities work in tandem to strengthen customer trust, drive operational resilience, and position us as a high-quality, growth-oriented financial institution.**

### Strong Funding Structure

We are building a diversified funding base with a focus on low-cost retail deposits, including CASA and term deposits, to enhance long-term stability. We also maintain a balanced mix of bulk deposits, CDs, and foreign currency borrowings to manage liquidity and optimise our funding cost. Our liability strategy ensures flexibility across various maturities and sources, supported by growing NRI deposits for added diversification. This approach enables us to meet regulatory requirements like LCR and NSFR comfortably supporting scalable, efficient growth.

**Deposit Growth**

**21%**
FY 2022-23

**21%**
FY 2023-24

**24%**
FY 2024-25

### Comprehensive Product Range

Driven by a commitment to inclusive growth, the Bank provides a broad spectrum of banking solutions, carefully designed to meet the evolving needs of customers across the country. Our portfolio serves a wide range of segments, from salaried professionals and the self-employed, high-net-worth clients, NRIs, and corporates. This approach position us to harness the significant credit demand emerging across these diverse groups.

- Retail Banking
- MSME Banking
- Wholesale Banking
- Treasury

### Unyielding Asset Quality

We have been able to maintain consistently low levels of non-performing assets, driven by good underwriting standards, disciplined monitoring, effective follow-up mechanisms, and proactive risk oversight. Our stringent NPA management strategies, reinforced by robust internal controls and a comprehensive audit and risk framework, ensure early identification of potential risks associated with accounts and its early resolution. This vigilant and structured approach enables us to anticipate emerging risks, take timely intervention; thus reinforcing the resilience of our portfolio.

**1.57%**
GNPA

**0.52%**
NNPA

### Strong Network

Our extensive distribution network ensures strong last-mile connectivity, allowing us to engage customers across the spectrum . Our branches have a major role in driving our gold loan business, while our extensive physical presence, supported by a resilient digital infrastructure, enables us to operate seamlessly across multiple channels. This integrated approach allows us to meet the diverse credit needs of our customers efficiently and consistently, wherever they are.

**829 Branches**
As on March 31, 2025

**791 ATMs/CDMs**
As of March 31, 2025

**1,600+ Touchpoints**
As on March 31, 2025

### Technology at the Core

At the heart of our transformation is technology-first strategy, aimed at enhancing operational efficiency, fostering innovation, and delivering a seamless and consistent customer experience.

The cornerstone of this transformation journey is our new Core Banking Solution, *Oracle FLEXCUBE*, integrated with many advanced surround systems, further complemented by modern digital channels, sophisticated lending platforms, next-generation support systems, and a robust, scalable infrastructure backbone. This comprehensive transformation is instrumental in enabling operational scalability, improving productivity, and elevating service quality and further supporting our evolution into a diversified, multi-product financial services institution in a rapidly changing financial landscape.

**1,575.40 lakh**
Digital Banking Transactions

### Professional and Visionary Leadership

CSB Bank's strong leadership team forms the backbone of our progress, steering the Bank with clarity, expertise, and strategic foresight. Their deep industry knowledge and agile decision making skills have been instrumental in helping us navigate the complexities enroute of our SBS journey and seize emerging opportunities more effectively. With a firm commitment to innovation and customer centricity, our leadership ensures that we remain ahead of the curve, consistently creating value for our customers, employees, and stakeholders alike.

**20+ Years**
Domain Experience of the Senior Management Team

Business Model

# Building Value.
## Scaling Vision.

**Our business model is strategically anchored in four core segments : Retail Banking, MSME Banking, Corporate Banking, and Integrated Treasury. In line with our vision to be a future-ready, full-service private sector bank, we have strategically realigned our technology stack to accelerate growth, enhance execution capabilities, and better serve our diverse customer base, thereby creating value for our shareholders.**

Driven by four key management initiatives, our renewed model is designed to accelerate growth, enhance operational excellence, and elevate customer satisfaction. These focussed efforts are helping us in creating lasting value while scaling our vision, positioning ourselves to meet evolving market demands and delivering comprehensive, innovative financial solutions.

## Inputs

### Branches

Our Bank's branch network plays a pivotal role in operational and customer engagement strategy. Our branches serve as key touchpoints for managing deposits, facilitating gold loan services, cross-selling a wide range of financial products, and delivering personalised, high-quality customer support.

### People

We believe that people are our core asset. Our commitment to putting people first is reflected in every aspect of our operations—from nurturing a supportive and inclusive workplace culture to delivering exceptional service to our customers. We invest in employee development, promote well-being, and foster a performance-driven environment that aligns individual growth with organizational success. This people-centric approach is fundamental to building lasting relationships, driving innovation, and creating sustainable value for all stakeholders.

### Customer Experience

Our unwavering commitment to enhancing customer experience is reflected in the continuous expansion of our product suite, service offerings, and digital banking capabilities. Strategic investments in advanced technologies are driving these enhancements, enabling seamless customer engagement and providing access to a comprehensive range of personalised financial solutions. Through this approach, we aim to deliver convenience, responsiveness, and value at every touchpoint.

### Products

Bank offers a broad spectrum of financial products and services tailored to the evolving needs of individuals, businesses, and institutions. Our dedicated product-specific teams ensure focussed execution and exceptional service delivery, reinforcing our commitment to operational excellence and customer centricity across all touchpoints.

**Financial Capital**

Pool of funds available with us from diverse sources for advances and investments.

**Manufactured Capital**

Funds available to establish a pan-India presence.

**Intellectual Capital**

Brand and reputation, processes and procedures, innovation and information technology.

**Human Capital**

Skills, knowledge, experience of employees, and leadership.

**Social and Relationship Capital**

Customers, Shareholders, Community, Partners and Regulators.

## Operational/Governance Matrix

### Key Drivers of the Business

**Social Trends**
- Demographic shifts
- Consumer behaviour and expectations
- Urbanisation and lifestyle changes
- Environmental and sustainability awareness

**Economic Conditions**
- Inflation, Interest rates, and GDP growth
- Employment trends and income levels
- Global economic volatility
- Currency fluctuations

**Market Dynamics**
- Competitive landscape
- Industry consolidation
- Technological disruption
- Supply chain dynamics
- Innovation cycles

### Stakeholder Ecosystem

- Investors
- Customers
- Workforce
- Regulators
- Society at Large
- Suppliers & Business Partners
- Credit Rating Agencies
- Analysts & Media
- Industry Associations
- NGOs & Civil Society Organisations
- Technology & Infrastructure Providers
- Academic and Research Institutions
- Local Communities
- Competitors

## Outputs

**Financial Capital**

₹ **4,498** crore Capital and Reserves

₹ **910** crore Operating Profit

**Manufactured Capital**

**829** Branches

**791** ATM/CDMs

**Intellectual Capital**

**6.55** lakh+ Internet Banking Users

**6.46** lakh+ Mobile Banking Users

**1,575.40** lakh+ Digital Transactions

**Human Capital**

**7,616** Employees

**Social and Relationship Capital**

**2.1** million+ Customers

₹ **37,436** crore Loans Disbursed in FY 2024-25

**78,236** Shareholders (as of March 31, 2025)

**11,19,507** CSR Beneficiaries

Operating Environment

# Navigating the Environment.
## Shaping the Future.

**In a landscape defined by technological disruption, evolving regulations, and shifting customer expectations, we are actively adapting to stay ahead of the curve. We recognise that these external forces are reshaping the financial landscape, and in response, we are accelerating digital transformation, reinforcing risk practices, and pursuing responsible, future-ready growth. With a clear focus on customer-centricity and ethical governance, we aim to turn emerging challenges into strategic opportunities - building a resilient, inclusive, and forward-looking financial institution for all our stakeholders.**

### Growing MSME Sector

The MSME sector in India is experiencing strong growth and transformation, positioning its role as a key pillar of the national economy. By March 2025, over 6.2 crore MSMEs had registered, a sharp increase from 2.5 crore the previous year, driven by formalisation measures and supportive government schemes.

Access to credit for MSMEs is also improving, with commercial credit exposure rising to ₹ 35.2 lakh crore by March 2025, up from ₹ 31 lakh crore the previous year. Notably, women-led MSMEs now represent over 20% of micro-businesses and have demonstrated higher income growth compared to their male-led counterparts.

Despite these positive trends, a significant credit gap persists. However, ongoing policy reforms and the digitalisation of services are expected to unlock further potential, enabling more equitable, broad-based economic development.

**Our Response**

Our goal has always been centred around serving those who are underserved by mainstream banking, bridging the gap between formal institutions and grassroots communities. With strong penetration in semi-urban and rural regions, we offer specialised, need-based services that reflect the financial realities of underbanked populations.

### Increasing ESG Adoption

Climate-related disruptions are prompting a worldwide shift towards Environmental, Social, and Governance (ESG) practices. The financial services sector is being called upon to integrate ESG principles and climate risk considerations into decision-making processes. Reflecting this trend, the RBI has highlighted the importance of tackling climate change to ensure both sustainability and financial stability.

**Our Response**

At the heart of CSB Bank's strategic vision is a steadfast commitment to Environmental, Social, and Governance (ESG) principles. Our focus on sustainability, sound governance, and proactive risk management reflects our dedication to responsible banking and long-term value creation.

We actively finance projects that align with climate risks and broader Environmental, Social, and Governance (ESG) principles, including initiatives in renewable energy and energy efficiency. This approach reinforces our role as a catalyst for long-term environmental stewardship and sustainable development. In line with our commitment as responsible banker, we consciously refrain from supporting, directly/indirectly, those projects that do not meet our ESG Policy, ensuring that our capital deployment contributes positively to the planet and society.

### Tightening Regulatory Framework with a Strong Thrust on Governance

Regulatory stance reflected a clear shift towards enhanced governance, with tighter compliance norms and increased scrutiny to uphold transparency and investor confidence. SEBI reinforced its governance framework by introducing stricter oversight protocols, refining disclosure standards, and comprehensive risk and regulatory frameworks.

**Our Response**

We are committed to proactively strengthening our governance framework by enhancing internal oversight mechanisms and aligning compliance protocols and risk policies and practices with the latest regulatory expectations. Through continuous evaluation and refinement of our policies and practices and further strengthening of internal mechanisms, we aim to uphold the highest standards of accountability and ethical conduct. These efforts reinforce our commitment to transparency, investor protection, and robust internal and risk management framework, ensuring sustained trust and resilience in a rapidly evolving regulatory landscape.

### Accelerating Digital Transformation in Banking

Innovative steps from the Government and RBI, such as UPI 123 Pay, UPI Lite, and digitised Kisan Credit Cards, are reshaping the banking landscape. By enabling digital payments for smartphone users and strengthening rural credit delivery, these initiatives are fostering a more inclusive, accessible, and efficient financial ecosystem. The result is a more efficient, cost-effective system that opens new opportunities for farmers and underserved communities to thrive.

**Our Response**

CSB Bank has been undertaking a comprehensive technology transformation to reposition itself as a next-generation financial institution. Central to this initiative is the replacement of almost all legacy systems, led by the implementation of Oracle's FLEXCUBE core banking solution.

CSB Bank, in alignment with the broader digital transformation sweeping across the sectors, is rolling out a comprehensive suite of digital services aimed at enhancing customer convenience and accessibility. Key offerings include Cardless Cash Withdrawal Facility, WhatsApp Banking, and ATM. Value-Added Services (VAS), CSB UPI, Payment Services (POS), CSB Collect (Bharat QR – an interoperable digital payment solution), and Merchant Payment Solutions. To support these capabilities, we have established new data centres, deployed a private cloud architecture, and strengthened our cybersecurity frameworks.

These initiatives reflect our commitment to innovation and our focus on delivering seamless, secure, and user-friendly banking experiences.

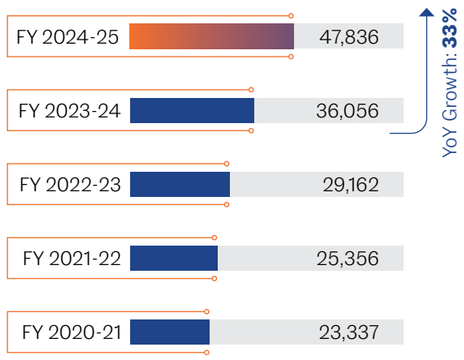
This upgrade forms the backbone of our strategy to evolve into a multi-product, digitally enabled franchise: scaling operations, boosting efficiency, and elevating the customer experience.

Financials

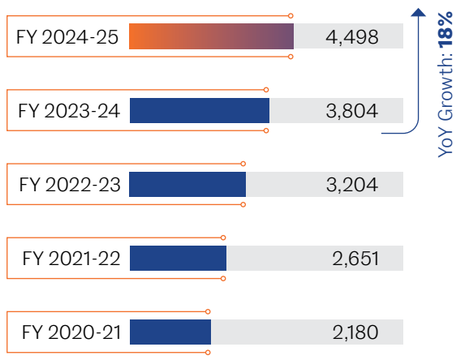
# Strengthening Financials.
Building Tomorrow.

## Balance Sheet

**Total Assets** (₹ in crore)

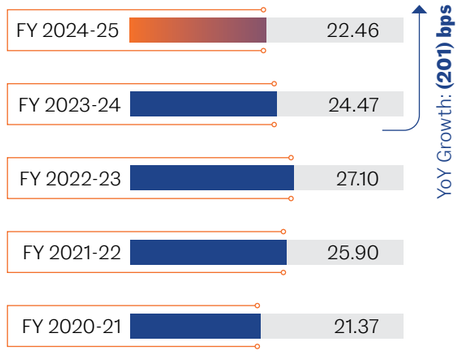



**Capital and Reserves** (₹ in crore)

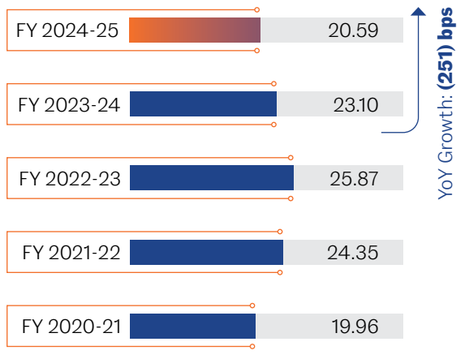



## CRAR and Tier 1

**CRAR** (%)

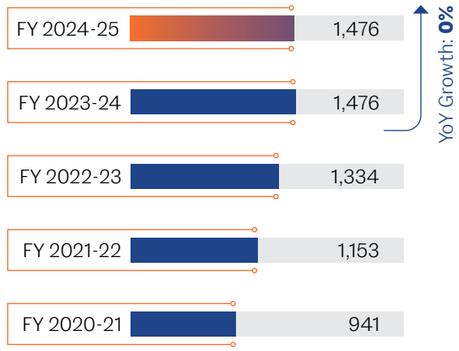



**Tier 1** (%)

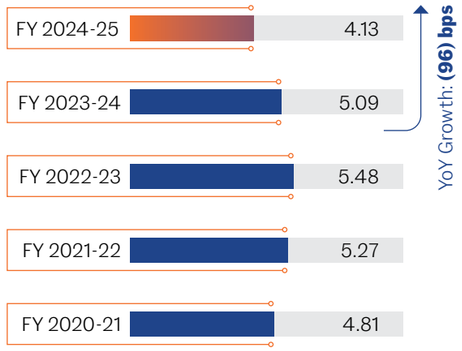


## Profit and Loss

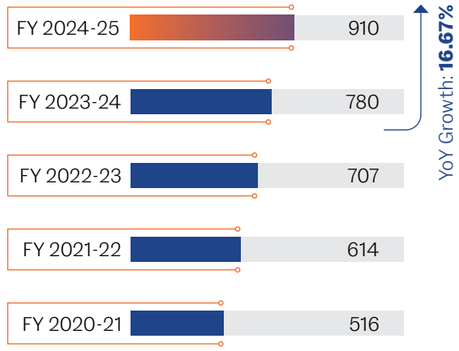
**Net Interest Income** (₹ in crore)



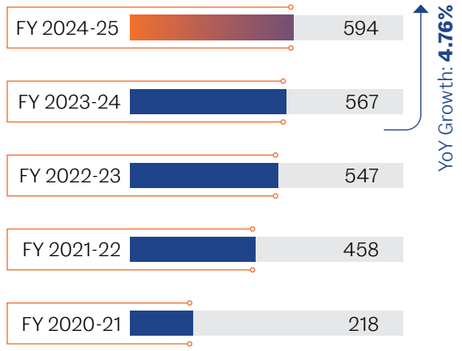

**Net Interest Margin** (%)



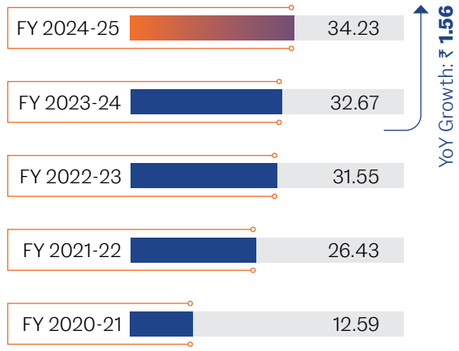

**Operating Profit** (₹ in crore)



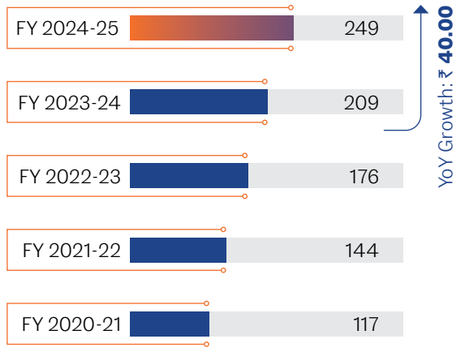

**Net Profit** (₹ in crore)




**Earnings Per Share (Basic)** (₹)

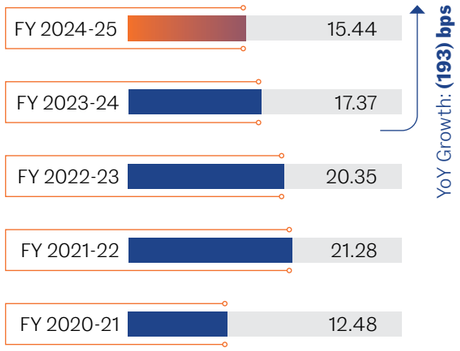



**Book Value Per Share** (₹)

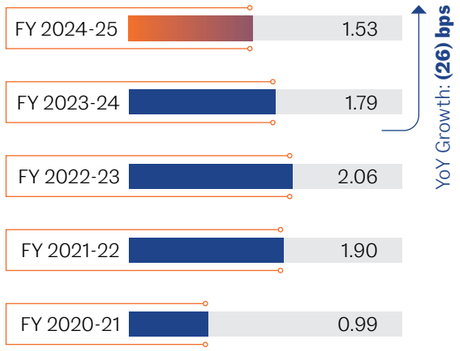


## Key Ratios

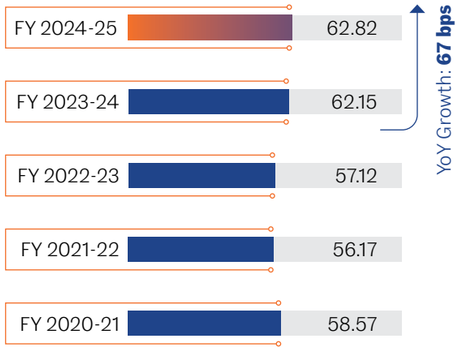
### ROE (%)



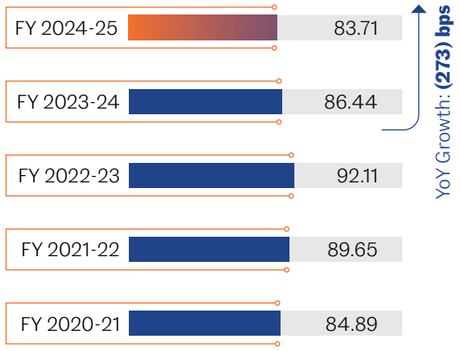

### RoA (%)



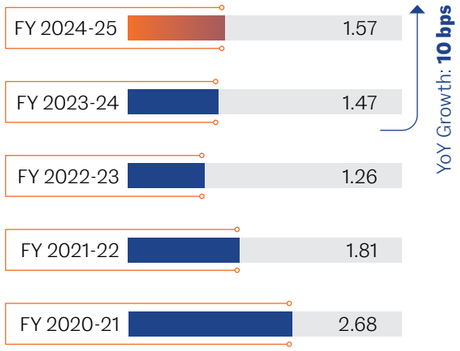

### Cost to Income Ratio (%)



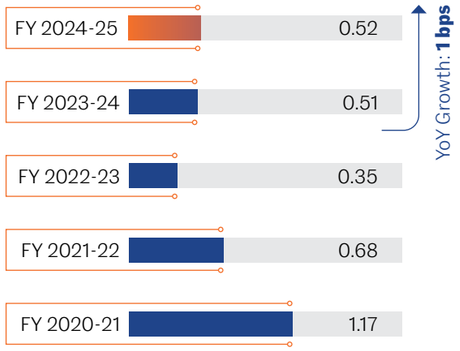

### Provision Coverage Ratio (%)




### Gross NPA (%)

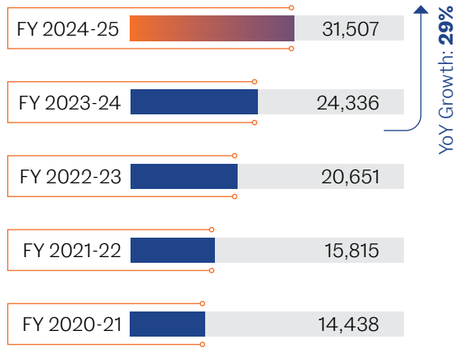



### Net NPA (%)

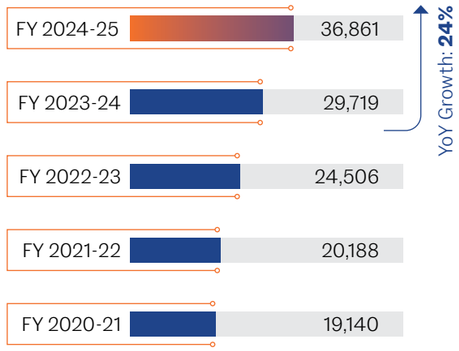



## Operational

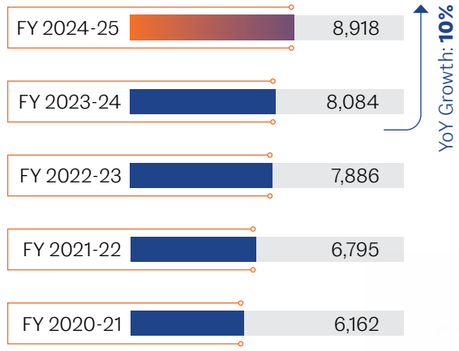
### Net Advances (₹ in crore)

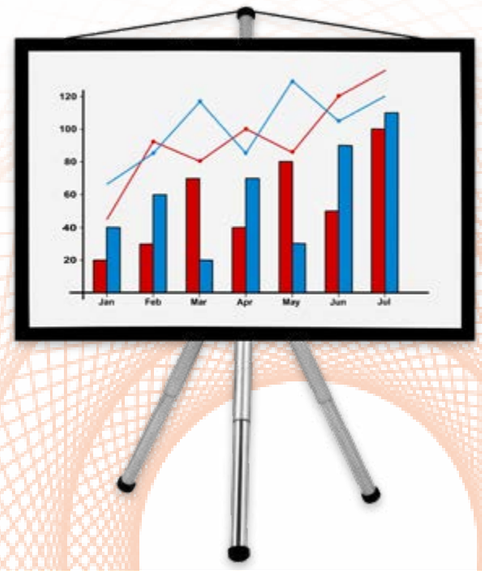



### Total Deposits (₹ in crore)




### CASA (₹ in crore)



Economic Value Creation

# Building Wealth.
## Driving Progress.

**At CSB Bank, our focus is on fuelling wealth creation and accelerating economic progress through innovative, customer-centric financial solutions. By empowering individuals, businesses, and communities to achieve their goals, we prioritise sustainable growth and responsible stewardship. Guided by integrity and a commitment to lasting value, we deliver steady returns while contributing positively to the broader economy.**

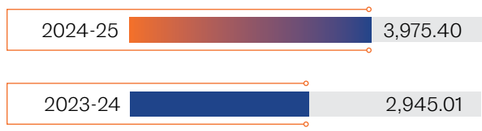
## Economic Value Distributed (EVD)

CSB Bank is committed to fostering sustainable financial growth while prudently managing capital resources. We actively contribute to the nation's economic progress through strategic capital allocation and optimisation. Our focus is on driving operational efficiency and enhancing productivity while safeguarding our margins against market volatilities and cost pressures. Our performance had been stable here. This reflects our ability to remain resilient and maintain a competitive edge in a dynamic financial landscape.

## Economic Performance (in ₹ crore)

**Direct economic value generated: Revenue**

**Economic value distributed**




**Payments to the government (Taxes)**

**Community investments (CSR)**

**Operating costs**

**Employee wages and benefits**

**Interest expended**

**Economic value retained**

Technology

# Building Robust Systems.
## Scaling Limitless Opportunities.

We are engineering resilient, next-generation systems designed to propel us into a future of boundless potential. By investing in a cutting-edge core banking platform, AI-powered analytics, and scalable cloud technologies, we are reimagining customer experiences and accelerating operational excellence. These digital advancements are not only enhancing our responsiveness and efficiency but also deepening our customer engagement.

### Pillar 1 Building a Strong Technology Foundation

- Strengthened core infrastructure through the establishment of four Tier-3 data centres (two each in Mumbai and Chennai), supported by private cloud infrastructure for scalability and resilience.
- Enabled high-bandwidth connectivity across all branches and set up a Technology Command Centre in Turbhe, Mumbai for real-time system monitoring and control.
- Completed a full hardware refresh using latest-generation servers to support increased processing needs.
- Implemented Oracle FLEXCUBE as the new core banking system, replacing the legacy platform with a modern Oracle database.
- Launched new digital channels and integrated modern payment solutions (RTGS, NEFT, IMPS) via OBPM, deploying Oracle General Ledger and OFSAA for finance and risk analytics.
- Modernised over 120 satellite systems, with 50+ integrated into the core platform, spanning lending, trade finance, treasury, compliance, fraud detection, and onboarding.
- Adopted a 'Hollow the Core' strategy to move high-volume and specialised functions outside the core, enhancing modularity and performance.
- Deployed ServiceNow to streamline operational workflows, enabling rapid rollout of tools like Customer 360°, covenant tracking, and onboarding modules.

### Cybersecurity as a Key Enabler

- Established a Security Operations Centre (SOC) for real-time monitoring and threat detection.
- Integrated features such as dark web surveillance, advanced perimeter controls, and zero-trust architecture.
- Implemented robust identity and access management, with automated deactivation of employee access upon role or employment changes.
- Ensured compliance with regulatory standards through data masking and encryption of sensitive customer information.

### Pillar 2 Digital-First Approach

- Implemented a digital-first strategy to drive seamless, omnichannel engagement across customer and employee journeys.
- Upgraded mobile and internet banking platforms will provide customers with comprehensive access to banking products and services.
- A 'phygital' model integrates digital convenience with continued in-branch support to meet diverse customer preferences.
- For employees, the MyCSB App and MyCSB.co.in portal has centralised lifecycle services, including HR, IT, procurement, and operations.
- Digital channels enabling business growth through targeted product offers, customer acquisition, and cross-selling initiatives.

### Pillar 3 Data and Analytics Enablement

- Transitioned to a data-driven operating model to enable real-time, insight-led decision-making across the Bank.
- Established a centralised data repository to consolidate dispersed customer and operational data from multiple systems.
- Data streamed in real time/ scheduled batches based on specific business needs.
- Enforced robust data governance, including quality checks, encryption, and masking of sensitive information, to ensure compliance and security.
- The platform supports AI/ ML deployment for advanced insights across customer engagement, risk management, and operations.
- Insights made accessible to internal users, business partners, and authorised third parties through secure, structured APIs.

## API Ecosystem and Fintech Integration

To foster scalability and enable faster innovation, we have built a comprehensive API and microservices architecture. An Enterprise Service Bus (ESB) facilitates seamless integration between internal systems and external stakeholders, including fintechs, ecosystem partners, and regulatory bodies. This architectural shift enables us to rapidly innovate, collaborate across platforms, and offer customers real-time, personalised financial services.

## Digital Banking Services

Our digital banking portfolio is carefully crafted to provide customers with both convenience and robust security. Services such as WhatsApp Banking offer immediate access to essential banking features, while Green PIN allows customers to generate secure PINs with ease. Additionally, Cardless Cash Withdrawal empowers customers to withdraw cash from ATMs without requiring their physical card.

To further simplify customer engagement, we have fully digitised the account and credit card application processes with Video KYC (VKYC). This paperless onboarding journey accelerates account opening while ensuring compliance and delivering a smooth customer experience.

### Digital Touchpoints

**2,600+**
PoS Machine Installations

**9.55 lakh+**
Debit Cards

**6.55 lakh+**
Net Banking Users

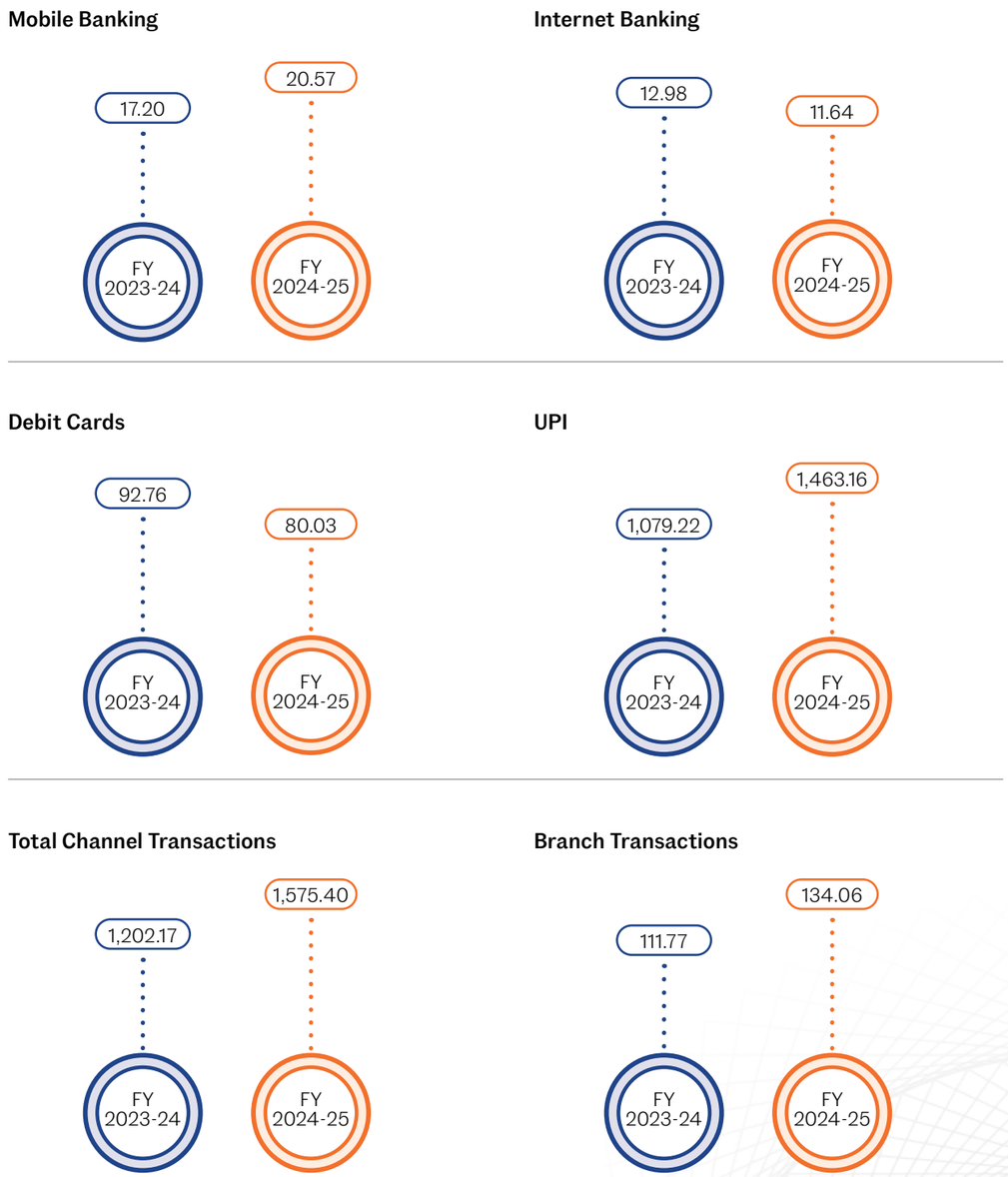
**791 ATMs/CDMs**
Network

**17,800+**
QR Installations

**1.60 lakh+**
Credit Card users

**6.46 lakh+**
Mobile Banking Users

### No. of Digital Transactions (in lakh)



Strategies

# Strategising Plans.
## Empowering Actions.

Our strategic roadmap is guided by a commitment to long-term value creation, operational resilience, and customer-centric growth. Anchored by the SBS 2030 strategy, we are focussed on building a future-ready institution through deliberate and impactful initiatives. Our strategy framework is designed to strengthen our core banking capabilities while expanding our reach and relevance in a dynamic financial landscape.

### In line with this objective, our strategies include:

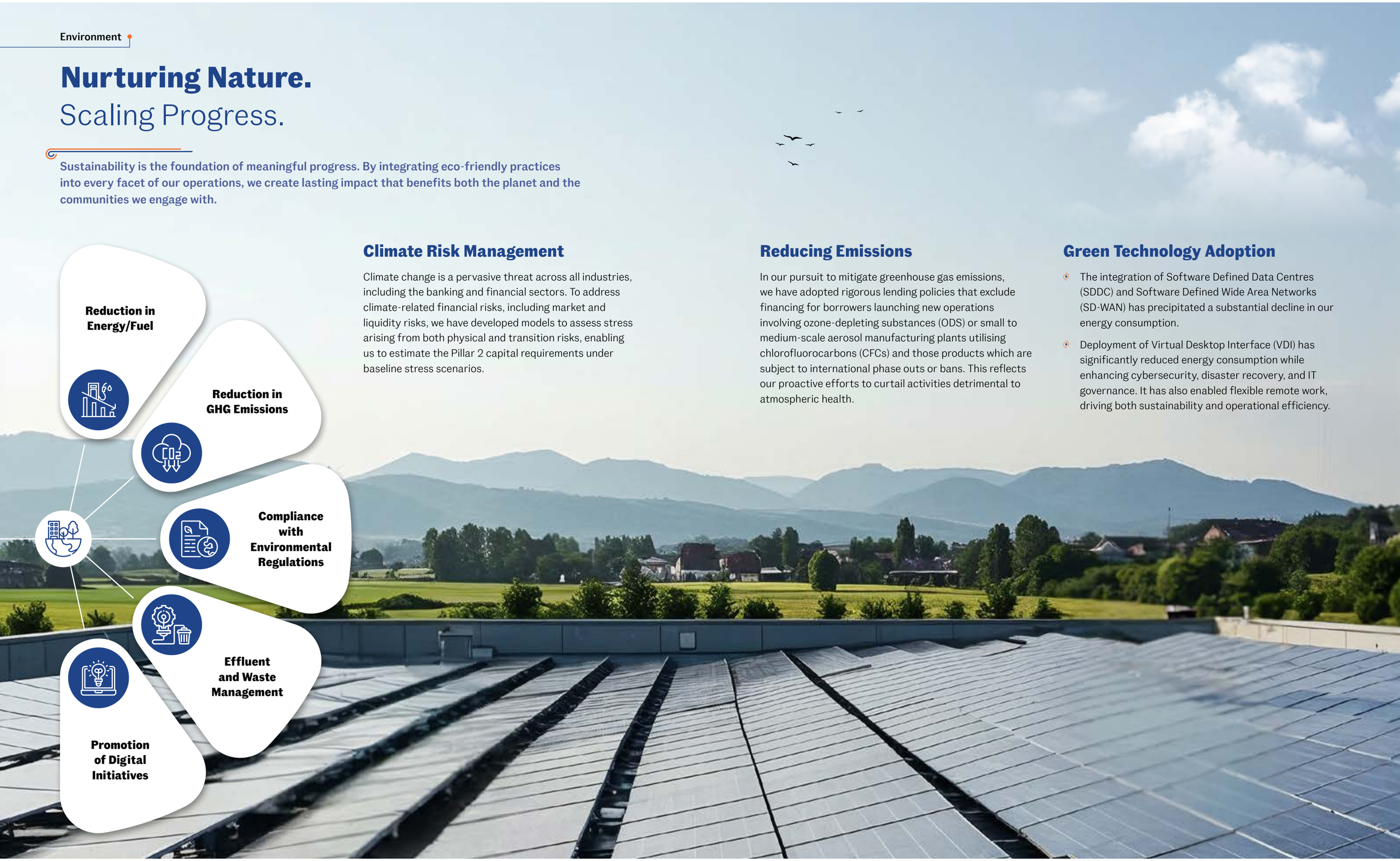
- Product Diversification
- Customer Acquisition
- Sustainability
- Increasing Branch Distribution
- Tech Stack Improvement

| Strategy | SDGs Impacted | Stakeholders Impacted | Key Highlights of FY 2024-25 | Future Roadmap |
|---|---|---|---|---|
| Product Diversification | 8, 9, 17 | Customers<br>Employees<br>Partners<br>Regulatory Bodies | • Realigned the corporate banking portfolio by exiting select non-performing and standard accounts to enhance overall asset quality.<br>• In retail (ex-gold), selectively scaled back higher-risk unsecured segments such as Personal Loans, Two-Wheelers, and Microfinance to manage risk.<br>• Despite this cautious approach, retail assets (ex-gold) grew 24%, led by targeted expansion in CV/CE, Loan Against Property, and Inventory Funding. | • Achieve a balanced portfolio comprising 30% Retail, 30% Wholesale, 20% Gold, and 20% MSME, reducing reliance on gold loans. |
| Customer Acquisition | 8, 9, 10 | Investors<br>Customers<br>Employees<br>Partners | • Focussed on acquiring new customers, regaining the lost customers and retain existing customers. | • Customer acquisition is a strategic priority, with a significant scale-up anticipated from FY 2026-27, following the core stabilisation.<br>• The approach is anchored in strengthening the CASA base and broadening the retail customer portfolio.<br>• The long-term objective is to establish a sustainable franchise by driving deep customer penetration and cross-selling a comprehensive suite of products - including retail assets, payments, wealth solutions, and fee-based services. |
| Sustainability | 1, 5, 8, 9, 10, 12, 13, 16 | Customers<br>Employee<br>Partners<br>Communities | • Focussed efforts and initiatives undertaken to promote financial inclusion by reaching underserved segments and remote areas.<br>• Partnered with Fairfax Foundation to provide dialysis services, enhancing healthcare access in underserved communities. | • ESG principles will be integrated throughout our operations and business strategy to ensure responsible growth.<br>• The focus will be on enhancing long-term sustainability to secure lasting benefits for the Bank and our stakeholders.<br>• Efforts will be directed towards creating enduring value for both our shareholders and society as a whole. |
| Increasing Branch Distribution | 8, 10, 11, 17 | Investors<br>Customers<br>Employees<br>Partners<br>Communities<br>Regulatory Bodies | • Expanded the branch network to 829 branches and 791 ATMs by adding 56 new branches and 60 ATM/CDMs during the year.<br>• Merged 6 branches as part of branch rationalisation efforts to enhance operational efficiency.<br>• Diversified geographic footprints by scaling presence across North, West, and broader South India, reducing regional concentration risk. | • Maintaining a consistent annual target of adding new branches to support steady network expansion.<br>• Large-scale branch expansion planned from FY 2026-27 to align with product and system readiness, ensuring efficient capital deployment.<br>• Transitioning to a diversified, multi-product format with an extended break-even horizon. |
| Tech Stack Improvement | 8, 9 | Investors<br>Customers<br>Employees<br>Partners<br>Communities<br>Regulatory Bodies | • Undertook a full-scale technology overhaul, replacing most legacy systems across the Bank.<br>• Established four advanced data centres (Mumbai and Chennai) with private cloud infrastructure to enhance scalability and control.<br>• Implemented high-resilience bandwidth across branches to ensure uninterrupted service delivery.<br>• Upgraded server hardware to boost system performance and reliability.<br>• Set up a centralised Technology Command Centre for real-time IT infrastructure monitoring.<br>• Transitioned to the Oracle Banking Digital Experience (OBDX) platform to enhance digital user interface and experience. | • All new systems are expected to stabilise by FY 2025-26.<br>• Post-stabilisation, workforce investments are planned to support growth and operations.<br>• The upgraded technology stack will enable scale-up across retail assets and expansion into transaction and wholesale banking. |

Environment

# Nurturing Nature.
## Scaling Progress.

Sustainability is the foundation of meaningful progress. By integrating eco-friendly practices into every facet of our operations, we create lasting impact that benefits both the planet and the communities we engage with.




### Climate Risk Management

Climate change is a pervasive threat across all industries, including the banking and financial sectors. To address climate-related financial risks, including market and liquidity risks, we have developed models to assess stress arising from both physical and transition risks, enabling us to estimate the Pillar 2 capital requirements under baseline stress scenarios.

### Reducing Emissions

In our pursuit to mitigate greenhouse gas emissions, we have adopted rigorous lending policies that exclude financing for borrowers launching new operations involving ozone-depleting substances (ODS) or small to medium-scale aerosol manufacturing plants utilising chlorofluorocarbons (CFCs) and those products which are subject to international phase outs or bans. This reflects our proactive efforts to curtail activities detrimental to atmospheric health.

### Green Technology Adoption

- The integration of Software Defined Data Centres (SDDC) and Software Defined Wide Area Networks (SD-WAN) has precipitated a substantial decline in our energy consumption.
- Deployment of Virtual Desktop Interface (VDI) has significantly reduced energy consumption while enhancing cybersecurity, disaster recovery, and IT governance. It has also enabled flexible remote work, driving both sustainability and operational efficiency.

Social

# Crafting Social Bonds.
## Scaling New Possibilities.

**We believe in creating meaningful impact within communities by supporting education, healthcare, and environmental well-being. Through empowerment and inclusion, we strive to unlock new avenues for individual and collective progress, ensuring every initiative we undertake contributes to lasting, positive change. With integrity, empathy, and a future-oriented approach, we are committed to building a more equitable and sustainable tomorrow, one that expands opportunities for all.**

## Customers

We aspire to be a forward-thinking, customer-first private bank, deeply attuned to the ambitions and needs of our clients. We are devoted to crafting innovative financial products and services that empower customers to realise their goals.

### Comprehensive and Personalised Banking Solutions

- Offer a versatile banking platform catering to retail, wholesale, MSME, and treasury segments.
- Leverage deep customer insights to develop tailored, integrated financial solutions.
- Align offerings with each client's unique financial journey and evolving needs.
- Foster long-term relationships focussed on comprehensive financial well-being.

### Going Digital with a Human Touch

- Ensure that secure accessible, and cost-efficient banking services are available 24/7.
- Achieve a significant increase in digital transactions, indicating growing customer trust.
- Maintain a balanced approach by combining technological convenience with human-centred, empathetic service.
- Recognise the enduring importance of personal interaction in delivering a holistic banking experience.

### Accessible Customer Support and Rural Outreach

- Provide a multi-channel Customer Grievance Redressal framework through branches, a 24/7 call centre, and online platforms for swift and effective resolution.
- Maintain a strong presence in rural and semi-urban areas to enhance accessibility, inclusiveness and service delivery.
- Deploy dedicated relationship managers and agricultural officers to offer personalised doorstep services to farmer customers.
- Strengthen support for agriculture and priority sector lending through targeted outreach and service initiatives.

### Omnichannel Engagement and Continuous Improvement

- Engage customers through an omnichannel approach that integrates traditional branches with digital platforms for enhanced accessibility and transparency.
- Use insights from customer satisfaction surveys to drive continuous service improvements, branch upgrades, and product awareness initiatives.
- Prioritise prompt resolution of customer complaints to build trust and foster customer advocacy.
- Focus on delivering tailored experiences to strengthen long-term customer relationships.

### Financial Inclusion

- Established a dedicated vertical to drive financial inclusion initiatives across the Bank.
- Enabled digital and assisted channels at branches to offer a blend of technology and human interaction for enhanced customer service.
- Expanded presence in rural and semi-urban areas through new branches and ATMs; over 50% of the network now operates in these regions, with 1,600+ touchpoints nationwide.
- Conducted regular financial literacy workshops and customer engagement events to build awareness and trust.
- Operated Financial Literacy and Credit Counselling Centres (FLCCs) to educate underserved communities and promote access to formal banking services.

### Partners

We are actively forging strategic collaborations with fintech innovators to strengthen our customer onboarding journeys , credit card offerings and streamline lending. These partnerships generate mutually beneficial synergies, enhancing our collective capabilities while expanding customer access and product reach. By integrating cutting-edge technology and domain expertise, we are driving operational excellence and fostering deeper, more meaningful engagement with our clients. These alliances are central to unlocking scalable growth and advancing our long-term vision.

## Human Capital Roundup

At CSB Bank, our people philosophy extends beyond workforce strategies to fostering an organisational culture that empowers and nurtures talent, which is why 'Human Capital' is a key pillar of SBS 2030 - the Bank's mission to drive transformation and sustainable growth.

**7,616**
Employees

**2,375**
Women Employees

**3,472**
Hires in FY 2024-25

**2,15,567**
Learning Hours

**96.50%**
Women Returning from Maternity Leave

## Talent Development

Talent development remains at the heart of our people strategy. We believe that to deliver exceptional customer experiences, we must first prioritise our internal customers – our employees. Towards this end, the Bank has institutionalised Career Development Programmes across employee segments.

Our Demonstrate, Observe, Release, Monitor (DORM) framework embedded in our onboarding programme NEEV, has been instrumental in reducing early attrition by preparing new employees comprehensively for their roles. We uphold a strong commitment to quality and operational readiness, certifying employees as 'ready' only after they have demonstrably fulfilled all role-specific requirements. This structured approach ensures that our workforce is well-prepared, engaged, and aligned with the Bank's performance standards.

Introduced in 2023, the Emerging Talent Programme aims at the identification and development of high potential employees. Under this talent management initiative employees in grades up to DVP II grade (job size 5) are identified basis their past performance and potential. Various interventions are being out to expedite career growth and enable them to take up higher/more critical roles.

In FY 2024-25, 437 employees were identified as Emerging Talent. Attrition in this group was significantly lower at 9%. Further, 20% of the population was elevated to a higher role.

The Bank has also instituted Career Progression Plans in Gold and Liability business verticals. Under these plans, job role-wise performance levels are defined and employees meeting the same are elevated to the next grade centrally. These career ladders promote transparency to the employees about their career growth and development.

## Managerial Development

Managerial development remains as a core priority, especially as many of our managers are navigating their first leadership roles while managing diverse, multi-generational teams. We provide targeted support to help them develop their leadership style and effectively manage diverse teams. Towards this end, we released Managerial Engagement Reports for over 400 managers across levels. The Report aims to serve as a developmental tool for managers to strengthen their areas of development while simultaneously bolstering their areas of strength.

## Employee Engagement

To strengthen employee engagement, we enhanced our Employee Connect Framework. Our regionally distributed Business Partnering team conducted one-on-one meetings with over 5,300 unique employees in FY 2024–25.

Feedback gathered from employees is converted into actionable dashboards and structured connect summaries are cascaded to relevant stakeholders.

## Rise and Recognise

In FY 2024-25, we also revamped our reward and recognition framework, Rise & Recognise.

Over 400 employees were felicitated across three categories, one of which was the newly launched MD & CEO Value Champion category.

#MyVoiceMyCSBBank

# Stronger Together: Annual Employee Engagement

Human capital stands as a key pillar of our SBS 2030 strategy, driving sustainable growth and organisational excellence. In FY 2024–25, the Bank conducted an Annual Employee Engagement Survey—an important initiative aimed at nurturing a high-performance culture. This initiative reaffirms our commitment to fostering a workplace where employees are motivated, supported, and aligned with the Bank's strategic vision, enabling them to contribute meaningfully to our shared success.

## Survey Insights

**91%**
Participation across the Bank

**3.1**
Average Engagement Score out of 4

**45%**
Employees Categorised as 'Engaged'

### What we are doing well

- **Strong sense** of community and support from colleagues
- Clear belief in **SBS 2030**

### Where we can improve

- **Improve** existing reward and recognition frameworks
- More focus on **career development**

### What's Next

Result cascades have taken place across businesses. Additionally, basis feedback on identified managerial questions, Managerial Engagement Reports have been released to 400+ managers.

## Diversity, Inclusion, and Employee Well-being

Our commitment to inclusivity and well-being extends to policies supporting menstrual, surrogacy, and bereavement leave, as well as flexible approaches to employee welfare. We actively protect the performance appraisals of women employees returning from maternity leave, reflecting our dedication to equitable career development.

## Technology Enablement in HR

With a legacy spanning over a century, our transformation is not just about innovation but also about re-imagining our traditional ways of working.

A big step towards this has been the migration to our new HRMS, Oracle Fusion. As key milestone in our Build phase, this transformation strengthens our ability to scale while creating a seamless, technology-driven employee experience through automation and process optimisation. Key processes like recruitment, confirmation, leave approvals amongst others were automated and milestones-based digital journeys were introduced for career development, performance improvement plan (PIP) and succession planning.

## Way Forward

In FY 2025-26 the core focus of the HR Team will be to support our employees and business teams as they transition to our new Core Banking System, FLEXCUBE. This is a pivotal change management initiative, and we are focussed on empowering our workforce to navigate this shift with resilience and adaptability, underpinned by continued investments in upskilling, compliance, productivity, and operational excellence.

MD & CEO is congratulating the Bank's Technology Solutions Group on the successful migration of the CBS to Oracle FLEXCUBE.

## Communities

Communities are at the heart of our mission. We are deeply committed to creating value that goes beyond traditional banking services -empowering individuals, supporting local businesses, and advancing financial inclusion through sustained grassroots engagement.

Our approach is multifaceted and impact-driven.

Through tailored outreach programmes, digital-first banking solutions, and strategic partnerships with community organisations, we strive to build stronger, smarter, and more self-reliant communities. Whether it's enabling access to credit for micro-entrepreneurs, promoting financial literacy, or facilitating digital adoption in underserved regions, our initiatives are designed to uplift and transform lives. As we continue to grow, we remain focussed on aligning our community engagement efforts with long-term social and economic development goals, ensuring that our progress is inclusive, sustainable, and deeply rooted in the needs of the people we serve.

**Our CSR priorities includes:**

### RK HIV Aids Research & Care Centre, Mumbai, Maharashtra

We have extended our support to RK HIV Aids Research & Care Centre through a meaningful contribution towards the distribution of wheelchairs and nutrition baskets at the Swasth Zindagi Maha Arogya Shibir. This initiative, conducted by the Centre, aimed to promote health and well-being in rural areas by fostering a disease-free and supportive environment.

**1,00,000+**

Beneficiaries

### Raginiben Bipinchandra Seva Karya Trust, Ahmedabad, Gujarat

We have supported a project by Raginiben Bipinchandra Seva Karya Trust aimed at promoting education among students from economically weaker sections. Through this project the foundation aims to bridge the educational divide by providing free books, stationery, and other essential learning materials to students from economically weaker sections.

**30,000+**

Beneficiaries

## Advancing Community Health through Strategic Partnership - Project Dialysis

As part of our continued commitment to enhancing community well-being, CSB Bank has been partnering with the Fairfax India Charitable Foundation (FICF) since 2022 to deliver affordable, high-quality dialysis services across India especially to underserved regions where dialysis infrastructure is either limited or non-existent. The partnership is designed to address critical gaps in healthcare access by combining FICF's expertise in healthcare space and its support to Pradhan Mantri National Dialysis Programme with CSB Bank's strong community presence. Together, we are working to provide life-saving treatment to those who need it most, making a tangible impact on the lives of patients and their families.

### Why Dialysis is our Flagship Project

**High Treatment Costs**

Dialysis is expensive and often unaffordable for low-income families, leading to the discontinuation of this life-saving treatment. This makes CSR support crucial for providing free or affordable access to dialysis.

**Limited Public Infrastructure**

Large part of rural India and Government hospitals in specific often lack sufficient dialysis infrastructure, leading to long wait times and travel burdens for patients.

**Improves Quality of Life**

Regular dialysis allows patients to manage their condition, stay active, and continue with daily routines.

**Bridges the Gap to Transplant**

For patients awaiting a kidney transplant, dialysis is a critical support system that keeps them stable and healthy.

**Supports Underserved Communities**

Offering dialysis as part of healthcare or CSR efforts helps reach patients who cannot afford or access this vital treatment.

### Our Focus

**Enhancing Access to Life-saving Treatment**

Provide affordable or free dialysis services to underprivileged patients suffering from chronic kidney disease, thereby improving health outcomes and quality of life.

**Addressing a Critical Healthcare Gap**

Support public health infrastructure by supplementing limited government resources and facilities, especially in underserved or rural areas.

**Promoting Health Equity**

Ensure that economically disadvantaged individuals have equal access to essential medical care, aligning with CSR goals of inclusivity and social welfare.

**Creating Sustainable Community Impact**

Contribute to long-term community development by reducing the financial burden of chronic illness on families and enabling patients to lead productive lives.

### Our Key Considerations

**In-depth Analysis of Patient Load**

Each centre is identified, and machine allocations are made after an in-depth patient load study by FICF.

**Infrastructure Readiness**

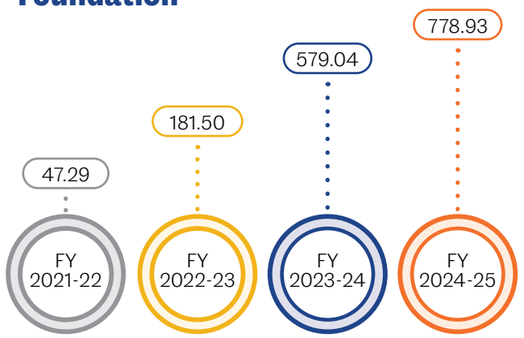
Ensure availability of space, water supply, electricity, and hygiene standards suitable for dialysis operations.

**Accessibility and Connectivity**

Choose locations that are easily reachable by public transport, especially for rural and low-income patients.

### Our support to the Foundation

(₹ in lakh)




### Milestones Achieved Together

**564** Machine Installations

**136** Dialysis Centres

**18** Presence in States/UTs

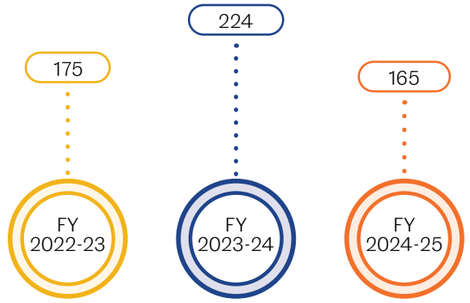
**2,34,264** Free Dialysis Sessions

**1,360** Healthcare Employment

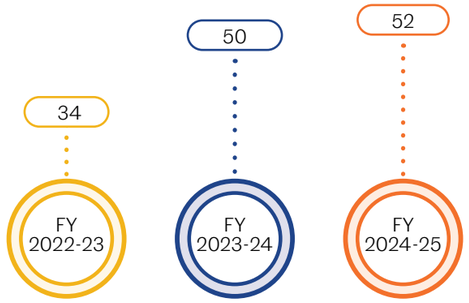
**₹ 468.52 million** Patient Savings

### Milestones

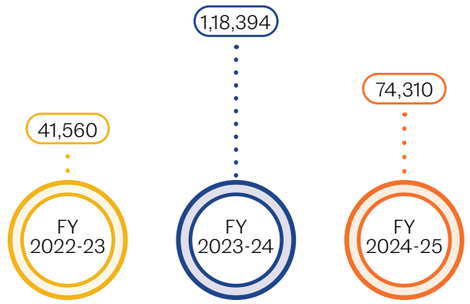
**Machine Installations**



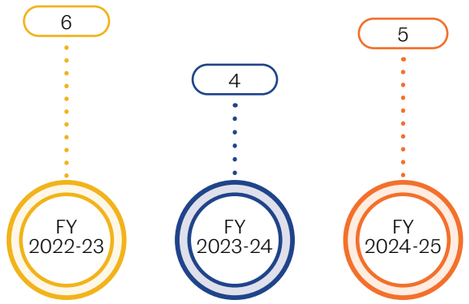

**Dialysis Centres**



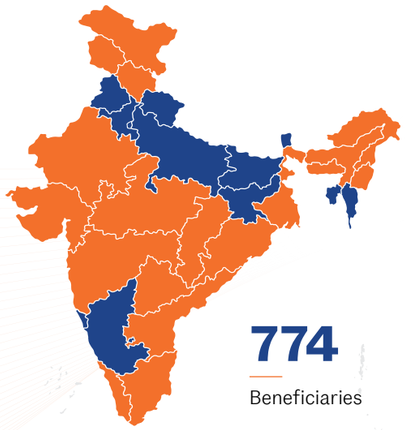

**Dialysis Sessions**




**Aspirational Districts Covered**



## Our Dialysis Access Footprint



**774**

Beneficiaries

- Presence in 18 States/UTs

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. Our Bank or any of our Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. Our Bank does not warrant or represent any kind of connection with its accuracy or completeness.

### Thiruvananthapuram Corporation, Kerala

CSB Bank has contributed to the installation of awareness boards across 100 wards of the Thiruvananthapuram Corporation as part of a city-wide public education initiative on waste management. Launched by the Corporation last year, the programme focusses on educating both the public and waste management workers through seminars and awareness campaigns.

**9,57,730**

Beneficiaries

### Kallivayalil Pappan Memorial Public School, Mundakayam East, Kottayam, Kerala

We have contributed towards the procurement and installation of smart boards at Kallivayalil Pappan Memorial Public School. This initiative aims to promote interactive learning and ensure equal access to quality education for all students. By integrating technology into classrooms, the project supports a more engaging and inclusive learning environment.

**1,000+**

Beneficiaries

### Saveetha Institute of Medical & Technical Sciences, Erode, Tamil Nadu

CSB Bank has extended additional financial support towards the construction of a Sewage Treatment Plant at Saveetha Institute of Medical & Technical Sciences, Erode. This initiative aims to ensure proper sanitisation of hospital wastewater before it is released into the environment. The treated water is repurposed to benefit communities in and around Thandalam, Chennai, particularly in areas facing dry conditions. This project supports both environmental sustainability and public health in the region.

**20,000+**

Beneficiaries

### Trichur Archdiocese Buon Natale Trust, Thrissur, Kerala

CSB Bank, in collaboration with the implementing agency Trichur Archdiocese Buon Natale Trust, has extended support for the construction of houses for destitute women. This initiative is designed to provide safe shelter and a sense of security to vulnerable women in Thrissur and surrounding areas. By addressing a critical need for stable housing, the project seeks to empower women and foster dignity through long-term support.

**3**

Beneficiaries

### SUNSHINE, Sagwada, Rajasthan

Towards our commitment to community development, we have partnered with SUNSHINE to support educational assistance programmes for underserved communities across Gujarat and Rajasthan. This initiative goes beyond academics, addressing the intertwined needs of education and nutrition, and is designed to uplift children from economically weaker sections. By supporting their journey with dignity, care, and opportunity, the project aims to nurture hope and a stronger sense of belonging among those often left behind.

**10,000+**

Beneficiaries

Stakeholder Engagement

# Engaging with Purpose.
## Building with Precision.

**We view stakeholder engagement as both a responsibility and a privilege—anchored in our commitment to building enduring, trust-based relationships. Our dedication to contributing to societal growth is firmly grounded in our deep capabilities and sectoral expertise, enabling us to engage with intention and execute with precision.**

We have a well-established process for identifying and engaging with our key stakeholders. Through a range of platforms and dialogue mechanisms, we actively seek to understand their expectations, feedback, and concerns. Critical concerns are escalated promptly to the relevant business or functional heads for evaluation and timely action.

Our stakeholder engagement process is proactive, responsive, and is conducted on an ongoing basis. We maintain dedicated channels for each stakeholder group and equip our workforce with the mindset and tools to listen actively and respond meaningfully, beyond the boundaries of their defined roles.

## Engagement Strategies

**Proactive Communication**

We maintain regular and transparent communication with stakeholders to keep them informed about our performance, initiatives, and strategic direction.

**Feedback Mechanisms**

We actively seek and incorporate stakeholder feedback through structured surveys, consultations, and dialogue sessions to refine our products, services, and policies.

**Collaborative Partnerships**

We engage with community organisations, regulators, and industry bodies to promote shared goals such as financial inclusion, digital transformation, and responsible banking.

**Sustainability Integration**

Our engagement efforts are increasingly aligned with environmental, social, and governance (ESG) priorities, ensuring that stakeholder concerns are addressed in our sustainability roadmap.

### Engagement Channels

We employ a diverse range of channels to ensure effective and meaningful engagement across stakeholder groups.

**Partners and Vendors**

Regular reviews, service-level agreements, and collaborative innovation initiatives.

**Customers**

Branch interactions, digital platforms, customer service helplines, feedback forms, and satisfaction surveys.

**Communities**

CSR initiatives, financial literacy programmes and local outreach events.

**Employees**

Internal newsletters, performance reviews, learning programmes, and employee engagement surveys.

**Regulators and Government Bodies**

Compliance reporting, policy consultations, and participation in regulatory forums.

**Investors**

General meetings, Postal Ballot, investor presentations, financial disclosures, and dedicated investor relations portals.

Governance

# Structured to Endure.
## Empowered to Elevate.

**Our commitment to robust governance is a cornerstone of our long-term resilience and success. Tenets like clarity, ethics, and ownership, are embedded into the very fabric of our operations. Our governance architecture ensures consistent oversight, proactive risk management, and a culture of transparent accountability. These foundations empower us to navigate complexity, adapt with confidence, and unlock long-term value for our investors.**

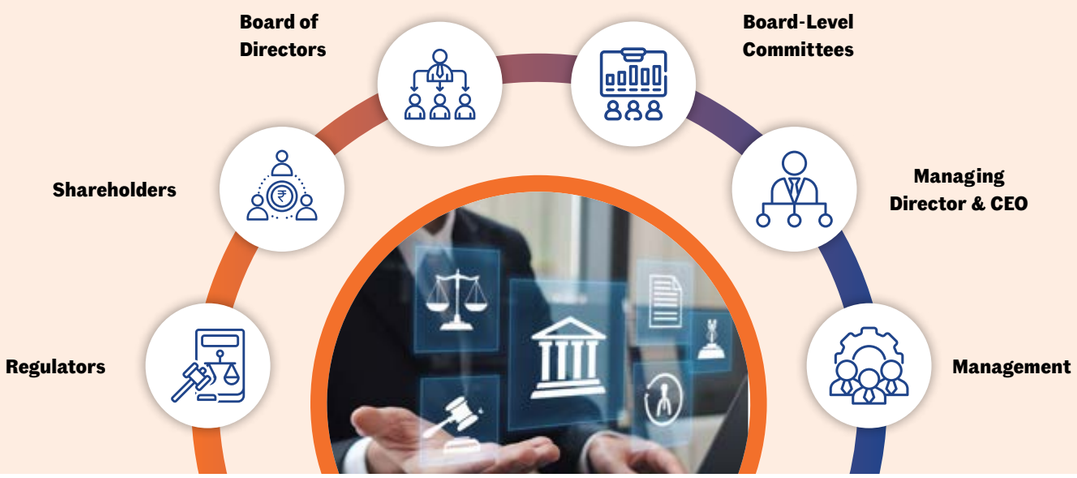
Guided by a seasoned and professional Board, CSB Bank remains steadfast in upholding the highest standards of integrity, compliance, and ethical conduct. Our governance framework is built on these standards , thereby ensuring every decision aligns with our long-term vision and stakeholder interests. To reinforce comprehensive governance, we have constituted Board-level committees that oversee critical functions, including risk management, audit, IT strategy and regulatory compliance. These serve as vital institutional mechanisms, enabling the proactive identification and mitigation of risks, while ensuring ongoing compliance with evolving regulatory frameworks.

Our Code of Conduct and Ethics, developed in line with best practices in corporate governance is mandatorily applicable for all directors and employees at senior management level and other designated categories of employees. It sets out the ethical framework and standards of behaviour that reflect our core values and guide our decision-making.

We aspire to be a banking institution that anticipates and responds to the changing aspirations of our customers. By blending high-touch personalised service at branches with intuitive, digitally-enabled solutions, we deliver offerings that are both accessible and aligned with diverse financial goals, anchored in a strong culture of regulatory compliance.

For our employees, we aim to foster a culture of excellence, where performance and purpose go hand in hand. This environment not only drives individual growth but also supports sustainable progress for the Bank and lasting value for our shareholders.

## Corporate Governance Framework at CSB Bank




## Risk Management Framework

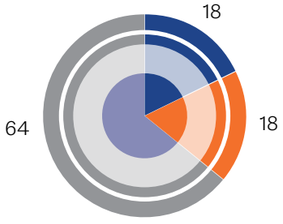
Risk Management is not merely a compliance, but is the foundation that keeps us agile and secure in a rapidly evolving financial landscape. Our skilled risk team combines deep expertise with forward-thinking insight to spot, assess, and tackle risks before they escalate. This proactive mindset keeps us ahead of challenges and protects the interests of all our stakeholders through financial stability and operational efficiency.

We have established a robust and well-defined framework of policies and procedures that enable effective and confident risk management. Beyond this foundation, we maintain a proactive approach by continuously monitoring the external environment to anticipate changes and adjust our strategies and implement mitigants on a real time basis. This vigilant and adaptive risk management approach not only strengthens the Bank's resilience but also reinforces the trust and confidence that our clients and partners place in us.

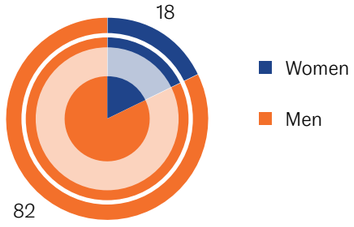
Board of Directors

# Engineered to Lead.
## Empowered to Transform.

**Board Composition** (%)




**Board Gender Diversity** (%)



**Date of Joining:** April 16, 2025

### Mr. Biswamohan Mahapatra
**Non-Executive Independent Chairperson**

Mr. Biswamohan Mahapatra is the Non-Executive Chairperson of the Bank with effect from May 9, 2025.

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

**Qualification:** M.A. (English Literature), MBA (Finance), MSM (Master of Science in Management) and CAIIB

**Date of Joining:** February 17, 2022

### Mr. Pralay Mondal
**Managing Director & CEO**

Mr. Pralay Mondal is the Managing Director & CEO of the Bank since September 15, 2022. He held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022. Prior to that, he held the position of President (Retail, MSME, Operations, and IT). He was appointed as the Managing Director & CEO (Interim) from April 1, 2022 to September 14, 2022.

**Experience:** Mr. Pralay Mondal has over 30 years of experience in leading banking companies across multiple business segments and functions, including retail assets, retail liabilities, business banking, products and technology. His 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.

**Qualification:** B.Tech (IIT - Kharagpur) and MBA (IIM - Calcutta)

**Date of Joining:** March 15, 2024

### Mr. B K Divakara
**Executive Director**

Mr. B K Divakara is the Executive Director of the Bank with effect from March 15, 2024.

**Experience:** He has over 38 years of banking experience spanning various spheres. Mr. Divakara worked closely in finance, credit, priority sector lending, balance sheet management, profit planning & forecasting, capital raising programme, investor relations, credit monitoring, recoveries, operations, Treasury, internal audit, risk management, and transaction banking, among others. Before being appointed as Executive Director, he worked at the Bank as CFO for a little over 3 years and as Head of Strategy and Corporate Legal for almost 9 months. Prior to joining the CSB Bank, he was the Executive Director of Central Bank of India for a period of five years, from January 23, 2014.

**Qualification:** BBM, ACA, ACMA and ACS

**Date of Joining:** September 3, 2018

### Mr. Madhavan Menon
**Non-Executive Director**

**Experience:** He has over three decades of experience in finance, banking and service sectors and had held various positions at ANZ Grindlays Bank Limited, Citibank N.A., Emirates Bank International, and Birla Capital International AMC Limited. He is currently the Non-Executive Chairman of Thomas Cook (India) Limited (TCIL). Mr. Menon was the Executive Chairman of TCIL till May 31, 2025. He earlier held the position of Non-Executive Chairperson of the Bank.

**Qualification:** BA (Business) and MBA (Finance & International Business)

**Date of Joining:** September 3, 2018

### Mr. Sumit Maheshwari
**Non-Executive Director**

**Experience:** He is Managing Director & CEO of Fairbridge Capital since May 2018, playing a pivotal role in sourcing, evaluating, negotiating, and executing investment opportunities. Since joining Fairbridge in 2011, he has overseen key investments in Bangalore International Airport, Sanmar Group, CSB Bank, Fairchem Organics, and several others. Sumit also serves on the boards of various Fairfax portfolio companies. A seasoned investment professional with deep experience in both private and public Indian companies, Mr. Sumit manages over $7 billion in Indian investments for Fairfax Financial Holdings and Fairfax India Holdings. He excels in conducting due diligence, managing high governance, and providing strategic direction to portfolio companies. His success is driven by his ability to partner with high-quality business owners, maintain strong governance, and nurture relationships with stakeholders.

**Qualification:** M.Com, MBA and ACA

## 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, including the roles of Head of Audit and Head of Risk & Quality, until her retirement in 2019. 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. 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.

**Qualification:** B.Com and FCA

## Mr. Sudhin Choksey

**Independent Director**

**Date of Joining:** March 30, 2021

**Experience:** He has over 40 years of professional experience, both in India and overseas. He was the former Managing Director of GRUH Finance Limited, which was merged with Bandhan Bank, and as a part of the scheme of merger, Mr. Choksey joined Bandhan Bank as Executive Director (Designate). He has expertise in the mortgage finance business and skilled in lending business. He was the recipient of the 'Business Leader – Financial Services' Award for the year 2015 from the Institute of Chartered Accountants of India, New Delhi.

**Qualification:** B.Com and FCA

## Mr. Sharad Kumar Saxena

**Independent Director**

**Date of Joining:** February 19, 2022

**Experience:** He has over 30 years of experience in banking and has held almost all the leadership positions in ICICI Bank Technology Group. He was the Chief Technology Officer of Bank of Baroda, and as the Head of IT of Bank of Baroda, he successfully led the bank merger of erstwhile Vijay Bank and erstwhile Dena Bank with Bank of Baroda. Mr. Saxena was a member of the core technical committee of the RBI and was in-charge of automation of regulatory return filing, NG-RTGS, RBI core banking and interface with government departments and managing outsourcing risks.

**Qualification:** B.E. (Electronics & Telecommunications) and Certified Information System Auditor (CISA)

## Ms. Renu Kohli

**Independent Director**

**Date of Joining:** December 14, 2023

**Experience:** She is an economist with research and practitioner experience on macroeconomic policies and issues. She is currently the Senior Fellow, at the Centre for Social and Economic Progress (CSEP) an independent, public policy think tank based in New-Delhi. She has previously worked with the RBI, the IMF and think tanks, including ICRIER and the Institute of Economic Growth. Ms. Kohli has diverse exposure in banking and macroeconomic surveillance. With extensive policy practice and academic research experience, she has served as a consultant to foreign investors and as a short-term expert with the IMF.

**Qualification:** D.Phil (Economics)

## Mr. Deepak Maheshwari

**Independent Director**

**Date of Joining:** June 12, 2024

**Experience:** He is an experienced banker with an impressive career spanning over four decades in top banking institutions in the country, viz., State Bank of India, HDFC Bank and Axis Bank. He has a proven track record of building best-in-class loan portfolios across the banks where he had worked. His expertise extends to credit decision-making, credit underwriting, and monitoring of large credit exposures. He also has expert knowledge in banking regulations, including relevant policy matters.

**Qualification:** B.Com and CAIIB

## Mr. D.N. Narasimha Raju

**Independent Director**

**Date of Joining:** December 13, 2024

**Experience:** He was a Karnataka cadre IAS officer of 1984 batch with over three decades of diverse and rich experience in various fields. He has held various significant positions in both Government of India and Government of Karnataka, which includes Policy formulation and implementation in several sectors such as revenue, finance, industry, governance, urban governance, labour, commerce, and energy. He has also served as Additional Chief Secretary / Principal Secretary to the Chief Minister, Government of Karnataka and was the Joint Secretary in Ministry of Petroleum and Natural Gas, Government of India.

**Qualification:** M.Sc (Horticulture) and Master's in Business Law

## Board Expertise

Our Board of Directors comprises accomplished professionals with diverse expertise, each contributing significantly to the Bank's strategic vision and commitment to sustainable value creation. With a strong focus on customer-centricity and adherence to the highest standards of ethical governance, the Board leverages its collective experience to foster innovation and long-term growth.

## Board Skill and Experience*

### Banking
% of Directors

No. of Directors
8

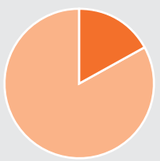
### Economics
% of Directors

No. of Directors
7

### Finance
% of Directors

No. of Directors
7

### IT and Payment & Settlement Systems
% of Directors

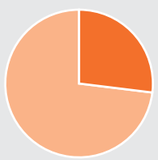



No. of Directors
2

### Accountancy
% of Directors

No. of Directors
4

### Human Resources
% of Directors



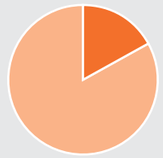

No. of Directors
3

*as per Banking Regulation Act

### Risk Management
% of Directors

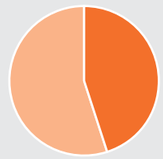
No. of Directors
5

### Business Management
% of Directors




No. of Directors
2

### Small Scale Industry
% of Directors

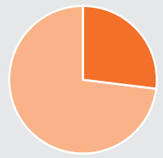



No. of Directors
5

### Agriculture and Rural Economy
% of Directors

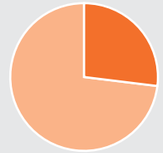
No. of Directors
5

### Law
% of Directors




No. of Directors
3

### Co-operation
% of Directors




No. of Directors
1

A Glimpse of Board Strategy Meet held on December 18, 2024 in Kochi

Leadership Team

# Pioneers in Building.
## Leaders in Scaling.

30+
**Narendra Kumar Dixit**
Head - Retail Banking

28+
**Satish Gundewar**
Chief Financial Officer

25+
**Manish Modi**
Head - Wholesale Banking

27+
**Shyam Mani**
Head - MSME

30+
**Rajesh Choudhary**
Chief Technology Officer

24+
**Chinmay Adhikari**
Chief Human Resources Officer

28+
**Manish Agarwal**
Chief Credit Officer

20+
**Alok Singh**
Head - Treasury

27+
**Ajith Jose**
Chief Compliance Officer

30+
**Satyendra Sharma**
Chief Risk Officer

20+
**Punit Saruparia**
Head - Internal Audit

30+
**K Chandrasekhar**
Head - Operations

35+
**Jaikumar S**
Chief Internal - Vigilance Officer

20+
**Sijo Varghese**
Company Secretary

18+
**Raju Kumar Ojha**
Head - Planning & Execution

● Years of Experience

Corporate Information

# Corporate
## Information

### Board of Directors

**Biswamohan Mahapatra**
Non-Executive Independent Chairperson

**Pralay Mondal**
Managing Director & CEO

**B K Divakara**
Executive Director

**Madhavan Menon**
Non-Executive Director

**Sumit Maheshwari**
Non-Executive Director

**Sharmila Abhay Karve**
Independent Director

**Sudhin Choksey**
Independent Director

**Sharad Kumar Saxena**
Independent Director

**Renu Kohli**
Independent Director

**Deepak Maheshwari**
Independent Director

**D N Narasimha Raju**
Independent Director

### Key Managerial Personnel

**Pralay Mondal**
Managing Director & CEO

**B K Divakara**
Executive Director

**Satish Gundewar**
Chief Financial Officer

**Sijo Varghese**
Company Secretary

### Senior Management Team

**Narendra Kumar Dixit**
Head – Retail Banking

**Satish Gundewar**
Chief Financial Officer

**Manish Modi**
Head – Wholesale Banking

**Shyam Mani**
Head – MSME

**Rajesh Choudhary**
Chief Technology Officer

**Chinmay Adhikari**
Chief Human Resources Officer

**Manish Agarwal**
Chief Credit Officer

**Alok Singh**
Head – Treasury

**Ajith Jose**
Chief Compliance Officer

**Satyendra Sharma**
Chief Risk Officer

**Punit Saruparia**
Head – Audit & Inspection

**K Chandrasekhar**
Head – Operations

**Jaikumar S**
Chief Internal – Vigilance Officer

**Sijo Varghese**
Company Secretary

**Raju Kumar Ojha**
Head – Planning & Execution

### Stock Exchanges

**BSE Ltd.**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 542867

**National Stock Exchange of India Ltd.**
Exchange Plaza, 5th floor,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051
Scrip Code: CSBBANK

### Corporate Identity Number

L65191KL1920PLC000175

### Registered Office

CSB Bhavan,
Post Box No. 502,
St. Mary's College Road,
Thrissur
Kerala - 680 020
Telephone: 0487 2333 020
Fax: 0487 2338 764
Email: secretarial@csb.co.in
Website: www.csb.co.in

### Registrar & Share Transfer Agents

MUFG Intime India Pvt. Ltd,
Surya 35, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641 028
Telephone: 91 422 2314792, 2315792
Email: coimbatore@in.mpms.mufg.com

### Statutory Auditors

**Walker Chandiok & Co LLP,**
11th Floor, Tower II,
One International Centre,
Senapati Bapat Marg,
Prabhadevi,
Mumbai - 400 013
Telephone: +91 22 6626 2600

**Sundaram & Srinivasan,**
Chartered Accountants,
23, CP Ramaswamy Road,
Alwarpet,
Chennai - 600 018

### Secretarial Auditors

**Bhandari & Associates**
Company Secretaries
901, Kamla Executive Park,
Off. Andheri Kurla Road,
J.B. Nagar, Andheri East,
Mumbai – 400 059
Telephone: +91 22 4221 5300
Email: bhandariandassociates@gmail.com

### ISIN

INE679A01013

### Ratings

**CRISIL Ratings**
Certificate of Deposits: CRISIL A1+ Short Term Fixed Deposits: CRISIL A1+ Tier II,
Basel III Compliant Bonds: CRISIL A/Stable

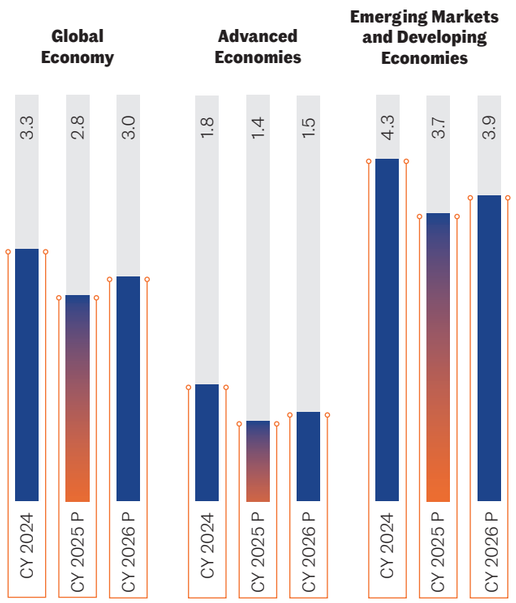
**India Ratings & Research**
Tier II, Basel III Compliant Bonds: IND A/Stable

# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY

In CY 2025, the global economy continues to remain resilient despite navigating persistent headwinds. According to the World Economic Outlook 2025 published by the International Monetary Fund (IMF), global growth is expected to moderate to 2.8%. While this represents a slowdown compared to pre-Covid averages, it signals continued economic expansion. This moderation in growth is largely attributed to elevated trade barriers, ongoing policy uncertainty, and subdued consumer sentiment, particularly in advanced economies.

### GDP GROWTH PROJECTIONS (IN %)




P - Projected

## IMPOSITION OF TARIFFS

In the second quarter of CY 2025, the United States (US) implemented a series of protectionist measures under the Trump Administration, the country levied new tariffs on a range of imports, including automobiles, auto components, steel, and aluminium. This escalation continued on April 5, 2025, with the announcement of an additional 10% tariff on most imports from nearly all countries, imposed over and above existing duties.

In response, key trading partners, including China and the European Union, have imposed retaliatory tariffs on US exports. Although the US government has declared a temporary 90 day suspension on several reciprocal measures to enable negotiations, key sector-specific tariffs, particularly on steel, aluminium, and the automotive sector, remain firmly in place. Moreover, a broad-based 10% baseline tariff applies to all non-exempt merchandise entering the US market.

Tensions between the US and China have escalated since early April 2025, with both countries imposing punitive tariffs exceeding 100% on each other's goods. The outlook remains uncertain, especially if suspended reciprocal tariffs are reinstated in the absence of meaningful progress on trade negotiations during the temporary pause.

## REGIONAL ECONOMIC POSITIONING

### United States

The US economy is now expected to grow at a slower rate of 1.8% in CY 2025, primarily reflecting the impact of tight monetary policy and escalating trade disruptions. Inflation is projected to remain elevated at around 3%, with the newly imposed tariffs adding roughly one percentage point. Domestic consumption is showing signs of contraction, while the manufacturing sector faces rising input costs, exacerbated by ongoing global supply chain bottlenecks.

### China

China's economic growth is forecasted to slow down to 4% in CY 2025, reflecting weakening forecasted external slowdown, internal deleveraging, and a structural shift towards a consumption-led model. Inflation is expected to remain subdued, with the possibility of deflation underscoring continued weakness in demand. Risks of renewed credit stress are increasing, especially within the still-vulnerable property sector.

### Euro Area

GDP growth in the Euro area is projected at a modest 0.8% in CY 2025, reflecting ongoing economic headwinds. Sluggish domestic consumption and weakening external demand continue to weigh on growth momentum. Increasing political instability across several member states, coupled with persistent energy security concerns, continues to erode investor confidence, particularly in key economies such as Germany and France. These factors are expected to significantly hinder the region's recovery.

## EMERGING MARKETS AND DEVELOPING ECONOMIES (EMDEs)

Growth in emerging markets and developing economies is slowing, with significant deceleration observed in countries such as Mexico, South Africa, and Argentina, as well as larger economies like China and Brazil, and others, including Hungary, Colombia, and Türkiye. High debt levels and depreciating currencies are fuelling inflation and constraining policy flexibility. Simultaneously, tighter global financial conditions and declining investor confidence are intensifying economic vulnerabilities across these economies.

## INFLATIONARY TRENDS

While these geopolitical tensions and protectionist measures have captured global attention, underlying shifts in the global economy suggest a deeper, long-term transformation. According to the World Economic Outlook 2025, global inflation is projected to continue its downward trajectory, easing from 6.8% in CY 2023 to 5.9% in CY 2024, and further to 4.5% in CY 2025. This steady disinflation is driven by several factors, including the resolution of earlier supply chain disruptions, declining prices for food and energy, and the ongoing effects of tight monetary policies, particularly in advanced economies. These economies are expected to reach their inflation targets sooner than EMDEs, where inflation is expected to remain elevated for a longer period.

## OUTLOOK

Despite persistent challenges in the global economy, the current period presents an opportunity to strengthen economic resilience and consider more sustainable development pathways. Recent responses indicate that recovery is achievable through coordinated action and structural reforms.

Advancing a stable and transparent trade regime, expediting debt resolution processes, and addressing underlying structural imbalances are critical to fostering a more balanced and inclusive recovery. Clear monetary policy guidance, targeted application of macroprudential tools, and adherence to credible fiscal frameworks will be essential in bolstering financial stability and supporting sustainable long-term growth.

International coordination may play a significant role in managing the path forward. Through collaborative approaches, aligned strategies, and effective policy execution, economies can rebuild buffers and contribute to a broader regional and global recovery.

## INDIAN ECONOMY

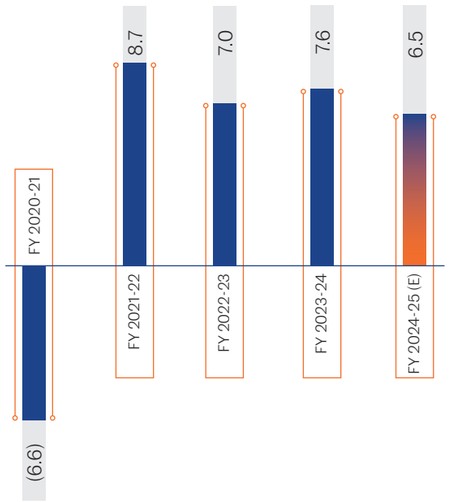
The Indian economy is projected to grow at 6.5% in FY 2024-25, according to the second advance estimates from the National Statistics Office, released on February 28, 2025. India's strong growth rate highlights the resilience of its domestic economic framework, which has remained stable amid a challenging global environment. The country's effective navigation of external risks, including persistent trade tensions and tariff-related disruptions, reflects the strength and impact of its strategic policy measures.

## INDIA'S ECONOMIC STABILITY

The stability of India's economy continues to be driven by resilient domestic consumption, with rural demand playing a pivotal role in insulating against external shocks. Strong agricultural output, supported by targeted government interventions, has bolstered rural consumption, providing a stable base for continued economic growth momentum. Macroeconomic fundamentals are further supported by ongoing structural reforms, rapid digital adoption, and substantial infrastructure investment. These elements contribute to long-term growth prospects and economic resilience. However, further reforms are needed to attract higher levels of investment and enhance the global competitiveness of the manufacturing sector.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### INDIAN ECONOMY REAL GDP GROWTH RATE (IN %)




E - Estimates

### UNION BUDGET 2025-26 HIGHLIGHTS

The Union Budget 2025-26 outlines nine strategic priorities to drive inclusive and sustainable growth, including the modernisation of agriculture and farmer support, strengthening manufacturing for job creation, and promoting smart urban development. It emphasises energy security through resource diversification and green growth through sustainable practices. The Budget also focusses on empowering youth via education and skills, advancing financial sector reforms for broader inclusion, accelerating infrastructure and investment, and ensuring last-mile delivery of public services. These priorities form a comprehensive roadmap for building a resilient, future-ready economy that addresses present needs while positioning India for long-term growth.

### ROBUST FDI AND A SHIFT IN EQUITY MARKET DYNAMICS

India's financial and external sectors demonstrated considerable strength in FY 2024-25, despite a challenging global backdrop. Foreign direct investment (FDI) remained robust, with gross inflows rising 12.4% year-on-year (YoY) to $67.7 billion between April 2024 and January 2025. However, net FDI declined sharply to $1.4 billion, due to increased repatriation of earnings and a surge in outward FDI by Indian firms, reflecting growing global ambition among domestic enterprises.

A landmark shift occurred in India's capital markets as Domestic Institutional Investors (DIIs), for the first time, surpassed Foreign Institutional Investors (FIIs) in equity holdings. As of March 2025, DIIs held 16.91% of Indian equities, marginally ahead of FIIs at 16.84%. This transition highlights the growing maturity and confidence of domestic capital. In CY 2025, DIIs invested over ₹ 2.1 lakh crore, while FIIs withdrew more than ₹ 1.07 lakh crore, amid global uncertainty and risk aversion. The steady inflow through mutual fund systematic investment plans (SIPs) emphasised the stabilising role of retail domestic savings in the equity market.

### MONETARY POLICY MEASURES

In response to evolving macroeconomic conditions, the Reserve Bank of India (RBI) adopted a measured and supportive monetary stance, cutting the repo rate by 25 basis points in both February and April 2025, bringing it down to 6.00%. With inflation on a downward trajectory and external growth risks intensifying, the central bank shifted to an accommodative stance, signalling continued support for economic recovery.

To address tight liquidity conditions earlier in the year, the RBI executed its largest Open Market Operations (OMO) in four years, infusing liquidity through government securities worth ₹ 1 lakh crore in March 2025, followed by ₹ 80,000 crore in April 2025. These interventions helped reverse a liquidity deficit observed in January 2025, pushing the system into surplus by April 2025. Complementing these efforts, the RBI also conducted a $10 billion Dollar/Rupee swap auction, reinforcing its commitment to rupee stability and helping to manage imported inflationary pressures.

### EXCHANGE RATE DYNAMICS

Despite a turbulent global environment, the Indian rupee remained relatively stable through FY 2024-25, beginning the year at around ₹ 83.43 per US dollar in April 2024 and closing at approximately ₹ 85.44 by March 2025, reflecting a modest annual depreciation of 2.4%. This performance was notable in comparison to other emerging market currencies, many of which experienced sharper declines. The rupee's relative stability was underpinned by strong foreign portfolio inflows, a weakening US dollar, and timely interventions by the RBI. India's substantial foreign exchange reserves further bolstered investor confidence and helped cushion external shocks, reinforcing the rupee's resilience amid global volatility.

### EXTERNAL SECTOR PERFORMANCE

India's external position continued to improve, with foreign exchange reserves rising to $676.3 billion as of March 31, 2025 up from $648.6 billion a year earlier. This was driven by RBI's proactive market operations and valuation gains on foreign assets. The higher reserve levels provided a critical buffer against global uncertainties, ensuring ample import cover and enhancing India's financial stability.

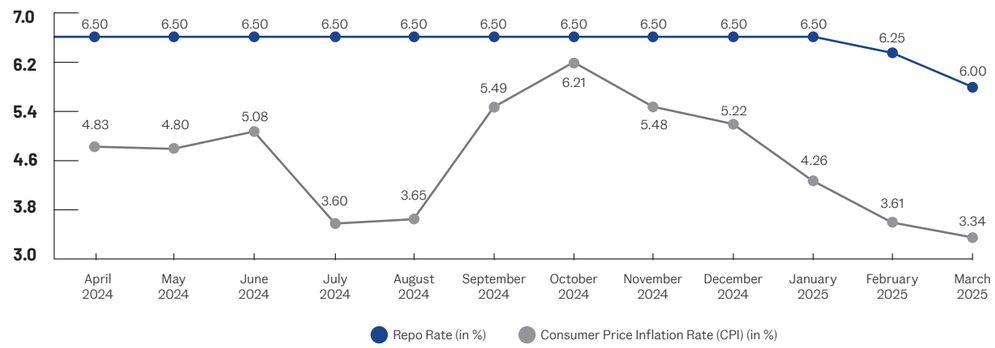
### SECTOR-WISE PERFORMANCE

India's services sector remains a key driver of economic growth, with a strong expansion of 7.2% projected for FY 2024-25, supported by sustained momentum in financial services, healthcare, hospitality, and public administration. A revival in consumer spending and a steady uptick in tourism have further bolstered sectoral demand. Although the IT industry faced certain headwinds, it recorded moderate growth, reaffirming its vital contribution to employment generation and overall economic performance. The services sector's dynamic contribution remains central not only to GDP expansion but also to job creation and income growth, cementing its position as the backbone of the Indian economy.

In parallel, the agriculture sector is on track for a notable recovery, with growth expected to climb to 3.8% in FY 2024-25, a significant improvement from the 1.4% expansion seen in FY 2023-24. This recovery has been driven by a favourable monsoon, resilient rural consumption, and targeted government initiatives such as the Kisan Credit Card scheme and the e-National Agriculture Market (eNAM) platform. A significant budgetary allocation of ₹ 1.52 trillion is directed towards enhancing access to agricultural credit, expanding digital marketplaces, and promoting sustainable farming practices. Efforts are also being made to enhance productivity, support farmer welfare, and develop allied sectors, including horticulture and livestock. While this growth aligns with historical trends, it signals a period of stabilisation rather than transformation.

The manufacturing sector is projected to grow by 6.2% in FY 2024-25, moderating from a high base of 9.5% in FY 2023-24, indicating a slowdown in momentum. Similarly, the Index of Industrial Production (IIP) is projected to decelerate slightly to 2.9%, compared to 5.7% in the prior year. The slowdown reflects a mix of softer global demand and domestic constraints, including muted growth in output and new orders, as well as limited inventory accumulation. External factors, such as increasingly protectionist industrial policies among trading partners and weather-related disruptions, notably an above-normal monsoon, have further impacted mining, construction, and related manufacturing activities. Despite these headwinds, the sector remains resilient, buoyed by India's strong macroeconomic fundamentals, prudent fiscal policies, and continued investment in infrastructure.

### REPO RATE AND INFLATION RATE




India's digital transformation has significantly reshaped its economy, positioning it as the world's third most integrated digital economy, although it ranks 12th among G20 nations in terms of individual user adoption. As per the 2024 State of India's Digital Economy Report, the digital economy is expected to grow at nearly twice the pace of the overall economy, contributing approximately 20% of GDP by 2029-30, surpassing both agriculture and manufacturing. This growth will initially be driven by digital platforms and intermediaries, followed by deeper integration across traditional sectors. As digital tools become ubiquitous, the role of core Information Communication & Technology (ICT) industries will decline, signalling a more mature digital ecosystem.

### OUTLOOK

India's projected GDP growth of 6.5% in both FY 2025-26 and FY 2026-27 represents meaningful progress towards the Viksit Bharat @ 2047 vision, which aspires to transform the nation into a fully developed economy by the centenary of its independence. This long-term roadmap focusses on inclusive growth, technological progress, and broad-based prosperity. India's sustained economic momentum underpins its ambition to become a $ 30 trillion economy by 2047. This trajectory sets the stage for broad-based national development and a future of opportunity and well-being for all citizens. This growth trajectory, however, is tempered by emerging risks, including a potential global slowdown, particularly in major economies such as the US and China,

which could dampen external demand. Domestically, a delay in the private corporate capital expenditure cycle may hinder investment momentum. Additionally, depreciation pressures on the Chinese Renminbi could exert stress on India's net goods trade balance, posing additional headwinds.

Amid this uncertain global landscape, new opportunities are emerging, with the growing adoption of the 'China + 1' strategy by multinational corporations underscoring India's rising importance in global manufacturing and supply chains. If leveraged effectively, these shifts could unlock transformative gains in investment, exports, and job creation, firmly establishing India as an indispensable contributor to global economic momentum in the decade ahead.

## GLOBAL BANKING INDUSTRY

The global banking industry is a core component of the world economy, supporting payments, credit, savings, and investment for individuals, businesses, and governments. The global financial services market is valued at $35.85 trillion in CY 2025 and is projected to grow to $47.34 trillion by CY 2029. Within this landscape, banks play a vital role in fostering economic stability, facilitating credit creation, and supporting trade and investment.

Banks are making substantial strides in digital transformation, driven by a dynamic operating environment and annual technology spends exceeding $600 billion. These advancements are reshaping customer engagement, operational efficiency, and competitive dynamics. Despite global uncertainties and evolving regulations, banks have remained resilient, consistently achieving double-digit returns on equity. Banks are now moving beyond traditional finance, playing a growing role in advancing financial inclusion and supporting the transition to a low-carbon, sustainable economy. As the financial landscape continues to evolve, banks stand as both stabilisers and enablers of long-term global growth.

Over the past two years, the global banking sector has delivered its strongest performance since the 2007-09 financial crisis, supported by strong profitability, healthy capital buffers, and stable liquidity positions. In 2023 alone, banks worldwide generated $7 trillion in revenue and $1.1 trillion in net income, achieving a Return on Tangible Equity (ROTE) of 11.7%. Capital adequacy has strengthened, with Common Equity Tier 1 capital rising to 12.8% of risk-weighted assets and a healthy liquidity coverage ratio of 77.2%. In terms of absolute profit, the banking sector has outperformed all other global industries. Yet, despite the sector's strong recovery, investor sentiment remains cautious. The banking sector ranks last among all industries on price-to-book multiples, reflecting doubts about its ability to create long-term value. This paradox, marked by strong short-term performance but muted market confidence, reflects a combination of broader macroeconomic pressures and sector-specific challenges. While banks invest more heavily in technology than any other sector, productivity gains have been inconsistent. Evolving regulatory requirements across jurisdictions continue to necessitate substantial investments in capital and compliance. Moreover, some of the most profitable niches in banking such as payments, private credit, and wealth management are increasingly under pressure from specialised competitors and agile fintech disruptors. The sector's recent performance gains have largely been fuelled by a favourable interest rate environment, prompting concerns about their sustainability amid potential shifts in the macroeconomic landscape. While recent returns have improved, the long-term performance over the past decade remains modest. The key challenge is whether banks can convert this cyclical upswing into lasting structural strength by harnessing digital innovation and strategic agility to rebuild investor confidence and drive long-term value creation.

## INDIAN BANKING INDUSTRY

India's banking sector is one of the largest and most dynamic in the world, backed by resilient, well-capitalised, and prudently regulated institutions, as noted by the Reserve Bank of India (RBI). In recent years, it has undergone a significant transformation driven by innovative banking models like payment banks and small finance banks. These new formats have expanded outreach and improved service delivery, bringing financial services to previously underserved populations.

Overall bank credit growth has recently slowed due to tighter liquidity, regulatory constraints, and weak private investment, although retail lending remains relatively resilient. Non-Banking Financial Companies (NBFCs) are also experiencing slower credit growth, particularly in retail segments, amid concerns over asset quality and borrower overleveraging.

This transformation has been further propelled by strong policy support for financial inclusion. Flagship initiatives like the Pradhan Mantri Jan Dhan Yojana have integrated millions into the formal banking system, while India Post Payments Bank has expanded access to banking services across remote regions. These efforts have deepened financial access and laid the foundation for a more inclusive, digitally integrated banking ecosystem.

Digital lending is a standout growth area, propelled by rising technology adoption, smartphone penetration, and innovative business models. The sector increasingly leverages AI, machine learning, and data analytics to enhance efficiency and customer experience. Emerging trends like open banking, Banking-as-a-Service (BaaS), and wealth tech are reshaping the competitive landscape, creating new opportunities for growth and innovation.

## MAJOR BANKING METRICS

### Credit and Deposit Growth

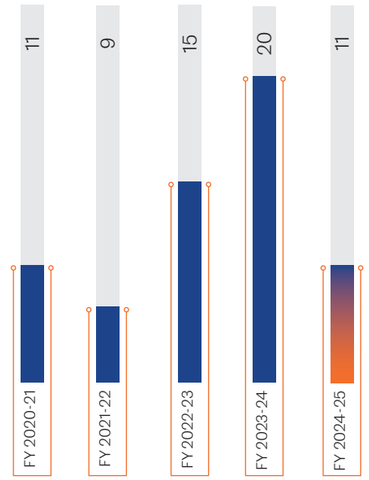
As of January 10, 2025, bank deposits in India registered a significant YoY growth of 10.83%, reaching a total of ₹ 221.50 trillion. This reflects a steady improvement in the banking sector's ability to mobilise funds. The rise in deposits indicates a growing confidence among the public in the banking system and may also suggest increased savings amid evolving economic conditions.

However, despite an improvement in deposit growth, credit expansion continues to outpace it. Between January 2024 and January 2025, credit extended by scheduled commercial banks grew by 11.47% year-on-year, reaching ₹ 178.01 trillion. The persistent trend of credit growth surpassing deposit growth has raised concerns among financial analysts and policymakers, particularly in terms of liquidity management.

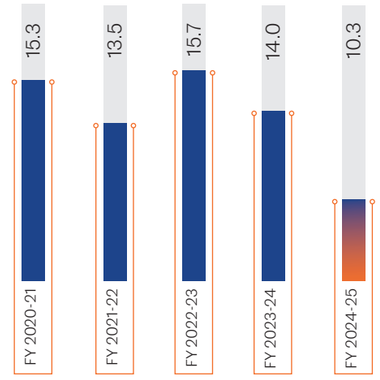
According to India Ratings and Research, this imbalance has pushed the loan-to-deposit ratio to 77.2% as of August 2024: a key indicator of liquidity within the banking sector. A high loan-to-deposit ratio suggests that banks are lending a larger portion of their deposits, which can strain their ability to meet withdrawal demands, requiring them to seek additional funding. The rating agency expects this divergence between credit and deposit growth to continue into FY 2025-26, with a possible rebalancing not anticipated before FY 2026-27.

This ongoing mismatch between credit demand and deposit accumulation presents both opportunities and challenges for the banking sector. While strong credit growth reflects healthy demand from businesses and individuals, supporting economic activity, the comparatively slower pace of deposit growth may limit banks' ability to maintain lending momentum without encountering liquidity pressures. As a result, banks may need to explore alternative funding sources or adjust interest rates to attract more deposits and ensure stability in their operations.

**CREDIT GROWTH (IN %)**




**DEPOSIT GROWTH (%)**



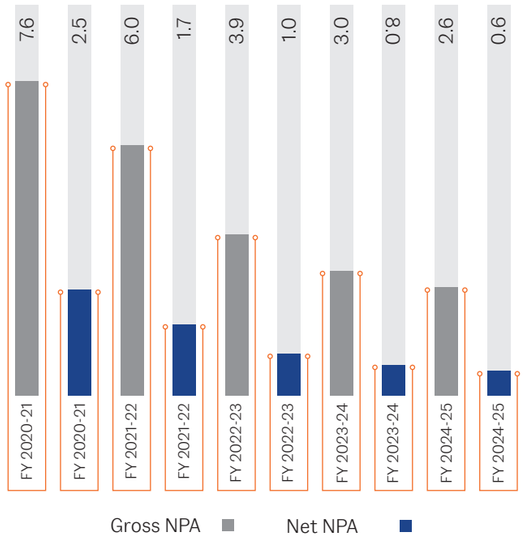

## ASSET QUALITY

Between CY 2018 and CY 2024, Indian public sector banks saw a major improvement in asset quality, with Gross Non-Performing Assets (GNPAs) falling sharply from 14.98% in CY 2018 to around 2.6% in CY 2024. This turnaround was driven by multiple factors. The Reserve Bank of India's Asset Quality Review (AQR), initiated in April 2015, enforced stricter norms for recognising non-performing assets (NPAs), prompting banks to clean up their balance sheets. In parallel, the government's 4R strategy: Recognition, Resolution, Recapitalisation, and Reforms, offered a comprehensive framework to tackle the NPA crisis and reinforce the banking sector. The turnaround was further supported by the introduction of the Insolvency and Bankruptcy Code (2016), proactive provisioning by banks, and enhanced operational efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

However, while the overall credit environment improved, stress emerged in the microfinance sector during CY 2024. Prolonged heatwaves disrupted rural incomes, reducing borrowers' repayment capacity. The situation was further exacerbated by rumours of loan waivers, which undermined repayment discipline. Additionally, borrower over-indebtedness rose, with 5.8% of them holding loans from four or more lenders, up from 3.6% in CY 2021. The RBI's Financial Stability Report flagged these trends as signs of rising vulnerability in the sector.

### IMPROVEMENT IN ASSET QUALITY FOR THE BANKING SECTOR (%)




### NET INTEREST MARGIN

India's recent policy rate cuts are expected to exert mild pressure on banks' net interest margins (NIMs), though this may be partially offset by the RBI's efforts to ease liquidity. The sector's NIM, while still healthy at 3.45% in FY 2024-25, has declined from 3.6% in the previous year, largely due to rising deposit costs amid tight liquidity conditions.

Looking ahead, net interest margins (NIMs) are expected to decline by approximately 10 basis points by FY 2025-26, driven by the 25 basis points repo rate cut in February 2025 and the potential for further monetary easing. Beyond monetary policy, elevated funding costs, fuelled by intense competition for deposits and a shift towards higher-yield term deposits, continue to pressure margins. At the same time, the expansion of lending is driving growth in risk-weighted assets, thereby increasing capital requirements and further straining profitability. While RBI's liquidity support has provided some cushion, persistent tightness in funding conditions may lead to a steeper-than-expected decline in NIMs. Looking ahead, margin trends will depend not only on interest rate shifts but also on banks' ability to manage funding costs and maintain capital adequacy in a challenging environment.

### CAPITAL ADEQUACY

Public sector banks (PSBs) in India have demonstrated significant improvement in financial strength during FY 2024-25. As of September 2024, their Capital to Risk (Weighted) Assets Ratio (CRAR) stood at 15.43%, well above the RBI's minimum requirement of 11.5%. This improvement reflects both strengthened capital buffers and a notable rise in profitability, with PSBs reporting a record profit of ₹ 1.78 lakh crore, a 26% increase over the previous year.

This financial turnaround has been supported by a sharp reduction in NPAs, with the net NPA ratio declining to 0.59% by December 2024, indicating a marked improvement in asset quality. At the same time, the Provision Coverage Ratio (PCR) rose to 93.36% by June 2024, compared to 46.04% in March 2015, underscoring the enhanced resilience of PSBs against potential credit losses.

Despite recent gains, PSBs continue to trail the private sector and the overall banking sector average CRAR of 16.6% as of September 2024, primarily due to legacy high NPAs and historically slower capital accumulation. However, ongoing reforms, improved recoveries, and stronger earnings are narrowing the gap and positioning PSBs for more competitive performance going forward.

### GOVERNMENT INITIATIVES AND REGULATORY REFORMS

Banking sector reforms in India are steadily aligning with the long-term vision of a more resilient, inclusive, and technology-driven financial system. A key focus has been on digital transformation, with growing adoption of AI, open banking, and Banking-as-a-Service (BaaS) to enhance operational efficiency and improve customer experience. In parallel, cybersecurity has emerged as a critical focus area, with banks and regulators investing in robust measures to address rising digital threats and ensure transaction security.

On the lending front, tighter norms and improved credit appraisal mechanisms have contributed to a significant decline in NPAs, now at a 12-year low. This reflects more disciplined risk management process across the system. To foster innovation and entrepreneurship, the government has reinforced credit guarantee mechanisms; most notably by expanding the Credit Guarantee Scheme for Startups (CGSS), which now provides collateral-free loans of up to ₹ 20 crore with enhanced coverage. Reforms have also focussed on improving compliance and accessibility, with Know Your Customer (KYC) procedures becoming increasingly streamlined and digitised. The RBI has introduced simplified norms and operationalised a unified Central KYC Registry to enhance both efficiency and security. Alongside higher FDI limits in insurance and focussed support for MSMEs and rural borrowers, these reforms are strengthening financial inclusion, enhancing transparency, and promoting long-term stability in the sector.

#### Pradhan Mantri Jan Dhan Yojana (PMJDY)

Financial inclusion has remained a top priority for the Department of Financial Services (DFS), with initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), MUDRA, Stand Up India, and Atal Pension Yojana (APY) making significant strides. Till 2024, over 50 crore bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana, while more than 33 crore individuals have been insured through the Pradhan Mantri Suraksha Bima Yojana and the Pradhan Mantri Jeevan Jyoti Bima Yojana. Additionally, the MUDRA scheme has sanctioned loans exceeding ₹ 24 lakh crore, significantly enhancing financial inclusion for marginalised communities.

#### EASE Reforms

The Enhanced Access and Service Excellence (EASE) reforms are a comprehensive set of initiatives launched in 2018 by the Government of India and PSBs, coordinated by the Indian Banks' Association (IBA). Their aim is to strengthen PSBs by improving governance, risk management, asset quality, customer service, digital capabilities, and financial inclusion through clearly defined action points and themes. Guided by the IBA, the EASE reforms have progressed from EASE 1.0 to EASE 7.0, creating a structured and forward-looking framework for PSBs. These reforms have catalysed significant changes in the banking sector, with a special focus on enhancing digital customer experiences, adopting analytics-driven business strategies, fostering technology-enabled capability building, and improving HR operations.

### BUSINESS OVERVIEW

CSB Bank Limited (referred to as 'CSB Bank' or 'the Bank'), headquartered in Thrissur, Kerala, is one of India's oldest private sector banks, with a rich legacy dating back to 1920. Bank commenced its operations in 1921 and has since evolved into a full-service commercial bank offering a wide range of banking and financial services to retail, MSME, corporate, and NRI customers.

CSB Bank's core platform is built on the advanced Oracle Flexcube system, supporting efficient management of key banking operations, including CASA, fixed deposits, customer handling, and transaction processing. This is supported by a comprehensive payments environment covering RTGS, NEFT, and IMPS. The platform is designed with a modular, scalable architecture, following a 'hollow the core' approach, wherein high-volume services such as lending and UPI are handled outside the core system. Furthermore, to enhance our digital presence, the Bank has implemented an omnichannel digital platform (OBDX) which includes retail Net Banking and retail mobile banking. This ensures high performance and flexibility. The core is integrated with over 50 surround systems, which includes the risk, compliance, regulatory and fraud management systems, which increases the security posture of the Bank. All these technologies have created a wholesome ecosystem to deliver a seamless, safe, digital-first banking experience for customers and employees alike.

#### Retail Banking

CSB Bank delivers an extensive array of retail banking services to both domestic and NRI customers, including CASA accounts, diverse deposit options, loans, forex services, and credit cards. Its product portfolio addresses a wide range of customer needs, spanning personal and business banking, and includes offerings such as gold loans, vehicle loans (for two-wheelers and motor vehicles), housing loans, loans against property, overdrafts, MSME financing, agricultural loans, and microfinance. As part of its technology migration, the Bank is expanding its portfolio with new offerings, such as faster disbursing of personal loans, enhancing its competitiveness in the market. The Bank's branch-in-branch strategy is a focussed initiative aimed at optimising branch space, expanding service offerings, and repositioning the brand beyond its traditional identity as a gold loan-focussed institution. The approach involves creating a distinct section within the same branch premises dedicated exclusively to gold loan services. By physically segregating these services, the Bank aims to diversify the customer experience and reduce any customer apprehensions associated with gold loans.

Building on the initial success of this model, the Bank plans to expand the concept vertically by utilising additional floors or adjacent spaces rather than opening new branches. Strategically, this model enables better space utilisation, cost efficiency, enhanced customer segmentation, and improved service delivery without compromising on the overall customer experience.

Aligned with its broader technology transformation and growth objectives, the Bank plans to further scale its branch-in-branch model. The goal is to transform each branch into a multi-functional hub, customised to serve specific local segments such as MSMEs, rural customers, and high-net-worth individuals. This innovation supports the Bank's broader plan to add around 50 branches annually across diverse regions of India, including the North, West, and East. Overall, the branch-in-branch approach reflects its commitment to building a tech-enabled, full-service

banking institution that efficiently serves a variety of customer needs while evolving its market perception.

The Bank's strategy focusses on growing its retail portfolio by attracting a wider customer base across segments such as home, personal, and auto loans as well as credit cards. The recently upgraded technology platform will further enable the Bank to tap into profitable, underserved segments through comprehensive asset offerings, including wealth management. This enhancement will improve customer service and cross-selling opportunities, and build a more profitable customer base. The Bank is focussing on internal customer acquisition and cross-selling, to build a more efficient and profitable franchise with better customer wallet share. This approach will continue until the liability side of the business is fully strengthened.

In addition to its direct customer engagement, the Bank collaborates with manufacturers, offering loans for autos, commercial equipment, properties, and healthcare businesses. These strategic partnerships allow it to provide niche and value-added services, enhancing its competitive position. The Bank's focus on holistic customer lifecycle management, spanning acquisition, onboarding, and relationship management, positions it for long-term growth.

Over the medium to long term, the Bank anticipates that its growth will be closely linked to the expansion of its liabilities business, supporting sustained progress. With its core technology transformation set to reach a key milestone in FY 2025-26, the Bank is well-positioned to strengthen execution, enabling quicker product launches, sharper customer segmentation, and more personalised offerings. By FY 2026-27, with technology migration complete and new products in place, CSB Bank is now well positioned to build and enhance it product suite and digital processes. This marks the transition from the final leg of the 'Build' phase to the beginning of the 'Scale' phase in the Bank's SBS 2030 roadmap. Its nimble operations in new markets give it an advantage over larger competitors, allowing for quick process changes, adoption of new technologies, and a strong response to customer needs. As the customer acquisition engine and modular branch strategies come into play, the Bank aims to grow faster than the system average, without compromising on work strength with quality.

### MSME Banking

With the Indian economy emerging as one of the world's leading economies, major impetus is being given to strengthen the MSME sector. The sector has gained significant importance due to its contribution to GDP, exports, and the overall growth and development of the country.

We are working relentlessly to make the Bank emerge as preferred partner for MSMEs. The Bank is implementing multiple initiatives to ensure best in class product and services are delivered to Customers. The Bank's MSME franchise continues to focus on improving client-level profitability by working closely with customers through a robust relationship management structure that emphasises portfolio hygiene and wallet share.

### Wholesale Banking

The Bank has recently re-organised its Wholesale Banking Segment (WSB) to better align with its growth priorities. This restructuring aims to cater to a spectrum of corporate clients, ranging from small and mid-size corporates to large corporates and conglomerates. The Bank has revamped its wholesale banking offerings through a segment-wise coverage model, with a primary focus on three key areas, Corporate Banking, Commercial Banking and Financial Institutions and Public Sector (FIPS).

### Corporate Banking

The Corporate Banking Segment caters to corporate clients, primarily large corporates and conglomerates. Niche team of experienced bankers are spread across key locations of the country to bring in relationship-driven, knowledge-based banking practices to this highly demanding client segment. The 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 the client's risk profile and specific needs specified by them.

### Commercial Banking

The Bank launched this segment to bring focussed coverage approach to small and mid-corporates which form the key element of private credit demand. Through a regional structure, the Bank has a set of experienced relationship bankers, product specialists and service delivery executives to bring in the best of bank offerings to this fast-paced growing segment and gain incremental market share.

### Financial Institutions and Public Sector (FIPS)

Having attained sustained success in the financial institution group with wide coverage across leading NBFCs, the Bank shall endeavour to deepen the wallet share with increased focus on cross sell and liability. In order to provide growth impetus and create visibility, the Bank has also started to focus on the government business which can help achieve balance sheet scale across lending and deposit franchise.

### Integrated Treasury

The Treasury at the Bank plays a strategically pivotal role in driving the institution's transformational growth under its SBS 2030 roadmap. Functioning as both a profit centre and a regulatory ratio manager, the treasury acts as a critical enabler across the Bank's business ecosystem, including wholesale, MSME, and retail banking segments, by ensuring robust liquidity management, regulatory compliance, and innovative financial solutions.

### Key Strategic Functions and Contributions

The treasury serves as a backbone for business operations, aligning its strategies with the unique needs of various banking segments:

- **Wholesale and MSME Banking:** It designs and delivers tailored solutions such as structured funding mechanisms, liquidity support, and forex hedging products to meet complex client requirements and drive business growth.
- **Retail Banking:** It supports liability generation and product innovation by providing backend funding solutions, enabling seamless customer offerings and deposit mobilisation.

### Liability and Liquidity Management

Effective liquidity and liability management remains centre to the treasury's operations, particularly in an environment where credit growth often outpaces deposit mobilisation. The Bank follows a multi-pronged approach to address this challenge:

- **Short-Term Needs:** Managed through repo transactions and interbank borrowings to address immediate liquidity mismatches.
- **Medium-Term Requirements:** Addressed by issuing certificates of deposit (CDs), with outstanding CDs increasing from ₹ 1,000 crore to ₹ 1,760 crore, reflecting growing reliance on market-based funding.
- **Long-Term Funding:** Secured through partnerships with global entities such as the IFC and foreign banks, which provide three-year tenor borrowings to ensure sustained liquidity.

### Regulatory and Investment Portfolio Management

The treasury is responsible for the efficient management of statutory reserves and asset-liability balances in line with regulatory mandates. The Bank ensures compliance with the RBI's Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements through a diversified portfolio comprising:

- Government of India dated securities
- Treasury bills
- State development loans (SDLs)
- Other RBI-permitted instruments

This actively managed portfolio is optimised to enhance yield and capture value from market movements. In addition to sovereign instruments, the treasury invests and trades in commercial papers, bonds, debentures, mutual funds, Alternative Investment Funds (AIFs), pass-through certificates, certificates of deposit, and equities aiming to manage short-term liquidity efficiently while boosting trading profits.

### Foreign Exchange and Hedging Solutions

The treasury handles the Bank's foreign exchange transactions in adherence to regulatory frameworks laid down by the RBI, the Foreign Exchange Dealers' Association of India (FEDAI), and other authorities. These operations not only ensure compliance but also contribute to fee-based income and client-centric forex services. The division is actively developing new hedging products to meet evolving customer needs.

### Support to Non-Fund Based and Trade Finance Operations

In line with the Bank's growing focus on MSME and wholesale banking, the treasury also plays a key role in supporting non-fund based and trade finance transactions. This includes managing forex risk for import/export clients, offering buyer's credit and LC confirmation services, and assisting in foreign currency borrowings. These efforts enhance CSB Bank's positioning as a trusted counterparty for corporates and public sector clients, while also reinforcing its annuity income streams.

### Proactive Liquidity Coverage Ratio (LCR) Management

To maintain a strong Liquidity Coverage Ratio (LCR), the treasury team strategically manages both assets and liabilities. It anticipates potential funding gaps and deploys cost-effective instruments, including wholesale deposits, currency swaps, and CD issuances to optimise the funding mix and reduce the overall cost of liabilities. The team also conducts continuous reviews of the Bank's liability structure to maintain efficiency and sustainability.

### Technology and Infrastructure Modernisation

Recognising the importance of technology in enhancing treasury efficiency and risk management, the Bank has made significant investments in upgrading its IT infrastructure. This modernisation enables better integration, analytics, real-time monitoring, and control, aligning the treasury's operations with global best practices.

## OUTLOOK AND BUSINESS STRATEGY

Marking a key milestone in its strategic journey, the Bank is set to transition by completing the 'Build' phase in FY 2025-26 to the 'Scale' phase in FY 2026-27, as outlined in its SBS 2030 strategy. The current year is shaped by a comprehensive technology overhaul, featuring the rollout of a next-generation core banking platform and a fully integrated digital stack. This will substantially enhance product agility, customer experience, and operational efficiency across retail, MSME, and wholesale segments.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The technology upgrade will also cover risk, compliance, and customer-facing systems, equipping the Bank for scalable and future-ready execution. Following stabilisation, the retail asset business is expected to grow significantly, driven by a structured customer acquisition strategy tailored to suit different branch formats and customer segments. The segment is expected to benefit from broader spectrum of products, including LAP, commercial vehicle and consumption loans, and creating enough cross-selling opportunities across the customer lifecycle. A seasoned leadership team is driving the design and execution of this portfolio.

In parallel, wholesale banking is expected to deliver robust growth through a restructured vertical-led model, covering large corporate, mid-market, and NBFCs/PSUs. The focus is on deepening share of wallet, enhancing trade and CMS offerings, and progressively reducing earlier NBFC concentration. MSME lending will continue to demonstrate consistent growth, while gold loans are projected to grow steadily with a prudent approach to risk.

Branch expansion will follow a calibrated approach, prioritising productivity and deeper customer reach through models like 'branch-in-branch' and efficient use of vertical space. On the liabilities front, efforts are centred on improving customer engagement and mobilising granular deposits. Fee income performance has remained strong, with contributions emanating majorly from core banking activities and is now comparable to leading industry benchmarks.

Despite temporary pressure on net interest margins due to deposit cost dynamics, the Bank targets sustainable balance sheet growth alongside a progressive reduction in cost-to-income ratio towards FY 2029-30. The Bank maintains stable asset quality, a strong capital position, and limited exposure to unsecured lending. With a strengthened leadership team, focus on governance, and an embedded performance-driven culture, the Bank is well positioned to enter its scale phase and pursue its long-term goal of a balanced and diversified portfolio mix by 2030. The strategic ambition is to evolve into a full-service, mid-sized private sector Bank with a strong presence across retail, MSME, wholesale, and gold segments.

### SWOT ANALYSIS

#### Strengths

- **Legacy and Trust:** Established in 1920, CSB Bank is the oldest private sector bank in Kerala. With over 100 years of banking excellence, the Bank has built deep-rooted trust and loyalty among customers.
- **Extensive Pan-India Presence:** The Bank operates through a well-established network of 829 branches and 791 ATMs/CRMs across 16 States and 4 Union Territories, ensuring nationwide accessibility. It has also carved a strong presence in key MSME clusters, aligning with its strategic focus on the MSME segment.
- **Robust Capital Position:** The Bank has a healthy Capital to Risk-Weighted Assets Ratio (CRAR) of 22.46%, which is among the best in the industry, offering substantial headroom for future expansion. Additionally, the Bank maintains one of the lowest RWA-to-total-assets ratios, reinforcing capital efficiency.
- **Strong Gold Loan Portfolio :** Gold loans continues to be a strong pillar supporting the 'Build' phase of the Bank while offering high yields, lower credit risk, reduced capital consumption, and strong collateral backing, contributing positively to the Bank's profitability and asset quality.
- **Stable Resource Profile:** The Bank enjoys a stable retail deposit base with a renewal rate exceeding 88%, reflecting strong customer confidence and consistent funding support.
- **Sound Asset Quality:** CSB Bank maintains healthy asset quality with a Gross NPA of 1.57% and Net NPA of 0.52%, supported by a Provision Coverage Ratio of 67.19% (excluding write-offs). The Bank's proactive provisioning policy, above the regulatory norms, underscores its prudent risk management approach. Notably, the credit cost for FY 2024-25 remained at 0.29%.
- **Experienced Leadership:** A revitalised leadership team strengthening the Bank's strategic direction and governance.
- **Technology-led Transformation:** The Bank has made significant investments in upgrading its CORE banking platform and the surrounding systems thereby enhancing operational efficiency and customer experience.
- **Expanded Product Suite through Strategic Tie-ups:** Collaborations with leading insurance companies and financial service providers have broadened CSB Bank's product offerings and created robust cross-selling opportunities.

#### Weaknesses

- **Delayed Entry into Certain Retail Segments:** The Bank entered the market relatively late with key retail offerings such as credit cards and select consumer products. This delayed rollout has resulted in a relatively limited product suite compared to peers, though the focus on newer offerings are enhanced recently.
- **Limited Brand Visibility and Marketing Spend:** CSB Bank's brand recall remains limited, largely due to comparatively lower investment in marketing and branding activities. While digital campaigns have recently been initiated, they are still in the early stages and lack the scale of peer institutions.
- **Smaller Customer Franchise and Narrow Asset Mix:** Despite a rich legacy of over 100 years, the Bank maintains a relatively small customer base and a concentrated asset profile, indicating untapped potential in retail expansion and portfolio diversification.
- **Geographic Presence:** Though the Bank has made significant strides in pan-India expansion, the market reach and scalability is slightly on the lower side when compared to larger private sector banks. The availability of the full product suite post migration, especially in the retail segment, will help the Bank in scaling up the business across branches.
- **Reliance on Traditional Product Offerings:** Despite recent investments in technology, the Bank's core product suite continues to be dominated by traditional banking services, which will change going forward. However, this could impact the competitive positioning in an increasingly digital and fintech-driven marketplace in the near term till the new digital offerings rolled out.

#### Opportunities

- **High-Growth Potential in Core Segments:** The Bank's strong positioning in gold loans, MSME and wholesale banking (WSB) segments aligns with robust market demand, offering significant avenues for expansion. Simultaneously, recently revamped retail verticals present an opportunity to establish scale and build long-term growth momentum.
- **Financial Services Expansion:** Increasing traction in trade finance, supply chain finance and transaction banking within the wholesale and MSME segments further opens up fee-based revenue streams and enhances client stickiness.
- **Technological Investments Enabling Growth:** As CSB Bank enters the advanced stage of the 'Build' Phase of its SBS 2030 strategy, ongoing investment in modernising its technology infrastructure is expected to enhance operational agility, customer experience and competitive edge. End-to-end digital onboarding, API-driven decision-making, and scorecard-based lending models are expected to further boost processing speed and increase productivity across business units.
- **Product Diversification and Vertical Expansion:** The introduction of new products in high-potential areas such as wholesale and transaction banking is set to strengthen the Bank's value proposition and drive deeper client engagement across corporate and institutional segments.
- **Aggressive Network Expansion with Inclusion Focus:** Since FY 2020-21, the Bank has opened 433 new branches, with a strategic focus on metro, semi-urban and rural areas. This geographic expansion supports both business growth and participation in financial inclusion initiatives driven by government policy.
- **Building Customer Franchise/Branch Infrastructure:** Leveraging a disciplined execution model, CSB Bank is effectively expanding its customer base and physical footprint, even amid a challenging liquidity environment, reinforcing its resilience and market adaptability.
- **Enhanced Cross-Selling and Fee Income via Partnerships:** Strategic alliances with insurance and wealth management providers enable the Bank to broaden its product suite, drive non-interest income, and improve customer retention through holistic financial offerings.
- **Balanced Portfolio Roadmap by 2030:** With a long-term plan to achieve a balanced mix across Wholesale (30%), Retail (30%), Gold (20%), and MSME (20%) segments, the Bank is well-positioned to unlock growth in currently underserved sectors while managing risk through diversification.

#### Threats

- **Macroeconomic and Credit Risk Exposure:** Volatility in macroeconomic conditions, particularly affecting the MSME and retail sectors, could result in increased delinquencies and a rise in NPAs, posing a risk to asset quality.
- **Pressure on Net Interest Margins (NIMs):** The impact of the higher cost of deposits that prevailed during the financial year under review may continue to exert downward pressure on the Bank's NIMs for some more time. Although efforts are underway to improve CASA and retail deposit share, intense pricing competition from other banks continues to pose a challenge.
- **High Competition across Segments:** CSB Bank faces aggressive competition across all major business lines, from peer banks in deposit mobilisation, NBFCs in the gold loan segment, and larger banks in the MSME and retail spaces. This competitive intensity could impact both margins and market share.
- **Cybersecurity Risks:** With increasing digitalisation, the Bank is exposed to heightened cybersecurity threats, including fraud and data breaches. As attackers grow more sophisticated, the risk of financial and reputational damage increases. While a strong Information Security Management framework, led by the Chief Information

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Security Officer (CISO), is in place, maintaining resilience remains a continuous challenge.

- **Talent Retention in a Competitive Landscape:** The Bank may face operational disruptions if high-performing employees are drawn to more attractive opportunities in the market. Although a performance-driven recognition and reward system has been implemented to manage attrition, attracting and retaining talent remains a strategic risk.
- **Disruption from Fintech and Digital-First Competitors:** The rapid rise of digital-native fintech companies and neobanks presents a structural challenge to CSB Bank's more traditional banking model. Delays or gaps in digital transformation could result in customer attrition and lost opportunities.
- **Liquidity and Deposit Management Challenges:** Sustaining a healthy liquidity profile while supporting ambitious asset growth targets remains a complex balancing act. Pressure on deposit mobilisation amid market wide tightness could affect the Bank's funding stability.
- **Regulatory and Compliance Burden:** Continuous evolution in regulatory frameworks increases operational complexity and costs.

## REVIEW OF PERFORMANCE

### Total Business

Total business of the Bank stood at ₹ 68,703 crore as on March 31, 2025 compared to the previous year's level of ₹ 54,291 crore, registering a growth of 27% on a YoY basis.

### Total Assets

Total assets of the Bank stood at ₹ 47,836 crore as on March 31, 2025 compared to the previous year's level of ₹ 36,056 crore, registering a growth of 33% on a YoY basis.

### Term Deposits

Term deposits of the Bank stood at ₹ 27,943 crore as on March 31, 2025, compared to the previous year's level of ₹ 21,634 crores, registering a growth of 29% on a YoY basis.

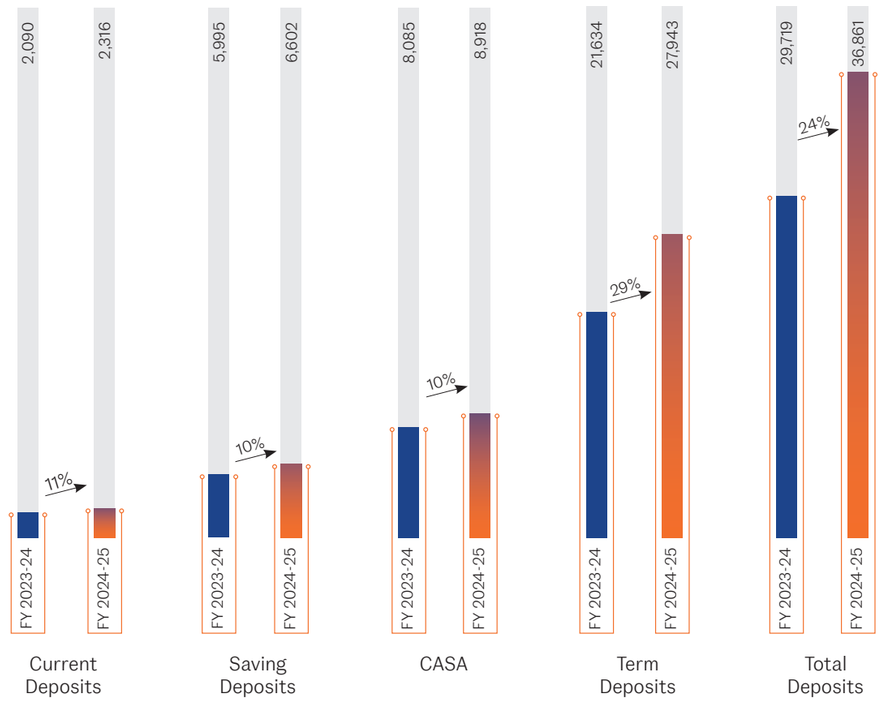
### Total Deposits

Total deposits of the Bank stood at ₹ 36,861 crore as on March 31, 2025, compared to the previous year's level of ₹ 29,719 crores, registering a growth of 24% on a YoY basis.

### CASA

- During the period under review, the CASA portfolio stood at ₹ 8,918 crore, up from ₹ 8,085 crore as of March 31, 2024 registering a growth of 10.30% on a YOY basis.
- CASA ratio stood at 24.19% at the end of FY 2024-25.

**CLASSIFICATION OF DEPOSITS PORTFOLIO (₹ IN CRORE)**




### CASA Strategy

There is a significant shift in how individuals manage their finances. They have moved away from traditional savings accounts towards more diverse investment options such as mutual funds, direct equity and fixed deposits. This change has been driven by a desire for higher returns, increased awareness about investment opportunities and ease of investments through digital channels. Higher return on Fixed Investment products like FDs have also led to a shift from savings to investments. As a result, banks have experienced a decline in their current account savings account (CASA) ratios, which are important for their profitability as they represent lower-cost sources of funds.

In order to boost our CASA mix, we are continuously reworking on our strategies.

Our strategy is based on three pillars:

a. **Increasing the Base of Customers:** We are focussed on increasing our customer base. The Bank is increasing its footprint by opening new branches in locations hitherto not covered. Similarly, a Direct Sales Channel has been established to acquire more CASA customers. Video KYC and call centres are also being used for acquisition.

b. **Segmented Product Offerings:** We are continuously studying the market and offering competitive products for every meaningful segment. We have launched targeted products for women, senior citizens, High Net Worth Individuals (HNIs), exporter-importers, seafarers, salaried individuals, and high-end business customers. Our endeavour is to continuously upgrade our product offerings to cover more targeted base. The Bank has also started services like cash management and payment products such as Point of Sale (POS) terminals and QR codes, which are helping us acquire more customers.

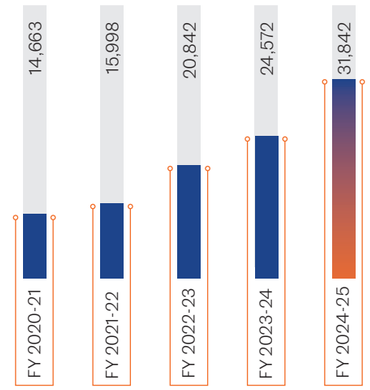
c. **Customer Engagement:** A key strategy for us is to engage our existing customers for increasing wallet share. A proper onboarding is being done through our contact centre and branches. Relationship Managers and Virtual Relationship Managers have been put in place to provide exceptional service levels to customers. Digital Banking Channels are being upgraded, offering more functionalities. 24/7 cash deposit machines have been put for the convenience of business accounts. We are also facilitating investment products like Mutual Funds and Online Broking accounts, so that our CASA account becomes the primary account for the customers.

Through these initiatives, we are continuously striving to build our CASA base. A lot more innovations will be done in coming quarters to make us one of the most preferred banks for the targeted segment.

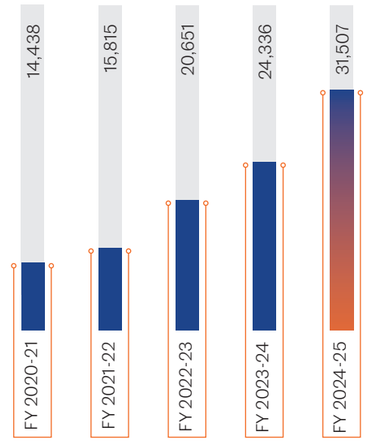
### Advances

Total advances (gross) of the Bank stood at ₹ 31,842 crore as of March 31, 2025 compared to the previous year's level of ₹ 24,572 crore, registering a growth of 30% on a Y-o-Y basis. The Gross CD ratio of the Bank stood at 86.38% in FY 2024-25 compared to 82.68% in FY 2023-24.

**GROSS ADVANCES**
(in ₹ crore)




**NET ADVANCES**
(in ₹ crore)




### Retail Assets

The Bank's retail assets portfolio comprises a diverse mix of products, including gold loans, personal loans, auto loans, and credit cards.

### Gold Loans

As of March 31, 2025, the Bank's gross gold loan portfolio amounted to ₹ 14,094 crore, up from ₹ 10,407 crore as of March 31, 2024, marking a Y-o-Y growth of 35%. Gold loans is a strong pillar of the Bank's advance portfolio. During the FY 2024-25 the Bank reclassified a portion of its gold

loan portfolio under 'Loan Against Security' basis the customer segment, loan purpose and alignment with the prevailing guidelines. The Bank has penetrated deeper into rural and semi-urban markets, traditionally dominated by unorganised players, through an increased branch network. This has proven effective in enhancing its portfolio.

### Other Retail Loans

As of March 31, 2025, the Bank's gross retail assets portfolio (other than gold) totalled to ₹ 5,047 crore, compared to ₹ 3,526 crore as of March 31, 2024, which includes certain portfolio reclassified from Gold loan to Loan against securities. Above excludes portfolio under Agriculture & MFI business. This portfolio mainly consists of personal loans, mortgage loans, two-wheeler loans, vehicle loans, education loans and healthcare finance. Retail assets advances witnessed a growth on an annual basis. The core strategy in retail assets involves enhancing existing product offerings by leveraging current branches while identifying suitable target segments and managing associated risks effectively. In FY 2024-25, emphasis was placed on recovery of some of the stressed assets and cautious growth on low risk assets business.

### Credit Cards

The Bank's Credit Card portfolio stood at ₹ 499.77 crore as of FY 2024-25 with a Card-in-Force (CIF) of 1,68,705. During the financial year, a total of 85,298 new credit cards were issued. The activation rates for the card portfolio stood at 93% which is one of the highest in the industry, whereas the spends per card for the portfolio is ₹ 18,624 which demonstrates a highly engaged customer base.

The CSB Edge Credit Card offers the convenience of managing UPI spends on Credit Card rails, whereas the CSB One Card is an offering for the mass affluent segment.

Further, the Bank remains cautious while growing this book and continues to focus on building a good quality portfolio with regular portfolio analysis, close monitoring of transactions for fraud prevention and updates the lending policy periodically based on in-depth review of risk performance across segments.

Additionally, portfolio building tools like EMI, Credit line increase (CLI) and Credit line decrease (CLD) have been deployed to ensure book growth comes with appropriate risk mitigants.

As part of our continued expansion strategy, the Bank is set to launch a Secured Credit Card, aimed at customers with limited or no credit history, as well as those in higher-risk segments. This product will support financial inclusion while ensuring credit risk remains controlled, helping to grow the portfolio responsibly.

### Priority Sector Loans (PSLs)

The Bank has a major role in priority sector lending (PSL) aimed at fostering the comprehensive development of the economy. This involves extending credit to vital sectors such as agriculture, MSMEs, education, housing, and social infrastructure, among others. This constitutes a fundamental aspect of the Bank's operations. It has also implemented various initiatives with a renewed focus on lending to small and marginal farmers, micro-enterprises, and the economically weaker sections of the society. Dedicated verticals have been established to cater to these segments, supported by experienced and specialised teams.

For FY 2024-25, the quarterly average priority sector advance stood at 48.97% of the adjusted net bank credit, after factoring PSLCs sell/buy, surpassing the RBI's prescribed target of 40%. Additionally, the Bank successfully achieved sub-targets under agriculture, small and marginal farmers, weaker sections, and micro-enterprises.

### Financial Inclusion

Financial inclusion is a key focus for the Government. It aims to provide financial services to the vast, previously underserved population of the country to unleash its growth potential. The National Mission for Financial Inclusion (NMFI) was launched to offer universal banking services to every unbanked household. This initiative is guided by principles such as banking the unbanked, securing the unsecured, funding the unfunded, and serving underserved areas.

The implementation of financial inclusion schemes is a national priority, with banks playing a pivotal role in aligning with the Government's objectives. The RBI has formalised a National Strategy for Financial Inclusion to advance these goals across the nation. It encompasses universal access to Financial Services, offering a diverse range of Financial Services, Efficient Coordination, Customer Protection and Redressal, Financial Literacy and Education, and access to Livelihood and Skill Development.

The Bank has introduced initiatives such as Financial Literacy and Credit Counseling Centres (FLCCs) and the expansion of banking services through business correspondents. They have thus facilitated avenues for encouraging savings among the underserved population and providing new lending opportunities. The Bank, with its 62 rural branches and 7 FLCCs, actively strengthens financial literacy endeavours at the grassroots level. Additionally, as part of its financial inclusion efforts, the Bank reached out to approximately 3.4 lakh families, extending small-value credit through microfinance loans, thereby contributing to the empowerment of underserved communities.

### Pradhan Mantri Jan Dhan Yojana (PMJDY)

As of March 31, 2025, the Bank had 1,19,974 Basic Savings Bank Deposit Accounts (BSBDAs) and 3,000 outstanding Kisan Credit Card (KCC) accounts. Among the BSBDA accounts opened, 65,721 were initiated under the Pradhan Mantri Jan Dhan Yojana.

### PMJJBY, PMSBY, and APY

On April 8, 2015, the Honourable Prime Minister launched three social security schemes: Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY). As of March 31, 2025, the Bank had 5,951 PMJJBY accounts and 77,985 PMSBY accounts, and 9,342 APY accounts outstanding.

### Business through Business Correspondent (BC) Model

In its pursuit of sustainable inclusive growth in rural and semi-urban areas, the Bank prioritises strategic partnerships to establish viable business models while ensuring access to finance for bottom-of-the-pyramid (BOP) customers. With this objective, it has devised sustainable livelihood programmes offering both financial and non-financial services through business correspondents, aiming to empower financially excluded individuals. This approach fosters socioeconomic development at the grassroots level, leveraging community-based initiatives such as self-help groups (SHGs) and joint liability groups (JLGs).

Throughout FY 2024-25, the Bank provided credit to 38,604 women borrowers through micro-lending programmes facilitated by the business correspondents model. Through this initiative, the Bank has reached out to over 32,970 families, supported by 18 business correspondents operating across various regions. As of March 31, 2025, the total outstanding business in microfinance under the business correspondent model stood at ₹ 317 crore.

### Corporate Lending

As of March 31, 2025, the Bank's Wholesale portfolio expanded to ₹ 7,486.74 crore, reflecting a year-on-year growth of 21% from ₹ 6,187.81 crore as of March 31, 2024, significantly outpacing industry growth trends. Notably, the core Wholesale Banking book registered a robust 41% year-on-year increase, reaching ₹ 7,266 crore. This strong performance was driven by strategic initiatives aimed at scaling the Corporate and Commercial Banking segments, while maintaining a stable Financial Institutions portfolio. The Bank also undertook a deliberate shift away from low-yielding segments and reduced its exposure to direct loan assignments. These measures enabled a sharper focus on building a new franchise anchored in a direct client coverage model, supported by a dedicated team and a comprehensive suite of product offerings.

As the Bank continues to expand its wholesale banking business, the focus will be on achieving scale with profitability and sustainability. Environmental, Social, and Governance (ESG) criteria will play a crucial role in the Bank's lending practices, ensuring responsible decision-making.

Looking ahead, CSB Bank's strategy emphasises building value through a customer-centric approach backed by technology. During the year, the Bank has invested in dedicated delivery channels to enhance customer service, including the establishment of specialised corporate service branches for high-value clients. This revamp of the operations team aims to provide differentiated and prioritised service offerings, ensuring superior service delivery and customer satisfaction.

The Bank also streamlined and enhanced the quality of its business credit underwriting, disbursement processes, and operations to improve TAT and overall customer experience.

The wholesale banking has embraced digital journey at all stages of the customer journey: onboarding, delivery, and risk management.

- **Onboarding:** The Bank has already adopted digital loan origination system and will evolve the platform to enhance efficiency keeping in mind scale of the business.
- **Delivery Mechanism:** Besides revamped credit underwriting, the Bank is working on developing a full stack of digital services that will be ready alongside the implementation of the core banking software. This will enable digital delivery of services to corporate clients, including both fund and non-fund transactions.
- **Risk Management:** The Bank is already using digital modes for risk management through its early warning system (EWS). This system is currently in use and will be further enhanced over time. Going forward, the Bank will be undertaking all underwiring through an advanced version of Loan Management System.

Looking ahead in FY 2025-26, key deliverables from wholesale banking would be:

- Enhanced market share across corporate, commercial, and financial institutions clients.
- Expanding Wholesale Banking Franchise in new geographies with setting up of teams.
- Incremental mainstreaming of the Bank among target clients, with a focus on increasing wallet share across loan, trade, foreign exchange, and transaction banking services.
- New offerings with Project Financing in select segments along with syndication to enhance client coverage with risk distribution.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Introduce product specialisation with a focus on Knowledge Banking enabling customised funding solutions for select segments.
- Technology-enabled service delivery with dedicated team for effective client experience.

Following a risk-adjusted return philosophy, the Bank emphasises on the growth of Large and mid-size corporate assets in wholesale banking. It remains dedicated to enhancing efficiency and refining processes to deliver an enhanced client experience and foster mutually beneficial relationships. The entire cornerstone of the reformed wholesale banking offering is centered on the 4P approach:

- People: Enhance human resources with high calibre professionals.
- Products: Continued focus on trade, forex, and transaction banking to mainstream CSB's offerings.
- Policy: Evolve credit underwriting to remain continuously aligned with regulatory guidelines and build a robust, compliant portfolio.
- Process: Deliver best-in-class customer service using the Bank's most updated Core Banking version.

### Transaction Banking Group

The transaction banking landscape in India is undergoing significant transformation, marked by rapid digital adoption, evolving customer expectations, and intensifying competition. Transaction Banking Group is focussed on providing knowledge-based customised solutions backed by technology to clients across retail, MSME and wholesale banking segments.

The businesses of supply chain finance, trade services and forex and cash management services are part of the transaction banking group.

The enhancement of the Bank's product proposition across trade and forex, working capital, liability book building (by capturing client collections and payables), and supply chain finance is the primary goal of the Transaction Banking Group.

### Trade Services and Forex Business

The Bank's trade services and forex business encompasses various services, including letters of credit, bank guarantees, export finance, import finance, INR invoice/bill discounting, factoring/receivable purchase, outward and inward remittances, forwards and other treasury products. The year focussed on driving significant growth in portfolio development, revenue maximisation, new product development and process re-engineering. Key takeaways from FY 2024-25 are:

1. Engagements initiated with multilateral agencies/ banks for facilitating cross border trade finance. Tie–ups done with EXIM Bank, Asian Development Bank and International Finance Corporation for cross border trade finance facilitation.
2. Discussions with cross border banks to expand the correspondent bank network.
3. The Bank has integrated its systems with NeSL's Digital Document Execution (DDE) platform to issue e-BGs.

### Cash Management Services

Transaction banking cash management services has a comprehensive product suite that caters to the liquidity and cash management requirements of businesses across sectors to a spectrum of Retail, MSME and Wholesale clients. It offers latest digital banking solutions to meet multiple client requirements.

Cash management solutions offered are:

- Managing receivables and payables of clients across segments.
- Customised and innovative solutions for efficient banking such as eNACH, virtual account solutions, payment-based API, and escrow accounts, among others.
- Digital solutions for MSME, NBFCs, mid corporates and large corporates such as customised virtual account solutions, enhanced corporate net-banking features for payments, direct debits, and UPI collections, among others.
- Fiduciary services such as escrow account solutions and RERA account management.

We also offer innovative digital solutions by designing, developing and co-creating products with fintech/ technology partners, banks and exchange houses hereby leveraging their state-of-the-art technology.

### Supply Chain Finance

Most MSME/SME are part of an ecosystem of Mid and Large corporates. Supply chain finance team works with these corporate clients to offer cash flow-based lending solutions to the MSME/SME. Such solutions improve the financial position of these MSME/SME by providing the desired liquidity to run their business effectively.

The Bank has already invested in digital capabilities for this business which is aimed at providing lending solutions – paperless and convenient for these MSMEs. The Bank over the next few years aims to gain market share in this business.

In terms of target market, the Bank looks at Mid and Large Corporates rated A & above for financing their entire ecosystem of suppliers & distributors/dealers.

### Transaction Banking Initiatives

- Developing products focussing on targeting corporate clients.
- Streamlining processes and internal policies.
- Benchmarking product propositions with the market to introduce products to cater to the corporates for trade finance, CMS and supply chain.
- Variety of collection products introduced/enhanced like virtual account services, NACH collection services, Escrow/RERA propositions and Bharat Bill Payment services.
- Introduced enhanced features in Corporate Net Banking platform for seamless payments.

The Bank will pursue growth strategy which leverages favourable market trends across trade finance, cash management, payments, and supply chain finance segments. By investing in digital capabilities, developing specialised expertise, and reimagining service delivery, the Bank aims to capture a growing share of India's expanding transaction banking market.

### MSME Lending

The Bank continues to adhere to its commitment to fulfil needs of MSMEs across various sectors and geographies. With a vision to become one of the preferred partners for MSMEs, the Bank has undertaken various strategic initiatives such as streamlining its products, processes, and systems to ensure high-quality services are delivered to customers in a timely manner.

The Bank is working towards offering lending as well as robust transaction banking products, including various trade and forex solutions curated for MSMEs.

Broadly, the Bank's MSME strategy and initiatives revolve around the following pillars of the organisation:

- Product, proposition and process improvement
- Optimise resources and improve productivity
- Coverage and channel optimisation
- Enable technology as a tool to help business

**Product, proposition and process improvement**

- The Bank launched 'CSB SME Turbo Loan', a scorecard-based loan product upto ₹ 5 crore for MSMEs. This product programme offers overdraft and term loan facility basis simplified scorecard assessment and offers flexibility in terms of upfront assessment of credit facility, helping clients plan business better. The product is simple and processed with faster TAT.
- Focus on trade and forex products to meet customer requirements by aligning transaction banking team.
- Our knowledge series event 'In Focus' powered by CRISIL for MSMEs continues in various parts of the country, offering cutting-edge analysis on critical sectors of economy. Our panel of experts are also helping MSME entrepreneurs take informed decisions required to grow business. We are connecting with Trade bodies and industry associations through this project and build up relation for creating sourcing funnel.
- The Bank has launched Spot-On product, a pre-screening tool for faster login process pertaining to credit proposals and reduce sourcing time.
- Credit rating tool launched for MSMEs upto ₹ 5 crore and dedicated rating tool for manufacturers, traders and services.

**Optimise resources and improve productivity**

- The Bank is focussing on building strong training culture for resources. 'SMEgnition' Training Programme powered by CRISIL continues to enable team with right skill and knowledge to provide banking solutions to MSMEs.
- Curated leadership programmes and train the trainer programmes conducted for better team management, stakeholder management and nurturing future leaders.

**Coverage and Channel optimisation**

- The Bank continues to expand in new geographies for better coverage and penetration.
- We expanded in Jaipur, Rajasthan and Vijaywada, Andhra Pradesh this year and would continue to add new locations in existing States and deploy additional manpower in existing location.
- The Bank continues to focus on strengthening branch channel. Through its specialised MSME branches, Bank is offering comprehensive range of banking services and products.

**Enable technology as a tool to help business**

- The Bank continues to invest on digital capabilities to offer seamless banking services to MSME clients.
- Our Corporate LOS (CLOS) for MSME proposals and Retail LOS (RLOS) for Loan Against Property enables seamless movement from Login to Sanction.
- We are also planning other digital solutions for faster credit delivery to MSMEs.
- We are working on process automation to improve sourcing.

The Gross SME advances of the Bank (Including MSME) stood at ₹ 4,241 Crores as on March 31, 2025, as compared to ₹ 3,200 crores as on March 31, 2024, clocking a growth of 32.5% during FY 2024-25.

## INTEGRATED TREASURY OPERATIONS

In alignment with this strategic direction, the Treasury Department supports the Bank by effectively managing its resources, mitigating risks, and fostering sustainable growth. the Treasury has implemented several strategies:

- **Foreign Currency Borrowings:** CSB Bank raised $400 million in FY 2024-25 in floating-rate borrowings linked to the Secured Overnight Financing Rate (SOFR), anticipating a reduction in global rates. This move has already reduced the Bank's borrowing costs by 50-60 basis points.
- **Managing Interest Rate Cycles:** The Treasury is also selectively converting floating-rate liabilities into fixed rate assets and advising business units to structure fixed-rate loans in anticipation of softening interest rate cycles.
- **Bond Portfolio Duration:** The Treasury strategically increased the duration of its bond portfolio, opting for longer-term bonds at higher rates. This helps protect against the risk of reinvestment at lower rates, providing a buffer as interest rates decline.

As of March 31, 2025, the Bank's total investments stood at ₹ 11,389 crore, compared to ₹ 7,689 crore as of March 31, 2024. The interest income from investment operations increased to ₹ 621.74 crore during FY 2024-25, compared to ₹ 423.99 crore in the previous financial year. Additionally, the Bank realised a non-interest income of ₹ 100.29 crore from investment operations, as compared to ₹ 40.49 crore in the previous year.

### Foreign Exchange Transactions

The Integrated Treasury is equipped with sophisticated trading platforms to handle all kind of forex transactions in various currencies. Treasury has been providing competitive pricing in crosses, spot and forward transactions to the clients in all the major currencies. Apart from that, it provides trade finance solutions, forex deposit facilities and funding to our clients.

The Merchant Desk within the Integrated Treasury is fully equipped to provide centralised cover operations for forex requirements originating from branches. Additionally, the desk offers services to corporates, SMEs, and MSMEs to effectively manage their forex exposures. The Proprietary Trading Desk engages in trading operations in major currencies and capitalises on arbitrage opportunities between domestic and overseas markets, thereby enhancing the Bank's revenue.

Forex turnover of the Bank registered a growth of 86% in FY 2024-25, compared to previous year. The Bank generated an income of ₹ 25.31 crore from forex operations during the FY 2024-25, registering a growth of 32% compared to previous year. This comprised ₹ 21.26 crore foreign exchange profit and ₹ 4.05 crore from commissions earned from forex transactions.

## BANCASSURANCE

The Bank offers comprehensive investment and protection solutions to cater the diverse needs of the customer segment adopting tech-enabled delivery mechanisms across all customer touchpoints. The Bank's strategic adoption of an open architecture model has enabled it to fortify its presence in core channels and develop novel avenues for offering an extensive range of products. This visionary approach empowers the Bank to provide its customers with unparalleled choice and flexibility. During the year, the Bancassurance business made significant contributions to the Bank's fee income, driven by robust partnerships, contextual product launches, exceptional distribution strength and innovative digital initiatives.

### Life Insurance

Life insurance constitutes a vital component of financial planning, ensuring the fiscal security of loved ones while facilitating the attainment of various financial objectives throughout life's journey. The Bank offers an extensive suite of life insurance products, expertly crafted to address diverse needs, including risk coverage, long-term savings, goal-based planning, and tax benefits. Key partnerships with esteemed insurance providers, including Edelweiss Life Insurance Co. Limited, HDFC Life Insurance Co. Limited, ICICI Prudential Life Insurance Co. Limited, and Axis Max Life Insurance Co. Limited, underscore the Bank's commitment to delivering exceptional value to its clientele.

### Non-Life Insurance

The Bank partners with reputable entities in the non-life insurance sector, including Reliance General Insurance Co. Limited and Go Digit General Insurance Co. Limited. This synergy enables the Bank to offer a broad spectrum of insurance products, catering to an array of needs, including home, health, motor, personal accident, fire, and critical illness insurance, all on a non-risk participation basis.

### Health Insurance

In recognition of the increasing importance of financial planning for health, the Bank has prioritised the retail health market through its strategic partnership with Aditya Birla Health Insurance Co. Limited. This alliance facilitates the provision of a comprehensive range of health insurance products, meticulously designed to safeguard the well-being of the Bank's valued customers.

### Performance Highlights

The Bancassurance business witnessed a highly successful year, with a significant increase in income from Life, Health, and General Insurance for the financial year with a remarkable growth of 32% in revenue over the previous financial year.

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### Financial Performance

During FY 2024-25, the Interest income rose to ₹ 3,597.14 crore as against ₹ 2,927.54 crore in FY 2023-24, reflecting a growth of 23%. Interest expenses increased by 46% and stood at ₹ 2,121 crore as against the previous year's figure of ₹ 1,451.13 crore. Both interest income and interest expense increased in line with business growth and the rise in interest rates. Net Interest Income (NII) stood at ₹ 1,476.18 Crore in FY 2024-25 as against ₹ 1,476.41 Crore in FY 2023-24. Non-interest income increased by 66% from ₹ 316.01 crore to ₹ 972 crore for the year ended March 31, 2025. For the year ended March 31, 2025, the Bank's Net Interest Margin (NIM) declined by 96 basis points, from 5.09% in FY 2023-24 to 4.13%, primarily due to a rise in the cost of funds.

The Bank reported an operating profit of ₹ 910 crore compared to ₹ 779.92 crore in the previous fiscal, reporting an increase of 17%. The Bank's operating revenue registered a year-on-year (YoY) growth of 30.11%, reaching ₹ 4,569.20 crore in FY 2024-25, compared to ₹ 3,511.83 crore in the previous year, mainly on account of increase in interest and non-interest income. The operating expenses rose to ₹ 1,537.99 crore from ₹ 1,280.78 crore, reflecting a 20.08% increase, mainly on account of increase in staff cost and other operating expense in line with increase in business and branches.

The Bank recorded a net profit of ₹ 593.80 crore in FY 2024-25 as against ₹ 566.82 crore in FY 2023-24, recording a growth of 5%.

The Bank's cost income ratio stood at 62.82% for the year ended March 31, 2025, as against 62.15% in FY 2023-24. The ROA was 1.53% at the end of the fiscal under review as against 1.79% in FY 2023-24.

The Earnings Per Share (EPS) and Book Value of share as of March 31, 2025, stood at ₹ 34.23 and ₹ 249.24, respectively as against ₹ 32.67 and ₹ 209.11 as of March 31, 2024. The Bank's ROE stood at 15.44% compared to 17.37% for FY 2023-24.

### Income

The Bank's total income increased by ₹ 1,057.37 crore and stood at ₹ 4,569.20 crore as of March 31, 2025. Its net interest income marginally decreased to ₹ 1,476.18 crore from ₹ 1,476.41. The non-interest income grew from ₹ 584.29 crore to ₹ 972.05 crore in FY 2024-25 due to increase in profit on sale of investment and fee-based incomes.

### Expenditure

The interest expenditure increased from ₹ 1,451.13 crore in FY 2023-24 to ₹ 2,120.97 crore in FY 2024-25 due to increase in deposit and borrowing cost. Operating expenses increased from ₹ 1,280.78 crore in FY 2023-24 to ₹ 1,537.99 crore in FY 2024-25 due to increase in staff cost and other operating expenses in line with increase in business and branches. Cost of deposits increased to 6.15% in FY 2024-25 from 5.35% in FY 2023-24 in line with the increasing trend of interest rates.

### Key Financial Ratios

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

| Particulars | March 31, 2025 | March 31, 2024 | Change (%) |
|---|---|---|---|
| Capital Adequacy Ratio (CRAR) (%) – Basel III | 22.46 | 24.47 | (8.21) |
| Earnings Per Share (in ₹) | 34.23 | 32.67 | 4.78 |
| Book Value Per Share (in ₹) | 249.24 | 209.11 | 19.19 |
| Net Interest Margin (%) | 4.13 | 5.09 | (18.86) |
| Cost Income Ratio (%) | 62.82 | 62.15 | 1.08 |
| Return on Assets (ROA %) | 1.53 | 1.79 | (16.76) |
| Return on Equity (ROE %) | 15.44 | 17.37 | (11.11) |
| Gross NPA (%) | 1.57 | 1.47 | 6.80 |
| Net NPA (%) | 0.52 | 0.51 | 1.96 |
| Interest Income as a % of Working Funds | 9.00 | 9.22 | (2.39) |
| Operating Income as a % of Working Funds | 2.28 | 2.46 | (7.32) |

There are no significant changes compared to previous year other than decrease in Net Interest Margin which was mainly on account of increase in cost of funds.

As of March 31, 2025, the Capital Adequacy Ratio stood at 22.46%, compared to 24.47% as of March 31, 2024, primarily due to growth in business which resulted in increase in total risk weighted assets, offset by an increase in the capital fund from ₹ 3,853 crore to ₹ 4,588 crore.

(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 15.44% from 17.37% in the previous year on account of increase in average net worth of the Bank in comparison with net profit.

### Disclosure of Accounting Policy

The primary accounting policy of the Bank is detailed in Schedule 18 of the financial statements. The Bank adhered to the identical accounting policies during the preparation of these financial results as those employed in the annual financial statements for the fiscal year ending on March 31, 2025, except classification, measurement and valuation of the Bank's investments which are carried out in accordance with RBI Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023 ('the RBI Investment Master Directions') effective April 01, 2024.

## NPA MANAGEMENT

Indian banks have demonstrated significant improvements across all key functions, particularly in the recovery of bad loans. Through close monitoring and effective follow-up mechanisms, the Bank has successfully prevented accounts from slipping into fresh delinquencies to a large extent. Furthermore, enhanced collection efforts and various recovery strategies such as focussing on upgradation of recently slipped NPAs, initiating legal actions such as SARFAESI, filing of suit, initiating RR mechanism (in the state of Kerala), conducting various recovery mela for settlement of the accounts have paved the way for substantial recovery and reversal of provisions.

The proactive approach to recovery, encompassing various legal actions and continuous engagement with concerned parties, has significantly reduced the bad loan portfolio of banks. Leveraging legal provisions such as the SARFAESI Act the Bank has initiated immediate legal actions upon accounts turning NPA, particularly for secured accounts. Additionally, effective utilisation of government mechanisms, such as the RR mechanism in the state of Kerala, has facilitated good recovery, especially under small and unsecured accounts. Revenue authorities in Kerala collaborated with the banks to expedite settlement processes.

The Bank initiated settlement opportunities which further contributed to early resolution of bad loan accounts.

The Bank is also offering digital platform to customers for hassle free repayment of overdue amount of their loan account, this functionality covers all the accounts under Retail, Gold and Agri product as of now.

The collection vertical of the Bank focussed on preventing the accounts slipping into NPA and the recovery vertical strives for upgradation/effecting recovery from the bad loan segment in a time-bound manner. As a result of the focussed recovery actions, the Bank has recovered a substantial amount from the old NPA accounts during the financial year.

Through various mechanisms, including DRTs and action under the IBC, the Bank has achieved significant cash recovery and upgradation of NPAs during the year. As of March 31, 2025, the Bank's gross NPA level stood at ₹ 498.46 crore as against ₹ 361.07 crores as of March 31, 2024.

The migration provision increased during the last quarter of the year, which was as part of the planned provisioning. There were slippages in our unsecured book comprising mainly of credit card, MFI, PL wherein we took upfront 50% provisioning as against the requirement of 25%. Additionally, for the deterioration in the value of security in few accounts, a prudent provisioning has been made by the Bank.

The gross and net NPA ratios as of March 31, 2025, stood at 1.57% and 0.52% as compared to the previous year's at 1.47% and 0.51%, respectively, with the provision coverage ratio of 83.71%. There was a marginal increase in the NPA levels due to the slippages in single group corporate accounts and the unsecured book as stated above which we expect to get cured during the current financial year.

Notably, during the period under review, the Bank recovered ₹ 45.72 crore from prudentially written off (PWO) portfolios, with an interest recovery amounting to ₹ 30.67 crore.

Going forward, the Bank remains committed to arresting fresh delinquencies to the barest minimum possible, through vigilant monitoring and timely recovery measures. It will particularly focus on recovery in PWO accounts, all secured and unsecured advances.

The Bank is following accelerated norms for provisioning which is much more than the regulatory guidelines. Moreover, considering the unsecured exposure in the credit card segment and with an intention to mitigate the risk, the Bank is providing 100% provision after 90 days of NPA classification.

The Bank endeavours to keep the gross NPA below 2%, net NPA below 1%, and credit cost below 0.40%. In the realm of corporate accounts, there exists a potential for non-performing accounts to return to a performing status, although this is more difficult with retail accounts. The Bank's gold business demonstrates minimal slippages and low credit costs, effectively balancing out its high operating costs.

## RISK MANAGEMENT

Effective and proactive management of risks is essential for sustainable business growth since banking is exposed to a wide range of risks. The Bank's Risk Management framework is founded on a clear understanding of various risks, robust risk assessment and measurement procedures and practices and continuous monitoring.

The Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Asset-Liability Management (ALM), Operational Risk Management and Information Security Management. The Bank's Risk Management practices have been aligned with the best industry practices and are adaptable to a dynamic environment. An effective risk management system ensures long-term financial security and stability. The overall responsibility of setting risk appetite and effective risk management vests with the Board of Directors and it oversees all the risks assumed by the Bank. Through effective and efficient use of processes, information, and technology, the Bank have developed a multifaceted risk management strategy that identifies, assesses, monitors, and manages risks (credit risk, market risk, liquidity risk, interest rate risk, and operational risk).

The Board articulates Risk management policies, procedures, aggregate risk limits, review mechanism, reporting and auditing systems. In tune with the guidelines of RBI, the Board has constituted a Risk Management Committee (RMC). The Risk Management Committee has four Executive-level committees which provide support and inputs in discharging its functions viz. Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset-Liability Management Committee (ALCO) and Information Security Committee.

The Integrated Risk Management Department is headed by Chief Risk Officer who provides overall leadership for risk management framework, independent risk management function and risk governance processes, including risk measurement, risk monitoring, risk control or mitigation and risk reporting. 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 been made operative to handle loan pricing and to evaluate returns vis-à-vis the 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 cybersecurity, and other operational risks. The Bank has established robust policies, procedures, methodologies, and frameworks to manage material risks systematically.

The Bank's risk philosophy focusses on 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 cybersecurity measures, climate-related financial risks to ensure avoidance or mitigation of various risks.

### Credit Risk

Credit risk is the possibility of losses associated with diminution in the credit quality of borrowers or counterparties and the possibility that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and losses resulting from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk is not confined to the risk that borrowers are unable to pay; it also includes the risk of payments being delayed, which can also cause problems for the Bank. Credit Risk is managed through a Board-approved framework that sets out policies, procedures and reporting in line with 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, the Bank strives to maintain a strong asset quality through disciplined credit risk management.

The Bank has a comprehensive credit risk architecture, well-defined credit appraisal mechanism and risk assessment practices for identification, measurement and monitoring credit risk. The 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. The Bank manages credit risk in its retail

and wholesale businesses. Wholesale lending is managed on an individual as well as portfolio basis. In contrast, given the granularity of individual exposures, retail lending is managed largely on a portfolio basis across various products and customer segments.

The Bank has laid down well-defined internal rating/scoring models for Credit Risk Assessment. The major part of the internal rating is carried out by expert rating models developed by CRISIL and has implemented CRISIL RAM during the year. The upgrade will enable the Bank to smoothen the rating process and adopt the best industry practices.

Segment-wise and borrower category-wise exposure limits are fixed and monitored by the Bank to address concentration risk. The Bank has a standardized 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, and hurdle rates.

As part of the risk management strategy, the Bank has assessed the impact of various developments in the Middle East, including the Red Sea conflict between Hamas and Israel and subsequent actions, as well as the ongoing Russia-Ukraine conflict and change of power in USA. Based on the assessments, various risk mitigation strategies have been rolled out to minimise the impact.

### Market Risk

Market risk arises mainly from the 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.

To measure and control market risk, interest rate risk, equity price risk and forex risk, the Bank uses various tools like stress testing, Duration, Modified duration, PV01, Value at Risk (VaR), position limits, stop-loss limits, Net Overnight Open Position (NOOP) limits, Aggregate Gap Limit (AGL), and Individual Gap Limit (IGL). The Bank has established an independent Mid-Office at Integrated 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 scrutinizes the treasury deals and transactions from the market 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 Market Risk Management Policy of the Bank sets out the broad outlines of the processes by which the market risks carried by the Bank shall be managed i.e. identified, measured, controlled and monitored such that, the risk taken is within the risk tolerance limits ultimately specified by the Risk Management Committee of the Bank (RMC) and the Board.

The capital charge for market risk is currently computed under the Standardized Duration Approach. Value-at-Risk (VaR) is used to monitor the Bank's trading portfolio risk. VaR of trading portfolio is computed on a daily basis. Additionally, back-testing of VaR is done on a quarterly basis.

### Liquidity & Interest Rate Risk

Liquidity represents a bank's ability to fund asset growth and meet expected or unexpected financial obligations at a reasonable cost, without incurring excessive losses. Liquidity risk arises when a bank faces difficulty in financing asset expansion, reducing liabilities, or fulfilling commitments as they fall due. It is monitored through various metrics, including Liquidity Coverage Ratio (LCR), Structural Liquidity Statements, Short-Term Dynamic Liquidity Monitoring, Liquidity Ratio Analysis, and prudential limits for negative gaps across different time buckets.

Interest rate risk, on the other hand, refers to the potential negative impact of market interest rate fluctuations on investment values. It affects earnings through changes in Net Interest Income (NII) and impacts the market value of equity by altering the economic worth of interest-sensitive assets, liabilities, and off-balance sheet exposures. Interest rate risk in trading portfolios is measured daily using tools such as Value at Risk (VaR) and PV01. To mitigate Interest Rate Risk in the Banking Book (IRRBB), the Bank adopts a robust Asset-Liability Management (ALM) strategy, employing gap analysis, duration-based approaches, and economic value sensitivity assessments. Regulatory frameworks, such as Basel guidelines and the Reserve Bank of India's directives, mandate banks to maintain prudential risk controls, including stress testing and scenario analyses. The monitoring tools include measures like Earnings-at-Risk (EaR) and Economic Value of Equity (EVE), ensuring resilience against adverse interest rate movements.

The RBI, vide its circular dated February 17, 2023, has issued revised guidelines on the governance, measurement, and management of IRRBB, which are aligned with the revised framework issued by the Basel Committee on Banking Supervision (BCBS). Pending the announcement of the effective date of the operative guidelines on IRRBB, banks are advised to be prepared to measure, monitor, and disclose their exposure to interest rate risk in the banking book as per the new guidelines. Our Bank has initiated pro-active steps to fall in line with regulatory requirements on this count and submits impact of Delta EVE & Delta NII on banking book to RBI on a quarterly basis.

### Mitigation

- **Comprehensive Asset Liability Management (ALM) Policy:** The Bank has a well-structured ALM framework that governs liquidity and interest rate risk management. A robust monitoring system ensures timely assessment of cash flow mismatches and key risk ratios, including Basel III metrics, under both normal and stressful conditions. Approved risk appetite thresholds and tolerance limits provide a structured approach to risk control. Additionally, an extensive intraday liquidity monitoring framework ensures effective oversight of cash flows throughout the day.
- **Governance & Oversight:** The Asset-Liability Management Committee (ALCO) plays a critical role in ensuring adherence to liquidity and interest rate risk parameters. It oversees maturity gaps, stock ratio limits, and evaluates potential impacts on NII and economic value of equity. A structured stress testing programme complements these efforts, offering insights into liquidity and interest rate risk vulnerabilities under various scenarios.
- **Behaviour Analysis & Scenario Assessments:** The Bank conducts studies to analyse the behavioural patterns of non-contractual assets and liabilities, as well as embedded options accessible to customers. These insights aid in managing maturity mismatches more effectively.
- **Liquidity Coverage & Regulatory Compliance:** Liquidity Coverage Ratio (LCR), an internationally recognised 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 a bank has 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. As per Basel III regulations, the Reserve Bank of India (RBI) mandates a minimum LCR of 100% since January 1, 2019, and the Bank maintains LCR on a daily basis at a level higher than regulatory minimum.
- **Contingency Funding Plan:** The Bank maintains a well-defined Contingency Funding Plan (CFP), ensuring sufficient financial resources to meet liabilities as they arise. To enhance preparedness, the CFP undergoes regular reviews and updates, ensuring the Bank remains well-positioned to address liquidity challenges effectively.
- **Net Stable Funding Ratio:** RBI has also mandated a minimum Net Stable Funding Ratio (NSFR) of 100% from October 1, 2021. NSFR indicates that the Bank maintains a stable funding profile regarding the composition of its assets and off-balance sheet activities. The Bank is committed to maintain NSFR at levels well above the regulatory minimum.

### Advanced Stress Testing Framework

A professionally vetted Stress Testing Policy is in place, aligned with industry standards. It includes sensitivity and scenario analyses to assess potential impacts on NII and Capital Adequacy Ratio (CRAR). Enhancements in the methodology includes, refined stress models for Credit Concentration Risk, Operational Risk, Strategic Risk, Compliance Risk, Reputational Risk, Conduct Risk, and Fraud Risk, and new scenarios on natural calamities, cyber frauds and Black Swan events. Annual back-testing ensures the accuracy and reliability of the Stress Testing Model.

### 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. The policies have been aligned with industry best practices by engaging external consultants.

### Mitigation

In conformity with RBI guidelines, the Bank has implemented 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 Management (BCM) policy along with BCM framework and BCP document which ensure continuity of operations at the branches and offices during disruptions. Business Impact Analysis is conducted to assess critical applications in the Bank. BCP enables the Bank to minimise business disruption during the times of natural disasters, such as the floods in Kerala in 2018, Chennai in 2023 and Flash floods in some parts of Kerala and Chennai in 2024 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), 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.

Further, the Bank has laid down a policy on Environmental, Social and Governance (ESG), which broadly covers the growing demands for sustainable solutions from businesses due to the rapid depletion of natural resources, following the 'The National Guidelines on Responsible Business Conduct, 2018 (NGRBC)'.

The Bank has undertaken a materiality assessment on ESG awareness among all stakeholders with the assistance of CareEdge.

### 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, 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 shall be the capital required under baseline stress conditions.

The Bank commits to ensure that funds will not be used to finance a set of activities and/or end use for all project and corporate loans under the scope of the ESG Policy through an exclusion list which is part of the policy document and assessment tools, viz. Rapid Environmental Assessment (REA) checklist. Further, the Bank has introduced an industry-wise ESG checklist for borrowers and ESG risk vetting is carried out for proposals above ₹ 50 crore exposure.

### 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 cybersecurity framework and follows multi-layered architecture for cyber defence mechanisms starting from endpoint security to perimeter security. The Bank has a strong incidence response team to detect and respond to cyber incidents. The Bank is continuously creating cybersecurity 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 cybersecurity-related financial risk, the Bank shall estimate the Pillar 2 capital requirements equivalent to around 1% of the Bank's operating income under minor stress conditions.

### 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.

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, and Prevention of Money Laundering Act, as well as to ensure observance of the regulatory guidelines issued from time to time by RBI, IRDA, PFRDA, and SEBI, among others, as well as the standards and codes prescribed by IBA, FEDAI, FIMMDA, the Bank's internal policies and fair practices code, among others.

### Mitigation

The Bank mitigates the compliance risk through the following measures:

- Strong internal controls
- Proactive compliance testing
- Investing in technology and automation
- Employee training and awareness
- Strong governance and oversight

In compliance to the RBI guidelines, the Bank has introduced a technology-based compliance monitoring solution – Comply360. This solution has streamlined the dissemination and monitoring of the implementation of regulatory guidelines. Comply360 is helping the Bank to move to a proactive compliance framework from the traditional reactionary approach.

## COMPLIANCE WITH BASEL II AND BASEL III FRAMEWORK

Since April 01, 2013, the Bank has consistently computed capital ratios on a quarterly basis in accordance with both Basel II and Basel III norms. Adherence to regulatory guidelines under Pillar I of Basel II and III norms has been a priority for the Bank.

For credit risk, the Bank has computed the capital charge using the Standardised Approach, and market risk capital charge through the Standardised Duration Method. To address illiquidity in the trading portfolio, adjustments to the current valuation of less liquid positions are deducted from the Common Equity Tier-1 (CET-1) Capital. This is done while calculating the CRAR for regulatory purposes. Operational risk capital charge is calculated based on the Basic Indicator Approach.

In line with prudent risk management practices, the Bank's Internal Capital Adequacy Assessment Process (ICAAP) policy incorporates additional considerations for liquidity risk, credit concentration risk, cybersecurity risk, climate risk, and fraud risk, among others, in Pillar II capital computations.

The Bank has also established a robust stress testing framework, comprising sensitivity and scenario tests. This covers various risk areas such as default risk, credit concentration risk, interest rate risk in the banking book, and market risk. In addition to this, stress testing policy is supplemented to include climate-related financial risks based on physical and transition risks.

## BUSINESS CONTINUITY PLAN

The Bank maintains a robust BCP plan to ensure the uninterrupted functioning of critical business operations during times of disruption, identified through comprehensive business impact analysis (BIA).

To execute the BCP effectively, the Bank has established a dedicated Crisis Management Committee comprising heads of major departments. They are responsible for exercising, maintaining, and invoking the BCP as per need. This Committee shall be activated in the event of a disruption, responsible for decision-making and oversight of recovery efforts and ensures that business functions resume normalcy with minimal delay.

During the pandemic, the Bank demonstrated seamless operations thanks to its well-prepared BCP, which includes designated locations and resources for critical applications. The Bank also provides secure work-from- home facilities

for essential teams. Regular DR drills are conducted for the core banking system (CBS) and other critical systems to ensure their readiness during emergencies. Furthermore, periodic testing of recovery speed for critical applications from alternate locations is undertaken to ensure optimum operational resilience.

## INTERNAL CONTROL AND INTERNAL AUDIT

The Internal Audit Department (IAD) plays a pivotal role in the Bank's internal control system, serving as the third line of defence. Reporting directly to the Audit Committee of the Board (ACB), the Head of Internal Audit ensures independent assurance regarding the effectiveness of risk management and internal controls.

To strengthen its governance arrangements and align the same with the regulatory guidelines on the Risk-Based Internal Audit (RBIA) framework, internal audits are conducted based on risk assessments. This covers various units, businesses, support and control functions, branches and gold loans as per the approved audit plan by the ACB. Further, Offsite Audit is also carried out to evaluate the effectiveness of the controls.

The internal audits emphasise on the importance of efficient risk management and controls, including suitable transaction testing. Recommendations are provided to mitigate current risks and safeguard the Bank against potential threats.

The Audit reports prepared by the Internal Audit Department helps managing/mitigating risks, preventing fraud and ensuring regulatory compliance and adherence to internal policies and procedures. The independent and objective assessments conducted by the Internal Audit Department assures the protection of the Bank's assets and provide insights on risk and control environment to the top management. The Audit Committee of Executives (ACE) and the Audit Committee of the Board review the outcomes of audit reports to address key issues and weaknesses identified by implementing appropriate remedies and solutions.

The audit findings support the top management and the Audit Committee of Executives to identify and address any weaknesses or gaps and find out appropriate remedy/solution. The ACB provides guidance on enhancing control environment and monitoring the implementation of recommendations to mitigate identified gaps effectively.

The ACE/ACB also reviews the timely remediation of weaknesses in the internal controls and systems for critical processes identified as part of various audits and sustenance thereof.

Concurrent audits by experienced Chartered Accountants firm complement the internal audit function, scrutinizing critical functions and high-risk areas. These include Treasury, Compliance, and Credit monitoring. Additionally, Thematic Audits, Gold Loan Audits, Risk-Based Internal Audit of Branches, V-CIP Audits and validation of regulatory submissions are conducted to assess gaps in processes and facilitate corrective actions. The Offsite Audit Team within the Internal Audit Department helps proactively identify and address potential risks using various data sources and analytics.

Activities of outsourced vendors and currency chests of the Bank are also subjected to audits at periodic intervals. Information System Audits are conducted to assess the practices for maintaining integrity, confidentiality, and availability of the Bank's information assets. This process involves evaluating hardware, software, data and processes, applications and governance practices to identify weaknesses or vulnerabilities in order to improve technology, information security and technology operations effectiveness.

## VIGILANCE FUNCTION

The Vigilance Department of the Bank serves as a crucial entity in mitigating incidents of fraud within the organisation. It encompasses both preventive vigilance measures and the investigation of vigilance-related matters.

Information on malpractices, frauds, or suspected frauds is sourced through internal and external channels. Internal sources include staff complaints, preventive vigilance audits, internally reported incidents, whistleblower channel, and reports from senior officials' visits to branches. External sources include media reports, information from law enforcement agencies, other banks, and regulatory authorities.

The Vigilance Department conducts thorough investigations into reported incidents. Investigation reports are then submitted to the Chief Vigilance Officer for further action, with a consolidated monthly report also presented to the MD & CEO. Post-investigation, due process as stipulated by RBI, is followed to classify an incident as fraud. Consequently, files are transferred to ORMD to report fraud to the RBI. Additionally, the Bank initiates action against the perpetrators and takes steps to recover losses, including filing complaints with law enforcement agencies. The Vigilance Department analyses the root causes of fraud incidents and recommends corrective measures to enhance systems and controls, thereby preventing similar occurrences in the future.

In cases where lapses are attributed to the Bank's staff, explanations are sought from the employees, and disciplinary proceedings may be initiated, wherever necessary. Similarly, if the involvement of third-party vendors such as gold appraisers, Chartered Accountants, valuers, and legal advisors, among others, is observed during the investigation, requisite explanations are called from the respective vendors. If explanations submitted by vendors are not justifiable or reasonable then appropriate actions recommended against the said vendors, including removal of name from the Bank's empaneled list panel and onward reporting to IBA.

The Chief Vigilance Officer oversees all vigilance activities. The Vigilance Department actively promotes awareness of fraud prevention measures, contributing to the overall integrity and security of the Bank's operations. The Vigilance Department has implemented an effective fraud prevention mechanism through regular preventive vigilance audits. Identified deficiencies are promptly communicated to the respective branches and zonal offices to address and rectify them, thereby preventing the recurrence of similar irregularities. Additionally, the Vigilance Department issues caution advisories on a regular basis, outlining the modus operandi of various frauds prevalent in the banking industry, including those observed within the Bank. These advisories serve to educate branches and offices, empowering them to identify and prevent similar fraudulent attempts in the future.

### Branch and ATM Network Expansion

In alignment with its mission to enhance accessibility and deepen its pan-India presence, the Bank has continued expansion of its branch and ATM/CRM network during the FY 2024-25. In this period, 56 new branches and 72 ATMs/CRMs were opened, underscoring the Bank's commitment to expanding its customer outreach and improving service delivery across diverse geographies. Out of these 56 branches, a significant portion were opened outside Kerala, primarily in Andhra Pradesh, Maharashtra and regions of Northern/Western/Southern parts of India. The Bank is actively planning to open another set of 50 to 60 branches nationwide in FY 2025-26. These branches will be strategically located to focus on CASA, gold loans, agriculture, and SME/MSME services.

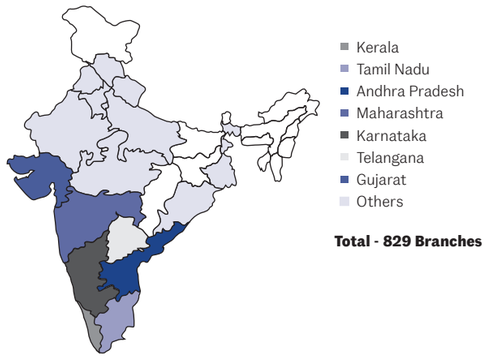
As of March 31, 2025, the Bank has:

- 829 branches (excluding service and asset recovery branches)
- 791 ATMs/CRMs, strategically located across 16 states and 4 union territories of which 38 are offsite ATMs.

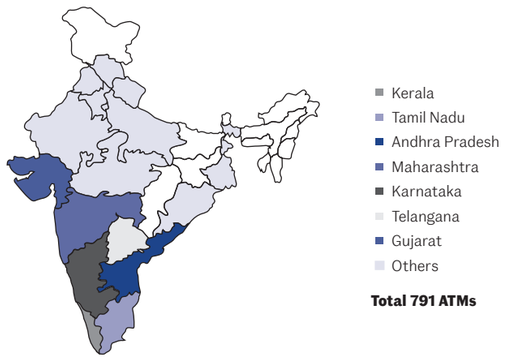
To enrich customer experience further, the Bank has introduced:

- Card-less cash withdrawal at CSB ATMs/CRMs—offering enhanced convenience and security
- Voice-assisted navigation, Braille keypads, and ramps, ensuring accessibility for differently abled customers. These efforts reflect the Bank's dedication to inclusivity, innovation, and the delivery of high-quality banking services through both digital and physical touchpoints.
- One-Time Combination Locks implemented across its ATM network to enhance operational security. The new kiosks have been thoughtfully designed with an updated aesthetic, colour-coded themes, and ambient interiors to promote customer pride and increase footfall.

### BRANCHES




### ATMs




## CURRENCY CHEST OPERATIONS

The Bank has two currency chests at Market Road, Ernakulam in Kerala and Singanellur, Coimbatore in Tamil Nadu. Chest plays a pivotal role in clean note policy of RBI in supply of good notes supporting the branches and for ATMs . Chests in coordination with attached branches facilitate coin distribution and exchange of soiled and mutilated notes from customers and public.

## TECHNOLOGY

Technology is at the heart of the Bank's transformation under the SBS 2030 strategy. As a key enabler of service delivery,

innovation, and customer experience, the Bank has launched a comprehensive digital and IT transformation to create a resilient, scalable, and future-ready banking ecosystem.

### Building a Robust Technology Core

A key priority for CSB Bank has been to create a modern foundational IT stack. Key accomplishments include:

- **Infrastructure Modernisation:** The Bank has operationalised four contemporary data centres, two each in Mumbai and Chennai, to ensure high availability, resiliency, security, and continuity of operations.
- **Core Banking System:** The Bank's new Oracle Flexcube Core Banking System forms the digital core for managing CASA, fixed deposits, customer service, limits, and charges, among others.
- **Integrated Payment Solutions:** The Bank has implemented Oracle Banking Payments (OBPM) to support RTGS, NEFT, and IMPS payments, ensuring seamless and reliable transaction processing across channels.
- **Enterprise Systems:** The Bank has rolled out new enterprise-wide platforms, including a modern HRMS, compliance management system, and Oracle General Ledger to support internal efficiency and governance.

The Bank went live with the new Core Banking System on May 12, 2025, a synchronised rollout that also included mobile and internet banking, trade finance, and virtual account management systems. This milestone marked the culmination of years of planning and execution under the IT strategy approved by the Board in 2022.

In total, over 120 systems have been modernised or introduced, with 50 going live in a synchronised rollout alongside core banking.

### Scalable Architecture through 'Hollow the Core'

To enhance agility and future-readiness, the Bank has adopted a 'Hollow the Core' strategy, developing high-volume, rapidly evolving systems outside the core banking platform to maintain modularity, flexibility, and performance without overburdening the core. Key elements of this surround architecture include:

- Specialised lending platforms for gold loans, personal loans, home loans, education loans, and loans against property.
- Customer-facing services, including digital onboarding, UPI, BBPS, WhatsApp banking, sovereign gold bonds, and GST integration.
- Risk and compliance systems such as fraud and risk management, Aadhaar vault, CKYC, PFMS, e-mandates, and identity/access management.
- Operational automation through a newly implemented procure-to-pay system and modern platforms for ATM, clearing, trade finance, and treasury operations.

  The lending systems have been built outside of the core platform to ensure performance stability, especially given the high transaction volume expected with UPI and digital services. This approach enables the core banking platform to function more efficiently while allowing the surround systems to evolve rapidly.

### Intelligent Workflow Automation and ServiceNow Integration

CSB Bank has successfully implemented the ServiceNow automation platform, leveraging its flexibility and agility to develop critical workflows. These include:

- Corporate and MSME onboarding journeys
- Retail customer onboarding
- Automation of multiple operational workflows
- Automation of IT workflows

  Notably, the Bank became the first bank in India to implement ServiceNow's Financial Services Operations solution, a capability widely used across Western markets. This positions the Bank as a frontrunner in operational efficiency and gives it a competitive edge by enabling advanced, modern customer solutions while streamlining staff workflows.

### Open API and Integration Ecosystem

The Bank has made strategic investments in a robust Application Programming Interface (API) and Enterprise Service Bus (ESB) ecosystem:

- The ESB forms a strong integration backbone that ensures consistency and scalability across systems.
- The API ecosystem enables seamless partner integration, allowing them to be consumed and offered for broader collaboration.

  To facilitate co-innovation, the Bank has launched a developer portal, allowing partners to securely access credentials and develop the APIs they need. This initiative reflects the Bank's partnership-first philosophy, empowering fintechs and third parties to build solutions without heavy upfront investment.

  The platform is already live, with successful partnerships in place, such as the Jupiter RuPay Edge Card in the credit card segment. The Bank is also exploring additional collaborations in lending and customer onboarding to expand shared capabilities.

### Digital-Human Balance in Customer Interactions

The Bank's customer service strategy balances digital convenience with human interaction:

- Outbound Contact Centre (OCC) and Virtual Relationship Managers (RMs) are now live, providing customers with real-time human support, personalised guidance, and product information.
- Branch technologies have also been upgraded to enhance in-person service experiences.

  This hybrid approach ensures customers can engage with the Bank on their own terms whether through intuitive digital channels or personal, human-led assistance.

**Empowered Digital Experiences for Customers and Employees**

- The Bank's enhanced mobile and internet banking platforms offer a seamless, unified experience across channels.
- The new myCSB App and myCSB.co.in portal provide employees with a single, integrated interface covering all services from onboarding to offboarding.
- Digital platforms are actively used for customer acquisition, cross-selling, and delivering hyper-personalised offers, supporting stronger engagement and business growth.

### Data and Analytics for Smarter Banking

CSB Bank has implemented a centralised data strategy to fuel intelligent, data-driven decision-making:

- **Unified Data Repository:** All systems feed into a centralised data warehouse, providing a consolidated view of customers and operations.
- **AI/ML-Driven Insights:** Advanced models analyse customer behaviour, preferences, and external data to deliver personalised recommendations and improve risk management.
- **Governance and Security:** Rigorous data governance frameworks are in place, with robust encryption and masking protocols to ensure privacy and compliance.

  The analytics layer applies real-time data streaming and AI/ML-based models to enable use cases such as product cross-selling, competitive benchmarking, and behavioural offers. This infrastructure empowers the Bank to proactively deliver targeted and compelling product bundles to customers.

### Outlook

With its technology transformation now live, including core banking upgrades, the Bank is stepping into a new era. Strategic investments in modern infrastructure, automation, data intelligence, and digital channels are positioning the Bank as a next-generation institution: agile, customer-focussed, and future-ready.

### Cybersecurity Framework

As per the Cybersecurity Frameworks, the Bank implemented the following measures.

- The Bank has developed a robust Cybersecurity Policy and Cyber Crisis Management Plan, addressing risks from cyber threats and outlining mitigation strategies. These policies are reviewed by the Committee/Board annually.
- The Bank has identified inherent risks, and established appropriate controls to adhere to the cybersecurity framework effectively.
- It has also deployed various security solutions to bolster the security posture. This includes on-premise Security Information and Event Management (SIEM) using Splunk; anti-phishing, anti-malware, and anti-rogue services; a PIM solution; Intrusion Detection and Prevention System (IDPS); Data Leakage Prevention (DLP) system; file integrity and deep server security; Endpoint Detection and Response (EDR); Distributed Denial of Service (DDoS) mitigation appliance; refreshed internal and external firewalls at DC and DR with next-generation firewalls; implementation of link load balancers for internet leased lines at DC and DR; upgrade of link load balancer for replication links at DC and DR; implementation of email security with Barracuda Gateway and anti-APT solution; DDI solution (DNS, DHCP, and IPAM); API gateway security solution; hard disk encryption to prevent data leakage; Database Activity Monitoring (DAM); and data classification.
- The Bank conducts Vulnerability Assessment and Penetration Testing (VAPT) and Information Security Audits annually by external agencies to identify and mitigate vulnerabilities in IT applications. Source code audits of critical applications are also performed, and internal teams conduct regularly vulnerability assessments.
- It also frequently conducts red team exercises, including tabletop exercises related to ransomware, by external agencies to evaluate its security posture and incident response capabilities.
- The Bank's security preparedness is assessed by its participation in cyber drills organised by IDRBT.
- The Bank has obtained cyber insurance to mitigate residual risks associated with cyber threats.
- The Bank has implemented on-premise SIEM, with logs collected from critical systems to identify and

correlate cyber-attacks. Security Operations Centre (SOC) monitors critical alerts and initiates appropriate actions to address them promptly.

- The Bank also routes public-facing applications' traffic through Web Application Firewall to quarantine any malicious traffic.
- The Bank conducts continuous education and awareness programmes for staff and customers through various channels such as SMS, e-mails, newsletters, and phishing exercises. It also conducts role-based cybersecurity training programmes. Its senior executives and directors have attended cybersecurity programmes conducted by IDRBT.
- The Bank's security posture undergoes assessment by external rating agencies such as Bitsight and STORMs, both of which have awarded it an excellent rating based on their evaluations.
- The Bank's security controls are aligned with the Centre for Internet Security (CIS) controls, ensuring compliance with industry standards and best practices in cybersecurity.

## DIGITAL PENETRATION AND CUSTOMER ENGAGEMENT

In an era where digital transformation is redefining the banking landscape, the Bank continues to prioritise innovation and customer centricity at the core of its strategic initiatives. The Bank's digital banking portfolio has played a pivotal role in enhancing customer experience and strengthening brand loyalty—both of which are critical for sustainable growth in a highly competitive environment.

In FY 2024–25, the Bank significantly advanced its digital banking capabilities, delivering secure, seamless, and cost-effective 24x7 banking solutions. This strategic thrust has led to a notable increase in the adoption of digital channels. As of March 2025, digital transactions have registered a year-on-year growth of 29.26%, underscoring a growing customer preference for digital modes of transaction and reinforcing operational efficiencies through reduced costs.

Key enhancements to the Bank's digital infrastructure included:

- Integration with Bharat BillPay via Bharat Connect, streamlining bill payments.
- Biometric authentication implementation, enhancing transaction security.
- Deployment of Protect.ai's advanced security solutions, strengthening the digital safety framework.

Further strengthening its technological foundation, the Bank is collaborating with Oracle across several critical functions, including database administration, core banking via Flexcube, Oracle Financial Services Analytical Applications (OFSAA), and Oracle General Ledger. Substantial progress has been made in the rollout of a robust Loan Origination System (LOS) and Loan Management System (LMS), covering retail assets and other key business verticals.

With a strategic focus on future-readiness, the Bank is advancing towards a cloud-resilient and SaaS-oriented architecture. The systems are being designed to be flexible across on-premises, hybrid, and private cloud environments—ensuring compliance with evolving regulatory frameworks. In parallel, the Bank continues to make substantial investments in cybersecurity safeguarding digital trust.

The Bank's forward-looking architecture includes the implementation of an Enterprise Service Bus (ESB) to enable seamless integration of digital services and ensure a unified and intuitive customer interface. This foundational approach aims to create scalable digital experiences, aligning with customer expectations and market dynamics.

## ONLINE BROKING SERVICES

The Bank offers demat and trading facilities to its customers through a 3-in-1 tie-up with IIFL Securities Limited and Yes Securities (India) Limited (YSL). This arrangement allows customers to maintain their current/savings accounts with the Bank while availing demat and trading account services from a third-party provider. Fund transfers from customers' current/savings accounts to their trading accounts are facilitated through the Bank's net banking platform using API integration. Conversely, transfers from the trading account to the customer's bank account with Bank are handled by the brokerage firm upon customer instruction. Additionally, the Bank's branches generate leads that are forwarded to brokerage firms for customer onboarding under a referral arrangement.

## COMPLIANCE FUNCTION

In line with the guidelines set forth by the RBI and Basel Committee on Banking Supervision, the Bank has established a comprehensive compliance function to ensure adherence to statutory provisions, regulatory guidelines, and internal policies. The compliance function is vital for managing compliance risk, which encompasses the potential legal, financial, and reputational consequences arising from non-compliance with applicable laws and regulations.

At the core of the compliance function is a robust Compliance Department, dedicated to upholding statutory provisions such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, and others. It ensures adherence to regulatory guidelines by regulatory authorities like RBI, SEBI, IRDAI, besides guidelines issued by other bodies like IBA, NPCI, and FEDAI, among others, and internal policies and procedures. It also handles the queries raised by Law Enforcement Agencies handling Anti-Money Laundering-related compliance.

Recognising the critical importance of compliance, the Bank has designed a comprehensive bank-wide compliance programme to identify, evaluate, and address the relevant risks involved.

A strong compliance culture is fostered throughout the organisation to uphold the Bank's reputation and build trust with stakeholders. Demonstrating a strong compliance culture is deemed to be of utmost importance to maintain the Bank's reputation and earn the trust of customers, investors, and regulators. Being the Second Line of defense, compliance function ensures that the First line is suitably equipped to handle the compliance requirements and obligations. Such a culture is essential to ensure the safe and sound functioning of the Bank. Its effectiveness directly impacts the Bank's risk profile. CSB Bank's Board of Directors holds ultimate responsibility for overseeing the effective management of the Bank's compliance function and compliance risk.

The Compliance Department is an independent function that identifies, assesses, advises, monitors, tests and reports on the Bank's compliance risk. The Department is suitably headed by a Chief Compliance Officer (CCO) and supported by adequate staff. The Bank has further appointed Compliance officers across departments to ensure effective compliance and report to the Chief Compliance Officer. These officers serve as the primary liaison between the Bank and regulators, assisting the top management in navigating the compliance risks.

Compliance risk is assessed during annual compliance risk assessments and using other testing inputs with appropriate software in place for effective monitoring and reporting. The Compliance department has implemented an appropriate IT system in FY 2024-25 to disseminate, track and close the regulatory guidelines. The Department also conducts regular training sessions on compliance functions for its officers. Member awareness is also enhanced through general e-learning modules, targeted online training, circulars, and FAQs, among others. Staff members are encouraged to participate in subject awareness quiz programmes and certification courses in KYC/AML/CFT.

## CUSTOMER SERVICE

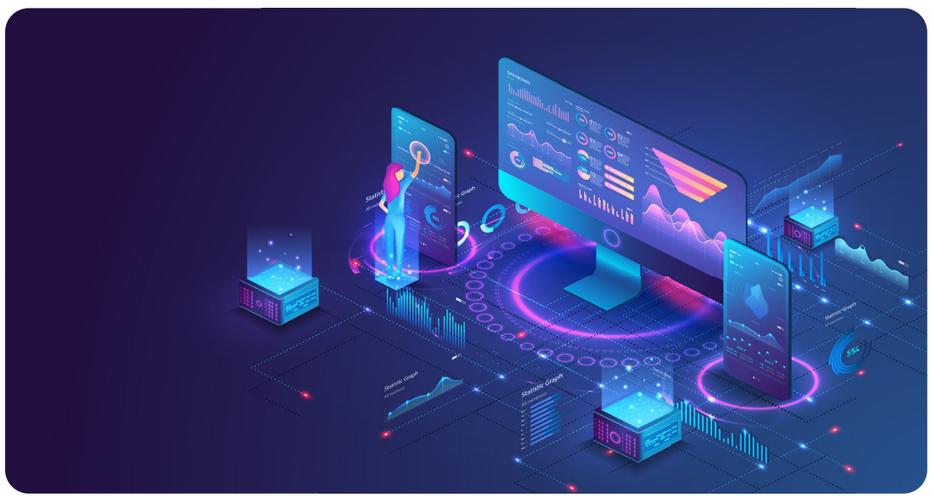
In a competitive, customer-centric landscape, especially in service-driven sectors like banking, customer satisfaction is crucial for long-term growth. CSB Bank recognises that satisfied customers not only drive positive word-of-mouth but are also key to both acquiring new clients and retaining existing ones. To this end, the Bank is committed to delivering prompt and effective resolution of customer complaints across all available channels. The Bank strives to exceed customer expectations by fostering a culture of reliability, focussing on consistent, dependable service rather than overpromising.

### Enhancing Customer Service Infrastructure

To reinforce its customer-first approach, the Bank has established a dedicated division focussed on process engineering and service governance. A separate sales department has also been formed to work in close coordination with branches to ramp up customer acquisition; an area identified for further expansion.

### Leveraging Technology for Better Service Delivery

Ongoing technology adoption is transforming the Bank's service delivery, enabling faster product rollout, round-the-clock accessibility, and seamless multi-channel customer



engagement. The Customer Grievance Redressal System supports this approach by offering multiple resolution channels, including branches, a 24x7 call centre, and the Bank's online Complaint Management System.

### Governance and Oversight of Customer Service

In accordance with RBI guidelines, the Bank has constituted a Customer Service Committee of the Board to review, guide, and implement improvements in customer service. An Executive-Level Committee on Customer Service, with representation from key customer segments, ensures that customer feedback is actively captured and addressed. The Board of Directors periodically reviews the committee's performance to maintain a strong focus on enhancing the overall customer experience.

### Feedback, Measurement, and Training

Customer feedback is gathered through satisfaction surveys, which are used to identify service gaps and initiate improvements in areas such as service delivery, infrastructure, and customer awareness. The Bank has also introduced an NPS system to gauge customer loyalty and service perception.

Frontline staff at branches are sensitised and trained regularly to instil a strong customer service ethos. At the branch level, the Branch Head and Cluster Head hold primary responsibility for complaint resolution. Senior officers act as Zonal Nodal Officers, coordinating closely with branches and departments to ensure prompt issue resolution. Complaints requiring escalation are handled by the Branch Service Department at the Head Office, where the Head of Branch Service serves as the Nodal Officer for customer grievances.

### Internal Ombudsman Framework

In compliance with the RBI's Internal Ombudsman Scheme, the Bank has appointed an Internal Ombudsman (IO) to review all complaints that are either partially or fully rejected. These complaints are mandatorily referred to the IO before the final response is issued to the customer, thereby ensuring fair and impartial handling of grievances.

Statistics of customer complaints (excluding ATM-related issues) for FY 2024-25

| | | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| a) | Number of complaints pending at the beginning of the year | 41 | 39 |
| b) | Number of complaints received during the year | 19,233 | 19,008 |
| c) | Number of complaints redressed during the year | 19,225 | 19,006 |
| d) | Number of complaints pending at the end of the year | 49 | 41 |

The resolution rate of customer complaints increased to 99.99% in FY 2024-25, from 99.78% in FY 2023-24.

## HUMAN RESOURCES - OVERVIEW

At CSB Bank, our people philosophy extends beyond workforce strategies to fostering an organisational culture that empowers and nurtures talent. Which is why 'Human Capital' is a key pillar of SBS 2030—the Bank's mission to drive transformation and sustainable growth.

Talent development remains at the heart of our people strategy. We believe that to exceptional deliver customer experiences, we must first prioritise our internal customers—our employees. Towards this end, the Bank has institutionalised Career Development Programmes across employee segments.

Introduced in 2023, the Emerging Talent Programme aims at the identification and development of high potential employees. Under this talent management initiative, employees in junior and middle management are identified basis their past performance and potential. Various interventions were carried out to expedite career growth and enable them to take up higher/more critical roles.

In FY 2024-25, 437 employees were identified as Emerging Talent. Attrition in this group was significantly lower at 12%. Further, 20% of the population was elevated to a higher role.

The Bank has also instituted Career Progression Plans in Gold and Liability business verticals. Under these plans, job role-wise performance levels are defined and employees meeting the same are elevated to the next grade centrally. These career ladders promote transparency to employees about their career growth and development.

To bolster employee engagement, we have strengthened our Employee Connect Framework – the Business Partnering team has conducted 5,300+ unique employees one on ones in FY 2024-25. Feedback gathered from employees is converted into actionable dashboards and structured connect summaries are cascaded to relevant stakeholders.

In FY 2024-25 the Bank also revamped its reward and recognition framework, Rise & Recognise. Over 400 employees were felicitated across three categories, one of which was the newly launched MD & CEO Value Champion category.

To ensure our interventions are boosting engagement levels, we run Annual Employee Engagement surveys. In the FY 2024-25 edition, the Bank achieved higher than industry participation of 91%. Structured BU-wise results cascades were carried out to drive last-mile communication and action planning.

CSB Bank's transformation journey, backed by over a century of legacy, is rooted in reimagining traditional practices while embracing innovation and digitisation. We remain steadfast in our mission to create a future-ready, engaged, and high-performing workforce.

A big step towards this has been the migration to our new HRMS, Oracle Fusion. As key milestone in our 'Build' phase, this transformation strengthens our ability to scale while creating a seamless, technology-driven employee experience through automation and process optimisation. Key processes like recruitment, confirmation, leave approvals amongst others were automated and milestone-based digital journeys were introduced for career development, performance improvement plan (PIP) and succession planning.

### Human Resource Policies

HR policies are essential guidelines that define how various aspects of the workplace should be managed, ensuring compliance with employment laws, and fostering a positive work environment. These policies cover a wide range of human resources processes within the Bank, ensuring clarity and consistency in employee rights and responsibilities. The Social Media Code of Conduct policy educates employees on the appropriate use of social media platforms. It emphasises on the importance of maintaining professionalism and confidentiality online. The Bank's total employee count at the end of FY 2024-25, stood at 7,616 reflecting a decrease of 3.14% compared to 7,863 in FY 2023-24.

| Financial Year | No. of Employees Recruited in FY 2024-25 | | No. of Branches, including Service and Recovery Branches |
|---|---|---|---|
| | Operations | Sales | |
| 2024-25 | 308 | 3,164 | 833 |

The total hiring for FY 2024-25 is as follows:

| Sr No. | Cadre | No. of New Recruits |
|---|---|---|
| 1 | Officers (Including RSM/ASM/RE) | 1,531 |
| 2 | Others (BDE/BSE's, RME's, CRE's/CROs' (Customer Relationship Officer), GLOs) | 1,941 |
| | **Total** | **3,472** |

### Well-being, Social Security, and Safety Aspects for Employees of Human Resources Management

#### Staff Loans

The Bank extends several benefits to its IBA staff, including access to staff loans at preferential interest rates. These loans, such as housing loans and motor vehicle loans, are provided with the assurance of security and prompt repayment. Additionally, employees are offered concessional interest rates for educational loans to support their children's higher education endeavours.

#### Home Loan

The Bank has introduced Home Loan for its employees at subsidised rates, as one of the good practices from the industry.

#### POSH for Women

Female employees are provided with protection against sexual harassment in the workplace. This is in alignment with the regulations stipulated by the POSH Act enacted by the Government of India in 2013.

#### Health Insurance and Term Policies

The Bank provides comprehensive facilities to all employees, including medical reimbursement and cashless hospitalisation, through collaborations with various insurance companies and TPAs. The insurance premium is fully covered by the Bank. For IBA employees, the scheme facilitated by the IBA in collaboration with National Insurance Co. Limited. has been effectively implemented. Officers of all grades are covered for a sum insured of ₹ 4 lakh and all award staff are covered for a sum insured of ₹ 3 lakh. The Bank provides a group insurance scheme for IBA employees, offering a death cover of ₹ 2 lakh for accidental death and ₹ 1 lakh for other causes. One of the group schemes offers only death cover, while the GSLI scheme provides a survival benefit where employees are reimbursed with a certain sum upon exiting the organisation. Officers in IBA Grade IV and above are covered under a Group Personal Accident Policy for a sum insured of ₹ 7.50 lakh, with the premium amount borne by the Bank. Additionally, the Group Personal Accident Policy for all employees excluding Grade IV and above offers a sum insured of two times the annual CTC, capped at ₹ 20 lakh in the event of accidental death.

The CTC Employees' Group Medical Insurance is administered by Reliance General Insurance, offering a graded sum insured of ₹ 3 lakh to ₹ 4 lakh covering employee + spouse + 4 dependent children. Apart from the

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

medical insurance cover provided to employees by the Bank at its cost, it has introduced a Voluntary Parental Medical Insurance cover for all CTC employees, with premiums at an attractive rate borne by the employees.

Both IBA and CTC employees have the option to opt for a top-up of the sum insured if desired, with the premium amount for such portions collected from the employees. The scheme covers the employees and their dependants.

All CTC employees, regardless of their age, are also provided with a comprehensive annual health check-up package at no additional cost. This offer has been extended to the Bank by EkinCare Health, which is also the Third-Party Administrator (TPA) for the Group Medical Insurance with Reliance General Insurance Co. Ltd.

Additionally, 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 the CTC or ₹ 10 lakh, whichever is higher. This is subject to a maximum of 10 times the annual CTC.

### Bereavement Leave

The Bank has Bereavement Leave for employees in the event of the demise of their close relatives.

### Health Checkup Leave

The Bank has in place annual health checkup leave for all its employees.

### Menstrual Leave

On International Women's Day, the Bank has menstrual leave to support women employees. This special leave can be availed once a month by all women employees, in addition to their regular leave entitlements.

### Late-Sitting Policy

In situations where late sitting becomes necessary due to circumstances beyond an individual's control, the Bank provides transport facilities. This helps mitigate the impact of late working hours.

### Education Scholarship

The Bank provides scholarships to the children of its employees who excel in their studies. Additionally, employees are awarded course fees and incentives for passing various examinations or courses conducted by the Indian Institute of Banking and Finance (IIBF), as determined by respective business units.

### National Pension Scheme

The Bank actively promotes the NPS, a social security initiative by the Central Government, encouraging individuals to invest in a pension account regularly throughout their employment. Employees are provided with an online platform to promptly open their Permanent Retirement Account Number (PRAN) accounts under this scheme.

### Employee Identity Cards

As part of streamlining processes and ensuring new joiners receive their identification cards promptly, the Bank has introduced new employee ID cards, replacing the previous ID-cum-debit cards.

### Learning and Development

During FY 2024-25, the learning and development function remained closely aligned with the Bank's strategic priorities. A significant focus was placed on establishing processes to measure the ROI from learning initiatives.

CSBILD successfully trained 100% of employees through various programmes in FY 2024-25, totalling 2,15,567 hours, with an average of 30 hours per employee.

CSBILD retained its ISO 9001:2015 certification, reinforcing its commitment to excellence.

The Institute of Learning & Development (ILD) in Thrissur ensured compliance with RBI's certification mandates for critical roles. The Bank also achieved 100% completion of the POSH training for all employees, including senior management, and for capacity building, we achieved 96% certifications.

To streamline the induction process for new hires, the DORM (Demonstrate, Observe, Release, Monitor) framework introduced in FY 2023-24 was continued in the current year. Virtual learning solutions enabled employees to participate remotely in training sessions.

Several learning programmes were introduced and continued, including:

- Neev NXT for onboarding new BMs
- DISHA for skill development led by branch heads
- Gold Certification Programme (GCP), which provided industry-recognised certification through external partnerships
- Leadership training was enhanced to strengthen decision-making and team management.

### Flexcube CBS Migration Training

As part of the Bank's core banking transformation, CSB migrated to the advanced Oracle Flexcube platform—an initiative that demanded meticulous planning, robust training, and seamless execution. The Learning & Development team led this strategic shift by designing and delivering a structured training journey tailored to diverse roles across branches. The programme included hands-on practice sessions, video tutorials, workbooks to ensure operational readiness from Day 1. The training not only equipped staff to navigate the new system confidently but also enabled a smooth go-live experience across regions. This initiative stands as a hallmark achievement for CSBILD.

Throughout the year, CSBILD achieved its highest employee coverage through online virtual classes and e-learning methodologies.

To strengthen learning strategies, the Bank ensured 100% completion of compliance training and expanded self-paced learning modules via HR 360. Training initiatives were aligned with regulatory mandates. Industry collaboration with institutions such as NIBM, IIBF, and IDRBT further enriched learning opportunities.

### HR Segmentation

The organisation has embarked on a journey to enhance customer experience while maintaining the quality and efficiency of existing processes. To achieve this goal, HR, in collaboration with senior management, is restructuring existing businesses into vertical structures, aligning with industry trends and leveraging technology.

This transformation aims to boost efficiency, reduce operational and credit risks, enhance customer service, and improve responsiveness. The new structure includes the implementation of Performance Score Cards for assessing individuals, units, and business/functions. Clear job descriptions are available for 85% of unique job roles, and 81% of employees are covered under scorecard-based performance evaluations.

Regular and objective feedback is provided to employees/units/functions to ensure clarity on expectations and facilitate necessary changes for accelerated growth. PMS workshops have been conducted for supervisors to enable fair and objective appraisals. Performance improvement programmes (PIPs) and quarterly/mid-year reviews have been implemented to strengthen performance management processes.

The Bank's HR vertical is dedicated to aligning all efforts with its objectives, aiming to deliver a winning solution for all stakeholders.

### Industrial Relations

As of March 31, 2025, the Bank had a total of 7,616 employees. Out of these, 906 employees, including officers and award staff, operated under the IBA pay structure, while 6,708 employees operate under the CTC basis. To enhance the skill set and expertise within the Bank, retired officers from nationalised banks are deployed in identified areas. The number of employees deployed on a contract basis is 2. The average age of the Bank's employees is 34 years.

| Financial Year | Total Number of Employees | | | | Average Age (in Years) |
|---|---|---|---|---|---|
| | IBA | CTC | Contract Basis | Total | |
| 2022-23 | 1,124 | 5,706 | 11 | 6,841 | 33.10 |
| 2023-24 | 996 | 6,864 | 3 | 7,863 | 33.4 |
| 2024-25 | 906 | 6,708 | 2 | 7,616 | 34 |

The Bank has 552 officers in Scale I to III under the IBA pay structure, all of whom are affiliated with Officers' Associations. There are two Officers' Associations and three trade unions representing award staff members (clerks, sub staff, and part-time sweepers) of the Bank. It prioritises maintaining cordial and harmonious industrial relations with these unions and associations through regular engagement.

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place: Thrissur
Date: June 24, 2025

# BOARD'S REPORT

Dear Shareholders,

Your Board of Directors (the "**Board**") have pleasure in presenting you the 104th 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, 2025.

## 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 crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Deposits | 36,861.49 | 29718.80 |
| Net Advances | 31,507.05 | 24335.58 |
| Total Assets/Liabilities | 47,836.27 | 36055.99 |
| Interest Income | 3,597.14 | 2927.54 |
| Net Interest Income (NII) | 1,476.18 | 1476.41 |
| Non–Interest Income | 972.05 | 584.29 |
| Operating Profit/ (Loss) | 910.24 | 779.92 |
| Provisions and Contingencies (Other than tax) | 110.71 | 18.48 |
| Profit /(Loss) before Tax | 799.53 | 761.45 |
| Provision for taxes | 205.73 | 194.62 |
| Net Profit /(Loss) | 593.80 | 566.82 |
| Add: Surplus/(Deficit) brought forward from last year | 622.57 | 207.29 |
| Profit & Loss Account balance before appropriations | 1,216.37 | 774.11 |
| **Appropriations** | | |
| Statutory Reserve u/s 17 of the Banking Regulation Act, 1949. | 148.45 | 141.70 |
| Capital Reserve | Nil | 1.53 |
| Revenue & Other Reserves | 4.40 | 4.29 |
| Investment Reserve Account | Nil | 4.02 |
| Investment Fluctuation Reserve | 107.23 | Nil |
| Balance carried over to Balance Sheet | 956.29 | 622.57 |

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Key Performance Indicators** | | |
| Capital Adequacy Ratio (CRAR)% Basel – III | 22.46 | 24.47 |
| Earnings per share (in ₹) | 34.23 | 32.67 |
| Book value per share (in ₹) | 249.24 | 209.11 |
| Net Interest Margin% | 4.13 | 5.09 |

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Cost–Income Ratio % | 62.82 | 62.15 |
| Return On Assets (ROA) % | 1.49 | 1.79 |
| Return On Equity (ROE) % | 15.44 | 17.37 |
| Gross NPA % | 1.57 | 1.47 |
| Net NPA % | 0.52 | 0.51 |

## BUSINESS STRATEGY OVERVIEW

Your Bank is primarily driven by the Sustain Build Scale (SBS) 2030 strategy, which was rolled out in FY 2022, with a clearly defined implementation horizon of eight years. SBS 2030 encompasses your Bank's long-term vision to become a mid-sized new age bank by FY 2030, with an ambitious objective of eventually positioning itself as the "Bank of the Future (**BoTF**)". The vision is being rolled out in 3 phases. The five key pillars on which the above vision is built around are governance, human capital, technology, customer service and compliance. The initial Sustain phase is aimed at sustaining our core strengths and the rich legacy that we have painstakingly built over a period of 100 plus years. Build phase which extends till FY 26, targets to put in place all the required platforms, which would help the bank to scale at a level required for becoming the mid-sized bank and finally the 'BoTF'. Under build phase, the key milestones that are being pursued are - Pan India network expansion, creating enhanced product suite, building a strong liability franchise, continuing with the gold loan focus, process re-engineering and strengthened risk management/ compliance/governance standards. All this is targeted to be achieved alongside the overall tech revamp including the Core migration to Flex Cube (FC). We are at the advanced stage of the build phase with the successful CBS migration, implementation of various surround systems, OGL, OFSAA etc. Your bank has achieved all the key milestones set under the build phase, the most critical one being the readiness for revamping the entire tech stack. Growth oriented policies have been put in place. Apart from tech infra, the bank continued its investments in distribution and has a network of 829 branches and 791 ATMs as on March 31, 2025. Once the system stabilises, the retail journey will pick up. From FY 27, the scale phase will start in true perspective, which will ultimately help your bank to achieve the long-term goal of transforming into a new age private sector bank by creating value by means of customer centricity, meaningful collaboration, connecting ecosystems, innovation etc

## PERFORMANCE OVERVIEW

During the period under review, your Bank continued to deliver on stakeholder expectations by demonstrating good performance across most of the key parameters, despite facing a challenging and adverse environment. Bank's growth trajectory remained steady and clearly discernible over the years and the performance during the financial year under review was no exception with many key business parameters/metrics surpassing industry growth rate/benchmarks, despite a few areas of relative underperformance. Bank successfully achieved topline targets, the bottom-line performance was marginally below expectations, and this shortfall was primarily attributed to prevailing liquidity constraints in the ecosystem, systemic stress and slippages.

In the Financial year 2024-25, the total income grew by ₹ 1,057.37 crore to ₹ 4,569.20 crore from ₹ 3,511.83 crore in the corresponding previous financial year. During the same period, Interest Income increased by ₹ 669.60 crore to ₹ 3,597.14 crore from ₹ 2,927.54 crore and Non–Treasury Other Income increased by ₹ 337.46 crore to ₹ 874.10 crore from ₹ 536.64 crore in the corresponding previous financial year. During the same period, Net Treasury Income increased by ₹ 50.30 crore to ₹ 97.95 crore from ₹ 47.65 crore in the corresponding previous financial year.

During FY 2024-25, the total Operating Profit of the Bank increased by ₹ 130.32 crore to ₹ 910.24 crore from ₹ 779.92 crore and Net Profit increased by ₹ 26.98 crore to ₹ 593.80 crore from ₹ 566.82 crore in the corresponding previous financial year. The profit came in the backdrop of a strong Non-interest income, backed by processing fee, commissions on selling third party products, charges collected from deposit accounts, treasury profit and Income received from sale of PSLC. However, the Net Interest Income registered a slight decline in the same period compared to the previous financial year, primarily due to tight liquidity conditions lead to elevated deposit rates, increased hedging costs, and shifts in the business mix.

In the same period, the Bank's gross advances grew by ₹ 7,270.23 crore to ₹ 31,841.98 crore led by 35% growth in gold loans to ₹ 14,094 crore from ₹ 10,407 crore, 33% growth in SME/MSME to ₹ 4,241 crore from ₹ 3,200 crore, 24% growth in retail loan to ₹ 6,233 crore from ₹ 5,009 crore and 22% growth in corporate loan to ₹ 7,274 crore from ₹ 5,956 crore.

In the same period, the Deposits grew by ₹ 7,142.68 crore to ₹ 36,861.49 crore from ₹ 29,718.80 crore in the corresponding previous financial year.

Gross non-performing assets (GNPAs) increased by ₹ 137.39 crore to ₹ 498.46 crore as on March 31, 2025 from ₹ 361.07 crore as on March 31, 2024. Net non-performing assets (Net NPAs) increased by ₹ 38.63 crore to ₹ 163.53 crore as on March 31, 2025 from ₹ 124.90 crore as on March 31, 2024. The gross NPA as percentage of advances increased by 10 basis points to 1.57% as on March 31, 2025 as against 1.47% as on March 31, 2024. Net NPAs increased by 1 basis points to 0.52% as of March 31, 2025 from 0.51% as on March 31, 2024. Provision Coverage Ratio (including write off) stood at 83.71% at the end of the financial year as against 86.44% in the corresponding previous financial year.

Total Assets have increased by ₹ 11,780.28 crore and stood at ₹ 47,836.27 crore as on March 31, 2025 as against ₹ 36,055.99 crore as on March 31, 2024. Net Advances have increased by ₹ 7,171.47 crore and stood at ₹ 31,507.05 crore as on March 31, 2025 as against ₹ 24,335.58 crore as on March 31, 2024.

## FINANCIAL PERFORMANCE

Net Interest Income (NII) stood at ₹ 1,476.18 crore in FY 2024-25 as against ₹ 1476.41 crore in FY 2023-24. Non–Treasury Other Income increased by ₹ 337.46 crore to ₹ 874.10 crore in FY 2024-25 from ₹ 536.64 crore in FY 2023-24. Net Treasury Income also increased by ₹ 50.30 crore to ₹ 97.95 crore in FY 2024-25 from ₹ 47.65 crore in FY 2023-24.

Provisions other than taxes increased by ₹ 92.23 crore from ₹ 18.48 crore to ₹ 110.71 crore. The Operating Profit for the financial year 2024-25 was ₹ 910.24 crore before taxes and provisions as against ₹ 779.92 crore in the financial year 2023-24 mainly on account of increased other income including treasury profits.

The Net Profit for the financial year 2024-25 was ₹ 593.80 crore as compared to a Net Profit of ₹ 566.82 crore in the financial year 2023-24.

## DIVIDEND

The 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 "**RBI**").

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.

The directors, with the object of conserving the profits to strengthen its balance sheet further, do not propose to recommend any dividend for the financial year ended March 31, 2025, despite the Bank posted a commendable net profit in the same period.

BOARD'S REPORT (Contd.)

The Dividend Distribution Policy is available on the Bank's website at https://www.csb.co.in/pdf/CSB_Dividend_Policy.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, 2025 and the date of the Board's 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, 2025. 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, 2025. The Bank has not allotted any shares during the financial year 2024-25, and as a result, the paid-up capital of the Bank remains unchanged, i.e., ₹ 173.49 crore, in the said period.

## NET OWNED FUNDS

The Bank's Net owned funds grew to ₹ 4,256.63 crore from ₹ 3,563.64 crore as of the previous financial year, and market capitalisation stood at ₹ 5,243.61 crore as on March 31, 2025 as against ₹ 7,000.15 crore as on March 31, 2024.

## CAPITAL ADEQUACY RATIO

The Bank's overall Capital Adequacy Ratio (CRAR) under Basel III stood at 22.46% at the end of fiscal 2025, 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 20.59% (against minimum regulatory requirement of 8.00%) and Tier I CRAR was 20.59% (against minimum regulatory requirement of 7.00%). As on March 31, 2025, the Bank's Tier II CRAR under Basel III stood at 1.87% as against 1.37 % as on March 31, 2024.

## 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;

a. In the preparation of the annual accounts for the financial year ended March 31, 2025, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. 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 2024-25 and of the profit and loss of the Bank for that period.

c. 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.

d. The directors had prepared the annual accounts for the financial year ended on March 31, 2025, on a going concern basis.

e. 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.

f. 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 40.00% of the paid-up capital of the Bank in line with Reserve Bank of India Master Direction, viz., (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 Holding of Shares or Voting Rights in Banking Companies ("**Guidelines**"), dated January 16, 2023. FIHM holding in the Bank is subject to the dilution schedule as mandated by Reserve Bank of India and the relevant RBI guidelines as applicable, from time to time.

FIHM, on June 27, 2024, as part of the dilution schedule, sold 16,868,645 shares, which constitute 9.72% of the paid-up capital of the Bank, and accordingly, their holdings were brought down to the current level of 40.00% of the paid-up capital of the Bank from 49.72% at the beginning of the financial year.

Pursuant to Section 12(2) of Banking Regulation Act, 1949 and RBI 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 is currently capped at 26% of the total voting rights of the Bank.

## DISCLOSURE OF CERTAIN TYPE OF AGREEMENTS BINDING THE BANK

The Bank has entered into an Investment Agreement ("**Agreement**") dated February 20, 2018, with FIH Mauritius Investments Ltd (FIHM), the promoter of the Bank, which was superseded and replaced by Amended and Restated Investment Agreement dated October 15, 2018, read with Addendum No. 1 dated October 19, 2020 ("**Addendum**") to the Amended and Restated Investment Agreement dated October 15, 2018. The salient features of the agreement in terms of Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with clause 5A of paragraph A of Part A of Schedule III of the SEBI Listing Regulations was disclosed in the Annual Report of the Bank for the financial year 2023-24. The shareholders may refer page no. 93 of the said Annual Report for further information.

Except as stated above there are no other agreements which mandates a disclosure under of Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with clause 5A of paragraph A of Part A of Schedule III of the SEBI Listing Regulations.

## QUALITY INITIATIVES

CSB Institute of Learning & Development (**CSBILD**) has emerged as a pillar of capacity building, enhancement and professional development within the Bank. Through a suite of structured programme and forward-thinking learning initiatives, CSBILD consistently equips employees with the critical knowledge and skills needed to excel in a rapidly evolving banking landscape. By aligning its efforts with the Bank's strategic vision, CSBILD plays a vital role in driving long-term organisational success and fostering a culture of continuous growth.

CSBILD achieved a significant achievement in FY 2024–25 by ensuring 100% employee participation across a diverse array of learning platforms, including online, campus-based, and external programme. During the year, total training hours reached 2,15,567 hours, resulting in a per employee learning average of 30 hours. This commitment to continuous development was reflected across the workforce, with male employees averaging 29.29 hours and female employees averaging 31.14 hours, underscoring CSBILD's dedication to inclusive and impactful learning.

During FY 2024–25, two key learning initiatives were rolled to enhance employee development. The first, DORM (**D**emonstrate, **O**bserve, **R**elease & **M**onitor), is a structured four-step, on-the-job training framework conducted by supervisors over a 90-day period, aimed at accelerating the onboarding and performance of new team members. The second initiative, DISHA, features concise learning modules delivered under a unified brand identity. These sessions are conducted simultaneously across all branches on the first and third Saturdays of each month, fostering a culture of continuous learning. Covering a wide array of topics—from products and processes to essential skills—these modules are facilitated by branch heads to promote active engagement and participation.

Building on its momentum in the current financial year, CSBILD has continued its structured five-day onboarding programme, 'Neev', aimed at equipping new hires for success. In addition, a self-paced online progamme titled 'Neev NXT – BM', specifically designed for newly appointed Branch Managers was conducted. This five-day programme is tailored for newly appointed Branch Managers, helping them adapt to their roles with greater productivity.

CSBILD has also retained its ISO 9001:2015 certification, originally obtained in the previous financial year, underscoring its commitment to maintaining high standards in learning and development.

## DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING FOR NPAS

In terms of Reserve Bank of India (the "RBI") guidelines, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements. The disclosure is required if either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 5% of the reported profit before provisions and contingencies for the reference period; and (b) the additional gross NPAs identified by RBI exceed 5% of the published incremental gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for fiscal 2024

## HUMAN RESOURCES

For a detailed update on Human resources activities, please refer to the report on Human Resources / Industrial Relations in the Management Discussion & Analysis section for detailed analysis.

## CREDIT RATINGS OF DEBT INSTRUMENTS

CRISIL, vide letter dated May 20, 2025, reaffirmed the rating 'CRISIL A1+' to the ₹ 2,500 crore Certificate of Deposits Programme and ₹ 2,000 crore Short Term Fixed Deposits Programme of the Bank.

CRISIL, vide letter dated May 20, 2025, reaffirmed 'CRISIL A /Stable' rating to the proposed ₹ 500 crore Tier II, Basel III compliant bonds issue Programme of the Bank. India

BOARD'S REPORT (Contd.)

Ratings and Research, vide letter dated August 16, 2024, 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.

The further details of all credit ratings obtained by the Bank along with revisions thereto, if any, during fiscal 2025, for all the debt instruments outstanding as on March 31, 2025, 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 ₹ 3,675 crore under the Certificate of Deposits (CD) programme, sourced from various mutual funds and banks. As of March 31, 2025, the outstanding amount under this programme stood at ₹ 1,750 crore compared to ₹ 1,030 crore as on March 31, 2024. 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 and adopted a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("**ESOS 2019**" or "**Scheme**"). 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 organisation 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, 10,51,818 stock options were granted in the financial year 2024-25. 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.

As on March 31, 2025, 13,86,788 options were vested in line with the vesting schedule, of which 8,32,067 options were exercised by the grantees and 1,11,919 vested options were lapsed due to resignation/ non-exercise within the prescribed timeline. In FY 2024-25, 1,40,855 options were lapsed prior to its vesting schedule due to the resignation/ separation of employment by the grantees. As on March 31, 2025, the number of options are in force is 29,46,792 of which 4,42,802 are vested options.

Pursuant to the approval received from Reserve Bank of India on October 22, 2024, the Nomination & Remuneration Committee of the Board on October 24, 2024, granted 1,43,435 stock options to Mr. Pralay Mondal, Managing Director & CEO, at an exercise price of ₹ 303.15 per option for the performance period from April 01, 2023 to March 31, 2024.

### Amendment proposed in the CSB Employees Stock Option Scheme 2019

No amendment is 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 as **Annexure-I**.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

CSB Bank's legacy, spanning over a century, is deeply rooted in trust, ethics, and transparency. Throughout its history, the Bank has dedicated itself to serving the needs-based sections of society by providing banking services with responsibility and transparency. This steadfast commitment has profoundly impacted the communities it serves. While focusing on its core business, CSB Bank consistently prioritises environmental, social, and governance (ESG) concerns, which are reflected in its practices and initiatives. By adhering to exemplary corporate governance standards, the Bank ensures that transparency and disclosure remain at the forefront of its principles.

The Bank in compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, presents the Business Responsibility and Sustainability Report (BRSR) of the Bank for the FY 2024-25, being the fourth 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**.

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 report has also been hosted on the website of the Bank and can be accessed at https://www.csb.co.in/general-meetings>Annual General Meeting – 2025.

## 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.

## 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

The 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.

The 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 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

A set of policies, that include Whistle Blower Policy, Anti-Bribery & Anti-Corruption Policy and Policy to deal with Employee frauds are devised and formulated by the Vigilance Department as part of its ongoing preventive vigilance. These are scrupulously followed, for surveillance and control to prevent frauds and thereby manage the risk of eventual financial loss or Bank's reputation. These policies are aligned with the directions of RBI, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

One such policy, the 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, all stake holders viz Directors and employees of the Bank, customers, vendors, Non-Governmental Organisations (NGO) or any other person others can lodge complaints. Link for the same is published on the Bank's Website. The Audit Committee of the Board (ACB) oversees the vigil mechanism through its committee processes. The Chairman of ACB directly hear grievances reported in the whistle blower complaints. Policy 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, identity of the whistle blower kept secret. The investigation

under this policy shall be completed within 60 days from the date of receipt of the complaint and the report thereof should be placed before the ACB.

As part of the awareness programme, the said policies as well as the Ethics & Code of conduct for staff are included in sessions of the training programme conducted at the Bank's Human resource team, for enhancing awareness of fraud risk and for promoting a culture of compliance amongst the employees.

Bank is taking stringent action against those employees, vendors who fail to comply with the Bank's policy. 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, with regard to the irregularities committed, the concerned officials, vendors are suitably cautioned so that incidents do not recur. Vigilance Department issues Caution Note on a regular basis that create awareness regarding the different modus operandi adopted by the fraudsters. 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.

As part of the preventive mechanism, the department also undertakes Preventive Vigilance Audits, to ensure that all the checks and balances are in place. This promotes a culture of compliance amongst its employees. Moreover, the Bank is making all out efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems and procedures, to update and alert its employees.

## 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 as **Annexure - III**.

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Bank has laid down internal financial controls with reference to its financial statements. The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, training and development of employees, and an organisation structure that segregates responsibilities. These controls are reviewed and tested to ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements. The internal financial controls of the Bank with respect to the financial statements are adequate and are operating effectively.

The Bank is operating in a fully computerised 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 i n 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, the Bank has put in place centralised 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 observed/reported.

## CORPORATE GOVERNANCE

The Bank continues its endeavour 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 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 Report as **Annexure - IV**.

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.

As directed by the RBI, the Bank is submitting half yearly Proforma Ind AS financial statements within the stipulated timeline.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub – section (1), 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

The Bank has obtained prior approvals of the Audit Committee, the Board, and the members of the Bank at the annual general meeting for all related party transactions/ material related party transactions. Your Bank has obtained the omnibus approval of the Audit Committee for those transactions with related parties that are repetitive in nature. Further, the Audit Committee of the Board has reviewed all the transactions with the related parties on a quarterly basis.

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 the financial year 2025, 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 period under review in terms of Section 188(1) of the Companies Act, 2013 are provided in Form AOC–2 as **Annexure -V** 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)

The Bank recognise society as a primary stakeholder and consistently prioritise Corporate Social Responsibility (CSR) activities, embedding CSR into its core business strategies to address societal needs, foster a culture of responsibility and ethical conduct, and ensure sustainable development through well-structured and impactful initiatives. The Bank's CSR policy is meticulously designed with the primary objective of integrating CSR as a crucial business process for the sustainable development of society. This policy functions as a guiding document, assisting in the identification, execution, and monitoring of CSR projects, ensuring they align with the spirit of statutory requirements. The policy outlines clear objectives and methodologies for CSR initiatives, ensuring that each project is effectively managed and delivers tangible benefits to the community. Through this comprehensive approach, the Bank demonstrates its unwavering commitment to making a positive impact on society while maintaining transparency and accountability in all its endeavours. In the financial year 2024-25, the Bank budgeted a total of ₹ 13.90 crores for CSR activities, a significant increase from ₹ 3.08 crore in the previous financial year 2023-24. Of this budget, ₹ 6.11 crore was expended on various CSR initiatives. The remaining ₹ 7.79 crores has been earmarked for Project Dialysis, a venture undertaken by the Fairfax India Charitable Foundation. This project is set to be an ongoing commitment of the Bank.

The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 6.00 crore, however,

there was a delay in execution of the project due to delays in the readiness of dialysis centres that resulted in centres not being ready for installations of dialysis machines and these resulted in impeding the progress of the completion of the project as committed by the foundation at the time of sanctioning the fund. The Bank, hence, on request of the foundation, decided to classify the entire project as an ongoing project with an additional contribution of ₹ 1.79 crores, which is expected to be completed on or before March 31, 2026.

The unspent amount of ₹ 7.79 crores pertaining to the said ongoing projects were transferred to Unspent CSR account on April 17, 2025 which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2026.

The projects identified by the Bank spread across areas such as healthcare, sanitation, education, housing, gender equality etc., as per the annual action plan approved by the Corporate Social Responsibility Committee and the Board of the Bank. As a responsible citizen, the Bank will persist in implementing a slew of measures to honour its commitment to society at large.

The Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year 2024-25, has been provided in **Annexure - VI** 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%20 Policy_Final_-30032022.pdf.

## AUDITORS

### (a) Statutory Auditors

The members of the Bank in the 103rd Annual General Meeting of the Bank held on August 23, 2024, approved the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as one of the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 103rd Annual General Meeting till the conclusion of the 106th Annual General Meeting of the Bank. Walker Chandiok & Co LLP, Chartered Accountants, Mumbai was the other Joint Statutory Auditors of the Bank to audit the accounts for the financial year ended March 31, 2025 and the Bank obtained approval of the shareholders for their appointment in the 102nd Annual General Meeting held on August 08, 2023, to hold office from the conclusion of 102nd Annual General Meeting till the conclusion of the 105th Annual General Meetings of the Bank.

Bank in terms of Section 30(1A) of the Banking Regulation Act, 1949, obtained approval of Reserve Bank of India on May 27, 2025, for the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, Mumbai together with M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Joint Statutory Auditors of the Bank for the FY 2025-26 for their 3rd year and 2nd year in the office, 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. Walker Chandiok & Co LLP, Chartered Accountants, Mumbai together with M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Joint Statutory Auditors of the Bank at the ensuing AGM 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 Obligations and Disclosure Requirements) Regulations, 2015, 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.

### (b) Independent Auditors' Report

The Joint Statutory Auditors of the Bank viz., M/s. Walker Chandiok & Co LLP, Chartered Accountants, Mumbai together with M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, have audited the accounts of the Bank for the FY 2024-25 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 2024-25.

### (c) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amended Regulation 24A of the SEBI Listing Regulations, the Board has based on the recommendation of the Audit Committee, approved the appointment of M/s. BNP & Associates, Company Secretaries, Mumbai, (Firm Registration No. P2014MH037400), a peer reviewed firm of Company Secretaries in Practice as Secretarial Auditors of the Company for a period of five years, i.e., from April 01, 2025 to March 31, 2030, subject to the approval of the Shareholders of the Bank at the ensuing AGM.

M/s. Bhandari & Associates, Company Secretaries, Mumbai, (Firm Registration No. P1981MH043700), was the Secretarial Auditors of the Bank for the period from FY 2022-23 to FY 2024-25, and the decision to appoint a new auditor was in the context of the amendment in Regulation 24A of the SEBI Listing Regulations.

### (d) 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 to conduct the secretarial audit of the Bank for the FY 2024-25. The Bank produced all necessary records to the Secretarial Auditors for the smooth conduct of the Audit.

The Report of Secretarial Auditors for the said period is enclosed with this report as **Annexure -VII.** There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2024-25.

### (e) Secretarial Compliance Report

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circular No. CIR/CFD/ CMD1/27/2019 dated February 08, 2019, issued by SEBI, the Bank has obtained Secretarial Compliance Report for the financial year ended March 31, 2025, 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.

### (f) 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.

### (g) Reporting of frauds by Auditors

During financial year ended March 31, 2025, pursuant to Section 143(12) of the Companies Act, 2013, except as detailed below, 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.

M/s. Walker Chandiok & Co LLP and M/s. Sundaram & Srinivasan, Chartered Accountants, Joint statutory auditors of the Bank, had reported to the Audit Committee two frauds, involving an amount of ₹ 125.80 lakh and ₹ 258.82 lakh, committed by employees of the Bank at Pallavaram branch and 5 branches at Tirupur (Tiruppur main, P N Road Tiruppur, Kangeyam, Kangeyam Road and Mangalam Road), respectively.

The disclosures as required under Section 143(12) of the Companies Act, 2013 read with Rule 13 of The Companies (Audit and Auditors) Rules, 2014 are given below:

**1. Pallavaram Branch.**

| | | |
|---|---|---|
| 1. | Nature of Fraud with description | It is a case of misappropriation of funds by posting dummy cash entries in different accounts. |
| 2. | Approximate Amount involved | ₹125.80 lakh and the same was recovered. |
| 3. | Parties involved, if remedial action not taken | Branch Operations Manager (BOM) of the branch, was terminated from the service. |
| 4. | Remedial actions taken. | ➢ Regular training/ orientation for employees<br>➢ Amending the SOP/ Policies/ Guidelines to plug loopholes.<br>➢ Stringent action against erring officials<br>➢ Issued caution to employees to be more cautious/ diligent etc. |

2. **Tiruppur branches (Tiruppur Main, P N Road Tiruppur, Kangeyam, Kangeyam Road and Mangalam Road)**

| | | |
|---|---|---|
| 1. | Nature of Fraud with description | It is a case of pledge of stolen ornaments at five different branches in Tirupur with active connivance of employees. |
| 2. | Approximate Amount involved | ₹ 258.82 lakh. |
| 3. | Parties involved, if remedial action not taken | 36 Branch officials, 16 customers and 4 outsiders involved.<br>14 erring officials terminated/ discharged and others awarded punishment viz, stoppage of bonus/ incentive, reduction in pay etc. |
| 4. | Remedial actions taken. | ➢ Regular training/ orientation for employees<br>➢ Amending the SOP/ Policies/ Guidelines to plug loopholes.<br>➢ Stringent action against erring officials<br>➢ Issued caution to employees to be more cautious/ diligent etc. |

## COMPLIANCE TO SECRETARIAL STANDARDS

The 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 FY 2024-25. 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 FY 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, 2025.

All the unclaimed dividends pertaining to the prior period/ financial years 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 FY 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, 2025.

## 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. 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 last reviewed by the Nomination and Remuneration committee and the Board in their respective meetings held on October 24, 2024.

The excerpts from the 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, Whole time Directors, 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 directors. The details of the same have been included in the Report on Corporate Governance, which forms part of this Report.

The Nomination Policy was last reviewed by the Nomination and Remuneration Committee and the Board in their respective meetings held on December 13, 2024 and the same is displayed on the website of the Bank at: https://www.csb.co.in/sites/default/files/annexure-VI_9_nomination_policy.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 - VIII** 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 secretarial@csb.co.in.

## BOARD OF DIRECTORS

CSB 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 eleven (11) Directors, out of which Seven (7) are Independent Directors, two (2) are Non-executive, Non-Independent Directors and Two (2) are Executive Directors. The Directors possess rich experience and specialised knowledge in various areas of relevance to the Bank viz. like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Economics, Finance, MSME, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management, Law, SSI, 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 24, 2024 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 August 23, 2024.

## PART-TIME CHAIRPERSON

The term of appointment of Ms. Bhama Krishnamurthy as the Part-Time Chairperson of the Bank ended on September 28, 2024, which is coterminous with her second term of appointment as Independent Director of the Bank.

The Board places on record its appreciation of the valuable contributions and advises rendered by Ms. Bhama Krishnamurthy during her tenure as an Independent Director and the Part-time Chairperson of the Bank. The Board also took note of the sheer professionalism displayed by Ms. Bhama Krishnamurthy during her tenure by sharing unbiased, decisive and professional opinions, keeping in view of all the stakeholders' interest at hand.

Mr. Biswamohan Mahapatra (DIN: 06990345) was appointed as the Part-time Chairperson of the Bank in place of Ms. Bhama Krishnamurthy for a period of three years, starting from May 09, 2025 and up to May 08, 2028.

## RE-APPOINTMENT OF MANAGING DIRECTOR & CEO

Pursuant to the receipt of approval from Reserve Bank of India, vide letter no. DoR.GOV.No.2031/08.36.001/2025-26 dated June 12, 2025, the Board re-appointed Mr. Pralay Mondal as Managing Director & CEO of the Bank for a period of three years with effect from September 15, 2025 and upto September 14, 2028.

The present term of appointment of Mr. Pralay Mondal as Managing Director & CEO is upto September 14, 2025.

## APPOINTMENT OF INDEPENDENT DIRECTORS

1. **Appointment of Mr. Narasimha Raju Narasappa Doddahosahalli, (DIN: 01070476) as an Independent Director**

   Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Bank in their meeting held on December 13, 2024, appointed Mr. Narasimha Raju Narasappa Doddahosahalli, (DIN: 01070476) as an Additional

Director (Non-Executive Independent category) of the Bank w.e.f. December 13, 2024 for a period of three (3) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and Article 133 of the Articles of Association of the Bank. The appointment is subject to the approval of the Shareholders of the Bank and the approval of the shareholders was obtained for the appointment of Mr. Narasimha Raju Narasappa Doddahosahalli as an Independent Director with effect from December 13, 2024, by postal ballot resolution dated February 06, 2025.

Mr. Narasimha Raju Narasappa Doddahosahalli is representing 'Majority Sector – Agriculture & Rural economy, Co-operation, Law, SSI, Economics, Finance & Human Resources' on the Board of the Bank.

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

The Board appointed Mr. Narasimha Raju Narasappa Doddahosahalli, as an Additional Director of the Bank under "Non-Executive Independent" category based on the extensive due diligence carried out by the Nomination& Remuneration Committee 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.

The Board noted that Mr. Narasimha Raju Narasappa Doddahosahalli is a Karnataka cadre IAS officer of 1984 batch with over three decades of diverse and rich experience in various fields. He has held various significant positions in both Government of India and Government of Karnataka.

Adverting to the above, in the opinion of the Board, the said Independent Director appointed on December 13, 2024, possesses the requisite qualifications, proficiency, expertise, track record, integrity, independence, and has the necessary knowledge for being appointed as an Independent Director of the Bank.

2. **Appointment of Mr. Biswamohan Mahapatra, (DIN: 06990345) as an Independent Director**

Pursuant to receipt of approval of the members through resolution passed by means of Postal Ballot dated April 10, 2025 and pursuant to the recommendation made by the Nomination & Remuneration Committee, the Board of Directors in their meeting held on April 16, 2025, appointed Mr. Biswamohan Mahapatra (DIN: 06990345) as an Independent Director of the Bank, with effect from April 16, 2025 up to August 02, 2029 (both dates inclusive), not liable to retire by rotation.

Mr. Biswamohan Mahapatra is representing the 'Majority Sector – Banking, Finance, Risk Management, Law and Payment Systems' on the Board of the Bank.

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

The Board appointed Mr. Biswamohan Mahapatra, (DIN: 06990345) as an Independent 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.

The 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 in 2014.

Adverting to the above, in the opinion of the Board, the said Independent Director appointed on April 16, 2025, 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 DIRECTORS

Mr. Sharad Kumar Saxena (DIN: 08238872) was reappointed for a second term as Non-Executive Independent Director of the Bank, by postal ballot resolution dated February 06, 2025, for a period of 5 (five) years commencing from February 19, 2025 up to February 18, 2030 (both dates inclusive), not liable to retire by rotation.

Mr. Sharad Kumar Saxena is representing 'Majority Sector – Banking, Information Technology and Payment & Settlement System' on the Board of the Bank.

## 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. Ms. Sharmila Abhay Karve (DIN: 05018751) since July 20, 2020 and Ms. Renu Kohli (DIN: 07981627) since December 14, 2023.

## 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 (AGM).

Mr. Madhavan Menon 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 regularised at the 97th AGM held on September 29, 2018 and he was liable to retire by rotation.

Mr. Madhavan Menon was last reappointed as a director to retire by rotation at the 102nd Annual General Meeting held on August 08, 2023 in terms of Section 152 of the Companies Act, 2013.

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

The detailed profile of Mr. Madhavan Menon (DIN: 00008542) recommended for reappointment 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).

## 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/ re-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 | Ms. Sharmila Abhay Karve (DIN: 05018751) | Second | July 19, 2028 |
| 2 | Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) | Second | January 30, 2029 |
| 3 | Mr. Sharad Kumar Saxena (DIN: 08238872) | Second | February 18, 2030 |
| 4 | Ms. Renu Kohli (DIN:07981627) | First | December 13, 2028 |
| 5 | Mr. Deepak Maheshwari (DIN: 08163253) | First | June 11, 2027 |
| 6 | Mr. Narasimha Raju Narasappa Doddahosahalli (DIN: 01070476) | First | December 12, 2027 |
| 7 | Mr. Biswamohan Mahapatra (DIN: 06990345) | Second | August 02, 2029 |

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 Obligations and Disclosure Requirements) Regulations, 2015 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.

Further, pursuant to regulation 5 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Independent Directors have confirmed that while dealing with the Bank, they shall comply with responsibilities or obligations, if any, assigned to them under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

The 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 recurring 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_ Board_of_Directors_22032024.pdf, pursuant to regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## APPOINTMENT/ CHANGES IN KEY MANAGERIAL PERSONNEL

Mr. Pralay Mondal, Managing Director & CEO, Mr. B. K. Divakara, Executive Director, Mr. Satish Gundewar, Chief Financial Officer and Mr. Sijo Varghese, Company Secretary, continue to be the Key Managerial Personnel of the Bank 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 the Board through resolution passed by circulation from time to time.

The Board met ten (10) times during the FY 2024- 25 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 Obligations and Disclosure Requirements) Regulations, 2015.

The Committee discharges the functions laid down in the Companies Act, 2013 and those prescribed by the Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also discharges the functions delegated by the Board of Directors from time to time. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

The Board has accepted all the recommendations of the Audit Committee. The composition, role and functions of Committee, are 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 Obligations and Disclosure Requirements) Regulations, 2015 and also in line with Board Evaluation Policy, the 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 & 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/ Policy onEvaluationoftheBoard.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 with 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 FY 2024-25, 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. Satish Gundewar, Chief Financial Officer of the Bank, for the financial year ended March 31, 2025, was placed before the Board at its meeting held on April 28, 2025.

## 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 FY 2024-25 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, the Bank was part of the Corporate Insolvency Resolution Process (CIRP) initiated against two corporate debtors before NCLT for a total book value of ₹ 73.99 crore. Out of two corporate debtors, against one having a book value of ₹ 3.88 crore, resolution plan was successfully implemented.

## 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, 2025, will be displayed on the website of the Bank at: https://www.csb.co.in/general-meetings > Annual General Meeting – 2025.

BOARD'S REPORT (Contd.)

### ANNEXURES FORMING A PART OF THIS REPORT

The following Annexures as referred to in this Report form part of the Board's Report:

| Annexure | Particulars |
|---|---|
| Annexure – I | Disclosures under SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 and/or the Companies Act, 2013. |
| Annexure – II | Business Responsibility and Sustainability Report (BRSR) of the Bank for FY 2024-25. |
| Annexure – III | Management Discussion and Analysis. |
| Annexure – IV | Report on Corporate Governance. |
| Annexure – V | Form AOC–2 - The particulars of contracts or arrangements with related parties entered in terms of Section 188(1) of the Companies Act, 2013. |
| Annexure – VI | The Annual Report on Corporate Social Responsibility activities of the Bank for the FY 2024-25. |
| Annexure – VII | Secretarial Audit Report. |
| Annexure – VIII | Disclosure under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |

### 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, 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 customers for their continued patronage.

The Board extends its profound appreciation and heartfelt thanks to every member of the CSB family for their continued commitment, ethics, outstanding performance, professionalism, teamwork and initiatives. These qualities have significantly contributed to reinforcing the Bank's customer-centric image and achieving commendable progress in today's challenging and competitive environment. The Board looks forward to their continued dedication, sincere and committed passion to work to propel the Bank to new heights, especially the Bank is progressing towards its vision to become a mid-sized bank by 2030' through the strategy 'SBS 2030'—'Sustain, Build, Scale', a comprehensive roadmap that manifests the Bank's commitment to excellence and growth.

Finally, the Board of Directors wishes to express their profound gratitude to all shareholders, well-wishers, and other stakeholders for their unwavering support and patronage. The Board looks forward to continuing this mutually supportive and beneficial relationship in future as well to achieve the strategy.

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place: Thrissur
Date: June 24, 2025



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## 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 | : | secretarial@csb.co.in |
| 7 | Telephone | : | 0487 - 6619 219 |
| 8 | Website | : | www.csb.co.in |
| 9 | Financial year for which reporting is being done | : | April 01, 2024 to March 31, 2025 |
| 10 | Name of the Stock Exchange(s) where shares are listed | : | 1. BSE Limited<br>2. National Stock Exchange of India Limited |
| 11 | Paid-up Capital (In ₹) | : | ₹ 173.49 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<br>Company Secretary & Compliance Officer<br>Tel: 0487 - 6619 228<br>E-mail: secretarial@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). | : | On a standalone basis. |
| 14 | Name of assurance provider | | Not Applicable for the financial year ended March 31, 2025 |
| 15 | Type of assurance obtained | | Not Applicable for the financial year ended March 31, 2025 |

### II. Products/services

**16. 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 Savings banks | 100 |

**17. 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 | The 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

**18. Number of locations where plants and/or branches or operations/offices of the entity are situated:**

| Location | Number of plants | Number of Branches | Number of offices | Total |
|---|---|---|---|---|
| National* | NA | 829 | 40 | 869 |
| International | NA | NIL | NIL | NA |

**As of March 31, 2025*

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

**19. Markets served by the entity:**

a. Number of locations where plants or branches or operations/offices of the entity are situated:

| Locations | Number |
|---|---|
| National (No. of States) | 20 |
| International (No. of Countries) | Nil |

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

The Bank offers a comprehensive range of products and services, including asset and liability products, third-party insurance, and investment options. For customers, it offers various deposit products such as fixed deposits, recurring deposits, savings accounts, current accounts and safe deposit lockers. On the asset side, the Bank offers gold loans, retail loans including home loans, personal loans, educational loan, vehicle loans, business loans (including SME and MSME), and agriculture loans. Additionally, the Bank offers third-party products like life insurance, general and health insurance, credit cards and investment options such as mutual funds and online trading accounts.

In the priority sector, the Bank extends loans to agriculture, small and marginal farmers, weaker sections, and micro-enterprises. Through its Financial Inclusion scheme, the Bank offers the Pradhan Mantri Jan Dhan Yojana (PMJDY) and three social security schemes: Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY).

For corporate clients, the Bank offers services through Corporate Lending/Wholesale Banking, focusing on medium-sized enterprises, capital markets, securitisation, and supply chain finance.

## IV. Employees

**20. Details as at the end of Financial Year: March 31, 2025**

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) | 7616 | 5241 | 68.82 | 2375 | 31.18 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | **Total employees (D + E)** | **7616** | **5241** | **68.82** | **2375** | **31.18** |
| **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** |

**Being a banking company, the entire workforce is categorised 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. | Other than Permanent (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 different ly abled workers (F + G)** | **NA** | **NA** | **NA** | **NA** | **NA** |

**21. Participation/Inclusion/Representation of women:**

| | Total (A) | No. and percentage of Females | |
|---|---|---|---|
| | | No. (B) | % (B / A) |
| Board of Directors | 10 | 2 | 20% |
| Key Managerial Personnel (KMP) | 4 | 0 | 0% |

**22. Turnover rate for permanent employees and workers**

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

| | FY 2024-25 (Turnover rate in current FY) | | | FY 2023-24 (Turnover rate in previous FY) | | | FY 2022-23 (Turnover rate in the year prior to the previous FY) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 46.70 | 46.80 | 46.70 | 46.30 | 48.40 | 47.00 | 51.20 | 46.32 | 49.90 |
| Permanent Workers | NA | NA | NA | NA | NA | NA | NA | NA | NA |

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

**23. (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

**24.**

| | | | |
|---|---|---|---|
| (i) | Whether CSR is applicable as per section 135 of the Companies Act, 2013 | : | Yes |
| (ii) | Turnover | : | 45,69,19,69,915.40 |
| (iii) | Net worth | : | 42,56,62,73,993.85 |

## VII. Transparency and Disclosure Compliances

**25. 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 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Number of complaints filed during the year | Number of complains 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/ESG_Policy_17042024.pdf<br>https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf<br>https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf | NIL | NIL | NIL | NIL | NIL | NIL |
| Investors (other than shareholders) | Yes | https://www.csb.co.in/pdf/ESG_Policy_17042024.pdf<br>https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.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 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Number of complaints filed during the year | Number of complains 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 Regulation https://www.csb.co.in/pdf/Annexure-5_21112023.pdf | 4 | 0 | Investor complaints received through SEBI Scores platform of the Bank's Registrar and Share Transfer Agent | 5 | 0 | Investor complaints received through SEBI Scores platform of the Bank and Bank's Registrar and Share Transfer Agent |
| Employees and workers | YES | As per internal policies and https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf | 20 | 4 | Bank has initiated timely measures for an effective redressal of grievances. | 16 | 3 | Bank has initiated timely measures for an effective redressal of grievances. |
| Customers | YES | https://www.csb.co.in/pdf/Greivance_Redressal_Policy-August_2024_16102024.pdf | 20787 | 49 | The pending cases are under process and will be settled in a timely manner. | 20854 | 43 | The pending cases are under process and will be settled in a timely manner. |
| Value Chain Partners | YES | https://www.csb.co.in/pdf/Anti_Bribery_Anti_Corruption_Policy_08012024.pdf https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf | NIL | NIL | NIL | NIL | NIL | NIL |
| Other (please specify) | NA | NA | NA | NA | NA | NA | NA | NA |

## 26. 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 | Response to Climate Change | Risk | Credit risk can arise from exposure to businesses with significant carbon emissions, as well as units that use technology that fail to shift and comply with ESG criteria. Further fall of real estate prices due to natural disasters will have a significant impact, resulting in larger LGD when impairment occurs. | To lessen the greenhouse impact, the Bank does not fund borrowers to establish new units producing/ consuming Ozone Depleting Substances (ODS) or small/medium scale units involved in the fabrication of aerosol units utilising Chlorofluorocarbons (CFC), which reduces the greenhouse effect. | Negative |
| | | Opportunity | The Bank offers a wide range of lending money to the development and application of developing technologies such as renewable energy, battery storage, energy efficiency, making breakthroughs in LED lighting technology, industrial motor technology, and electrical vehicles. | | Positive |
| 2 | 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's trust, damage reputation and disrupt business. | The Bank has established a strong corporate governance framework as per regulatory guidelines.<br>The Bank has put in place a fair, transparent & accountable Corporate Governance structure across its hierarchy to safeguard the interests of all stakeholders.<br>• There is an effective mechanism, supported by strong policies to supervise the Executive Management and oversee the Bank's critical functions.<br>• There is an effective grievance redressal mechanism for the investors/stakeholders 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) |
|---|---|---|---|---|---|
| 3 | Social Responsibility | Opportunity | The business must be rooted in the 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. | Positive |
| 4 | Brand Reputation | Opportunity | Enhance CSB brand equity by marketing and structuring goods and services that benefit society and increase social/living standards. | The Bank has established various verticals to promote educational loans, home loans, MSME, Agri, and Micro sectors, with the goal of uplifting society by meeting the requirements of individuals who want to further their education, build houses, and start micro/small businesses. The Bank is also heavily issuing loans to SHG/ JLG to meet the demands of poorer and socially backward populations. The Bank responds to the public's pressing needs with gold loans. The Bank's portfolio also includes direct assignment transactions, with the ultimate beneficiaries being economically disadvantaged debtors. | Positive |
| 5 | Waste management | Risk | Non-compliance with the increasing legislation around recycling and trash management can result in sanctions and reputational harm. | The Bank has implemented green measures such as a Document Management System, E-passbook, and video KYC. | Negative |
| 6 | Employee Practices and Benefits | Opportunity | The Bank's commitment to employee welfare and development reflects its priority to supporting its employees and aligning them with the Bank's growth. | The Bank is committed to the development and progress of its employees, and we feel that this dedication will assist our team align with the company's success. To recruit and keep qualified workers, we put talent development, remuneration, and employee benefits first. Our investment in learning and development, performance assistance, career advancement, and diversity and inclusion programmes demonstrates our commitment to our workers' professional development. Furthermore, our hiring procedure favours local representation and emphasises continual progress. | 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 | | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 |
| | | | 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 on the Bank's website at https://www.csb.co.in/investor-policies and https://www.csb.co.in/bank-policies<br>The policies other than those which are available on the Bank's website, being internal documents are available only to the employees through the Bank's intranet. | | | | | | | | |

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| 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 the Bank and value chain partners. | | | | | | | | |
| 4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | The Bank has obtained ISO 9001:2015 certification during FY21-22. The Bank is also having ISO 27001:2013 certification for IT, IS and data centres. | | | | | | | | |
| 5. Specific commitments, goals, and targets set by the entity with defined timelines, if any. | The nature of business is banking and not involved in any manufacturing or factory-related activities, Bank is committed to enhancing the business and other core activities with minimal impacts on the environment and society. The Bank has a focus on digitalisation of various manual activities thereby reducing the usage of natural resources and minimising 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 to limit the usage of material resources which affects the environment and society as a whole. Substantial reduction in paper use is achieved through the Go Green initiative and reduction in power usage through installation of energy saving equipment in major centres.<br>Bank offers a wide range of banking products to fulfil customer expectations through an extensive network of branches, ATMs/CDMs, and technologies like Mobile Banking, WhatsApp Banking, Internet Banking, Point of sale services and UPI. Bank has taken Green initiatives such as a Document Management System, E-passbook, video KYC etc. The Bank's digital banking initiatives enable the customers to do banking activities, without being physically present at the Bank's branch/ office, which substantially reduces carbon footprint, unnecessary travel, and wastage of time and energy. These products are safe and secure to use and contribute to sustainability throughout their life cycle.<br>For more details please refer to the ESG Section on page no. 43 of the Annual Report | | | | | | | | |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| **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)<br>The Bank is Committed to make the business truly sustainable and socially responsible. Further details of the same are provided in the Chairman's letter on page No. 25 and MD's message on page No. 29. | | | | | | | | | |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Corporate Social Responsibility Committee | | | | | | | | |
| 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. | Yes.<br>The Corporate Social Responsibility Committee of the Bank is responsible for decision-making on sustainability-related issues. The members of the Committee are as under:<br>**Name** — **Designation**<br>Ms. Renu Kohli — Chairperson<br>Mr. Pralay Mondal, MD & CEO — Member<br>Mr. Sumit Maheshwari — Member<br>Mr. Sudhin Choksey — Member<br>Ms. Sharmila Abhay Karve — 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) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Y | Y | Y | Y | Y | Y | NA | Y | Y | Annually. | | | | | | | | |
| | Yes.<br>Directors, Committee of Board, 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.<br>Directors, Committee of Board, 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. | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| | NO | NO | NO | NO | NO | NO | NO | NO | NO |
| | Evaluation is done through internal mechanisms and seeks external assistance and advice as and when required.<br>The policies are annually reviewed /approved by the Committee/Board. The Compliance Department reviews the policies periodically for submission to the Committee and Board and the concerned department monitors adherence to the 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 | P1 | P2 | P3 | P4 | P5 | P6 | P7* | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| 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 directly 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 categorised 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 financial year: FY 2024-25.

| 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 | 11 | Programme on Governance and Assurance, Workshop on Climate Change Risk & Sustainability, Certification programme in IT and Cyber Security. | 100% |
| Key Managerial Personal | 9 | Programme on Governance and Assurance, Workshop on Climate Change Risk & Sustainability, Certification programme in IT and Cyber Security. | 100% |
| Employees other than Board of Directors and KMPs | 336* | P1,P2,P3,P4,P5,P6,P8 & P9 | 100% |
| Workers | NA | NA | NA |

**The count reflects training aligned with BRSR principles.*

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 Requirements) 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 | The details of penalties/fines levied and paid, as required to be disclosed/ submitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, have been filed with the Stock Exchanges and simultaneously hosted on the website of the Bank. | | | | |
| Settlement | | | | | |
| Compounding fee | | | | | |

**Non-Monetary**

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|
| Imprisonment | NIL | NA | NA | NA |
| Punishment | NIL | NA | NA | NA |

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.

| Case Details | Name of the regulatory/enforcement agencies/ judicial institutions |
|---|---|
| The details of Appeal/ Revision preferred and required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended has been filed with the Stock Exchanges and simultaneously displayed on the website of the Bank. | |

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/Anti_Bribery_Anti_Corruption_Policy_08012024.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 2024-25 | FY 2023-24 |
|---|---|---|
| Directors | NIL | NIL |
| Key Managerial Personnel | NIL | NIL |
| Employees | NIL | NIL |
| Workers | NA | NA |

6. Details of complaints with regard to conflict of interest:

| | FY 2024-25 | | FY 2023-24 | |
|---|---|---|---|---|
| | 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.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Number of days of accounts payables | 36 | 40 |

9. Open-ness of business

   Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2024-25 | FY 2023-24 |
|---|---|---|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | NA | NA |
| | b. Number of trading houses where purchases are made from | NA | NA |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | NA | NA |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | NA | NA |
| | b. Number of dealers / distributors to whom sales are made | NA | NA |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors | NA | NA |
| Share of RPTs in | a. Purchases (Purchases with related parties / Total Purchases) | NIL | NIL |
| | b. Sales (Sales to related parties / Total Sales) | NIL | NIL |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | Please refer to page no. 169 of the Annual Report FY 2024-25 | Please refer to page no. 142 of the Annual Report FY 2023-24 |
| | d. Investments (Investments in related parties / Total Investments made) | NIL | Nil |

### 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 and manage conflicts of interest involving members of the Board. As part of the process, the Bank obtains an annual declaration from the Board of Directors regarding the entities they are interested in. Any changes in interests are immediately obtained, including approvals required under the statute and the Bank's policies before transacting with any individuals and entities in which directors are interested.

   The 'Code of Conduct and Ethics for the Board of Directors and senior management personnel of the Bank and the policy document on corporate governance, principles, and procedures apply to the board members and senior management. This includes explaining the circumstances to avoid, which may likely lead to a conflict of interest. Furthermore, the 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.

   Additionally, 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 Ownerships and Governance in Private Sector Banks, conducts a 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 the 'Fit and Proper' criteria 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 products and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2024-25 | FY 2023-24 | Details of improvements in environmental and social impacts |
|---|---|---|---|
| R & D | 0% | 0% | Not applicable to being a Banking company. |
| Capex | The 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. Further, the Bank's newly implemented Core Banking Solution, 'Oracle Flexcube', is expected to further strengthen its ability to mitigate environmental and social impacts. Recognised globally as a top-tier platform, 'Oracle Flexcube' complies with internationally accepted standards and supports the Bank in reinforcing its ongoing commitment to sustainable and responsible banking practices in line with ESG principles.<br>The Bank has made significant advances in Digital Transformation, leading to the successful execution of various key projects. By embracing digital innovation, the Bank has prioritised delivering customer-centric solutions and operational excellence during a period of rapid technological change in the banking sector. Notable initiatives include the launch of diverse customer journeys and improvements to loan origination systems for gold, two-wheeler, and corporate loans.<br>The Bank's core focus remains on the swift implementation of a comprehensive plan for its core banking system and related surrounding systems, while maintaining sustainable compliance with cybersecurity controls and strengthening digital payment security.<br>The Bank has invested significantly in infrastructure transformation to be at the forefront to prevent, detect and act in situations arising from it. The technology platforms used by the Bank have adequate level of component / system level redundancy built into the production systems. Critical technology platforms / systems have a disaster recovery set up at a Disaster Recovery ("DR") site which can be utilised in the case of any major outages in the corresponding production system. Assurance of the DR set up is provided through Disaster Recovery drills carried out as per an annualised drill calendar and measurement of Recovery Point Objective and Recovery Time Objective parameters of the DR set up on an ongoing basis.<br>The Bank's commitment to technological advancement is further demonstrated through strategic efforts aimed at enhancing both customer experience and operational efficiency. Additionally, the Bank has invested in and successfully implemented an enterprise service management tool for asset & inventory management and change management, underscoring its dedication to continuous improvement. | | |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)-

   No

   As a financial institution, the Bank focuses on maximising resource efficiency and reducing waste. While digitisation has reduced paper usage, the Bank continues to work on further reducing paper consumption through sustainable sourcing.

   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 disposal 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 a security point of view but also from an environmental angle. Computers and related accessories are handed over to vendors or certified disposal agencies.

c) Hazardous Waste – There is no hazardous waste generation owing to the nature of the business.

d) Other waste – Not relevant, given the nature of business of the Bank.

4. Whether Extended Producer Responsibility (EPR) applies to the entity's activities(Yes/No).

Not Applicable.

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? (Yes/No).

Not Applicable.

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?

| NIC Code | Name of Product / Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|---|---|---|---|---|---|
| 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.

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---|---|---|
| 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).

| Indicate input material | Recycled or re-used input material to total material | |
|---|---|---|
| | FY 2024-25 Current Financial Year | FY 2023-25 Previous Financial Year |
| Not applicable to the Bank. | | |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | Not applicable to the Bank. | | | | | |
| E-waste | | | | | | |
| Hazardous waste | | | | | | |
| Other Waste | | | | | | |

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 | |
| | | Numbers (B) | % (B/A) | Numbers (c) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent Employees** | | | | | | | | | | | |
| Male | 5241 | 5241 | 100% | 5241 | 100% | 5241 | 100% | 0 | 0% | 5241 | 100% |
| Female | 2375 | 2375 | 100% | 2375 | 100% | 2375 | 100% | 0 | 0% | 2375 | 100% |
| **Total** | **7616** | **7616** | **100%** | **7616** | **100%** | **7616** | **100%** | **0** | **0%** | **7616** | **100%** |
| **Other than Permanent Employees** | | | | | | | | | | | |
| 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** |

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 | |
| | | Numbers (B) | % (B/A) | Numbers (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 categorised as 'Employees' and none as 'Workers'. Hence in all sections, details sought of the 'Workers' category are Not Applicable to the Bank.*

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

| | FY 2024- 25 | FY 2023- 24 |
|---|---|---|
| Cost incurred on well-being measures as a % of total revenue of the company | 0.58% | 0.38% |

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

| Benefits | FY 2024- 25 | | | FY 2023- 24 | | |
|---|---|---|---|---|---|---|
| | 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 |

| Benefits | FY 2024- 25 | | | FY 2023- 24 | | |
|---|---|---|---|---|---|---|
| | 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.) |
| 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 | 100% | 95.70% | NA | NA |
| Female | 100% | 95.03% | NA | NA |
| **Total** | **100%** | **95.37%** | **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.

| | Yes/No<br>(If Yes, then give details of the mechanism in brief) |
|---|---|
| Permanent workers | NA |
| Other than permanent workers | NA |
| Permanent employees | Yes.<br>The Bank has established a grievance redressal mechanism which includes a 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. Additionally, the Bank has internal guidelines to address the grievances of all employees. There is a Transfer Grievance Committee available for award staff to handle transfer-related grievances. This committee comprises a group of executives who review the grievances and recommend a course of action based on the merit of each case. |
| Other than permanent employees | Yes.<br>The grievance redressal mechanism available to permanent employees and detailed in the preceding paragraph is available and extended to employees other than permanent employees. However, there is no such categories of employees in the Bank for the period under review. |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | Total Employees / Workers in respective category (A) | No of employees or workers in respective category, who are part of the association(s) or Union (B) | % B/A | Total Employees / Workers in respective category (C) | No of employees or workers in respective category, who are part of the association(s) or Union (D) | % D/C |
| **Total Permanent Employees** | **7616** | **853** | **11.20** | **7863** | **950** | **12.08** |
| - Male | 5241 | 526 | 10.04 | 5389 | 593 | 11.00 |
| - Female | 2375 | 327 | 13.77 | 2474 | 357 | 14.43 |
| **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 2024-25 | | | | | FY 2023-24 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 5241 | 396 | 7.56 | 4518 | 86.20 | 5389 | 201 | 3.73 | 5373 | 99.70 |
| Female | 2375 | 248 | 10.44 | 2165 | 91.16 | 2474 | 89 | 3.60 | 2464 | 99.60 |
| **Total** | **7616** | **644** | **8.46** | **6683** | **87.75** | **7863** | **290** | **3.69** | **7837** | **99.67** |
| **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 worker:

| Category | FY 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | Total A | Total B | B/A % | Total D | Total E | E/D % |
| **Employees** | | | | | | |
| Male | 5241 | 4137 | 69.1 | 5389 | 3663 | 68.0 |
| Female | 2375 | 1854 | 30.9 | 2474 | 1700 | 68.7 |
| **Total** | **7616** | **5991** | **78.7** | **7863** | **5363** | **68.2** |
| **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.

Due to the nature of our business, there are no major occupational health risks at Bank operating premises. However, we have set definite standards for the well-being of our employees. We have introduced Group Personal Accident (GPA) insurance cover for all active employees as a preventive measure. Currently, we have Group Term Life, Group Personal Accident, and Group Medical Insurance schemes in place for our employees. We ensure the effectiveness of our internal safety systems periodically, including safety alarms, fire extinguishers, and CCTV equipment across our premises.

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, there are no major threats anticipated. However, we conduct periodic fire drills to assess risks, and employees have 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 2024-25 | FY 2023-24 |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) | Employees | 0 | 0 |
| (per one million-person hours worked) | 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 |

*Including in the contract workforce*

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Bank ensures that it is committed to being a responsible business entity by providing a 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 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | 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, the Bank provides its employees with, personal accident cover and future service gratuity liability in addition to medical insurance.

(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.

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.

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 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 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Employees | 0 | 0 | 0 | 0 |
| Workers | NA | NA | NA | NA |

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No

The Bank believes in hiring well-qualified talent on merits and continuously upskills the workforce to align with the changing business environment.

5. Details on assessment of value chain partners

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Health and 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.

As a banking institution, the Bank's stakeholders include investors, regulators, employees, customers, and the broader community. The Bank employs structured processes to identify and prioritise these stakeholder groups. It emphasises creating organisational excellence, which enhances employee satisfaction, customer satisfaction, and shareholder value. Additionally, the Bank upholds high standards of corporate governance to balance the interests of diverse stakeholders in all strategic decision-making processes and promptly address their concerns.

Specific teams in the Bank are responsible for engaging with each stakeholder group

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

| 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 |
|---|---|---|---|---|
| Customer | No | E-mail, SMS's, Customer meets. Official communication channels: Advertisements, publications, website and social media, Conferences events, Phone calls, e-mails and meetings. | On-going basis | Services, digital banking operations and customer feedback on grievance Redressal. |
| Employees | No | Intranet portal, Newsletters, Employee satisfaction surveys – Emails and meetings, Training programmes, Performance appraisal, Grievance redressal mechanisms, Notice boards | Intranet – Daily Newsletter – Quarterly Emails – Otherwise on-going basis | Performance Appraisal, Career growth, fair remuneration, skill development, employee satisfaction and grievance redressal mechanism |
| Suppliers | No | Vendor assessment and review, Official communication channels: website and social media | As and when required | Service and existing business |
| Investors/ Shareholders/ Analyst | No | E-mail, website, newspaper releases, Analyst meets and conference calls, Annual General Meeting, and Stock exchange intimations. A, publications, and social media, roadshows | Quarterly/Annually or otherwise on event-based/ corporate action | Financial Performance and other relevant information including corporate action. |
| Institutions & Industry Bodies | No | Networking through meetings, sessions, discussions, etc. | As and when required | Networking to be abreast of new opportunities in the sector and drive change |
| Governments & Regulatory Authorities | No | Press releases, publications, website and social media, Phone calls, emails and meetings, Regulatory audits/ inspections | As and when required | Highest standards of Corporate Governance and Compliance |
| Communities & Civil Society/ NGOs | No | E-mail, Newspaper, Advertisements, publications, website and social media, Complaints and grievance mechanism | Frequent & 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.

   The Bank maintains regular communication with all stakeholders through various committees, including the Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Customer Service Committee, and the Standing Committee on Customer Service. These committees involve participants from all levels, from branch to board. During the Branch-Level Customer Service Committee Meetings and the Standing Committee Meetings on Customer Service held at various branches and zones, customer feedback and suggestions are actively collected. These inputs are vital for the development of new products and services, as well as for enhancing existing offerings. The Bank carefully evaluates each suggestion to ensure long-term value creation.

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 the policies and activities of the entity.

   Yes, CSB Bank has always maintained a frequent and proactive interaction with its major stakeholders, allowing it to successfully work on its ESG policies while remaining honest about the results. In response to current rules and discussions with stakeholders, the Bank conducts periodic assessments to amend and reissue policies as necessary.

   Through proactive interaction with stakeholder groups, the Bank identified critical emphasis areas, particularly CSR interventions. Furthermore, stakeholder contributions and ideas are included into policies and actions where practicable.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised 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 the distribution of old-age pensions 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 to improve the living conditions of the underprivileged and marginalised sections of society.

## PRINCIPLE 5. Businesses should respect and promote human rights.

### Essential Indicators.

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

| Category | FY 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | Total A | No of Employees/ workers covered (B) | % (B/A) | Total C | No of Employees/ workers covered (D) | % (D/C) |
| **Employees** | | | | | | |
| Permanent | 7616 | 7616 | 100% | 7863 | 7836 | 99.66 |
| Other than permanent | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Employees** | **7616** | **7616** | **100%** | **7863** | **7836** | **99.66** |
| **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** |

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2024-25 | | | | | FY 2023-24 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 7616 | 0 | 0.00 | 7616 | 100 | 7863 | 0 | 0.00 | 7863 | 100 |
| Male | 5241 | 0 | 0.00 | 5241 | 100 | 5389 | 0 | 0.00 | 5389 | 100 |
| Female | 2375 | 0 | 0.00 | 2375 | 100 | 2474 | 0 | 0.00 | 2474 | 100 |
| 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 |

3. Details of remuneration /salary/wages,

a. Median remuneration /wages:

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) – Part-time Chairman # | - | - | 1 | 8,90,000 |
| Key Managerial Personnel (KMP) $ | 4 | 1,44,24,213 | - | - |
| Employees other than BoD and KMP # | 8217 | 3,70,476 | 3769 | 2,55,579 |
| Workers | NA | NA | NA | NA |

*# Payment of remuneration to the Managing Director & CEO, Whole-time Director and the Chairperson is subject to the approval of the Reserve Bank of India and shareholders of the Bank. The Chairperson is paid honorarium, and directors other than the Managing Director & CEO, Whole-time Director and Non-executive, Non-Independent Directors, including the Chairman, are paid sitting fees for attending the Board and Committee meetings.*

*$ Managing Director & CEO, Whole-time Director, 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.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Gross wages paid to females as % of total wages | 21.6% | 23.0% |

4. 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.

5. 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 Human Resources Department, apart from the mechanisms mentioned in P3 E6, as above.

6. Number of Complaints on the following made by employees and workers:

| Complaints | FY 2024-25 | | | FY 2023-24 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolutions at end of the year | Remarks | Filed during the year | Pending resolutions at end of the year | Remarks |
| Sexual Harassment | 9 | 2 | 7 cases completed: 2 cases IC proceedings are in progress | 5 | 0 | All cases are resolved |
| Discrimination at workplace | 0 | 0 | NA | 0 | 0 | NA |
| Child Labour | 0 | 0 | NA | 0 | 0 | NA |
| Forced labour/Involuntary labour | 0 | 0 | NA | 0 | 0 | NA |
| Wages | 0 | 0 | NA | NA | NA | NA |
| Other human rights related issues | 0 | 0 | NA | 0 | 0 | 0 |

*# Bank has initiated timely measures for an effective redressal of grievances and is within the statutory resolution period. All cases including those pending at the beginning of the financial year were also redressed within the timeline.*

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH) | 9 (7 cases completed; 2 cases IC proceedings are in progress) | 5 |
| Complaints on PoSH as a % of female employees / workers | 0.38% | 0.2% |
| Complaints on PoSH upheld | 6 | 0 |

8. 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 about discrimination and harassment at the workplace with the HR Department. The department initiates appropriate and stringent action if guilt is proven post enquiry.

Apart from the above, the Bank has put 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 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.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No.

10. 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.

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable.

### 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 mechanisms in place and thereby prevent unethical activities at the 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 are covered in the essential indicators of 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.

All offices, premises, branches and ATMs are accessible to differently-abled visitors to the extent possible. Ramps are provided wherever feasible to accommodate aged senior citizens, and physically challenged customers/visitors.

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 | NA |
| Discrimination at workplace | NA |
| Child Labour | NA |
| Forced Labour/Involuntary Labour | NA |
| Wages | NA |
| Others – please specify | NA |

The 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 2024-25 | FY 2023-24 |
|---|---|---|
| **From renewable sources** | | |
| Total electricity consumption (A) | - | - |
| 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) | 40829 GJ | 69712 GJ |
| Total fuel consumption (E) | 2591 GJ | 63914 GJ |
| Energy consumption through other sources (F) | 0.00 | 0.00 |
| **Total energy consumed from non-renewable sources (D+E+F)** | **43420 GJ** | **133626 GJ** |
| **Total energy consumed (A+B+C+D+E+F)** | **43420 GJ** | **133626 GJ** |
| **Energy intensity per rupee of turnover** (Total energy consumed/ Revenue from operations) | 64.75 GJ / crore of Turnover | 38.05 GJ / crore of Turnover |
| **Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total energy consumed / Revenue from operations adjusted for PPP) | Not Applicable | Not Applicable |
| **Energy intensity in terms of physical output** | Not Applicable | Not Applicable |
| Energy 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.

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 2024-25 | FY 2023-24 |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| i. Surface Water | 1,092.90 | 2,20,867.62 |
| ii. Ground Water | 12,988.01 | 9,007.31 |
| iii. Third party water | 3,709.10 | 4,715.00 |
| iv. Seawater / Desalinated water | 0 | 0 |
| v. Others | 2,156.11 | 695.03 |
| **Total Volume of Water Withdrawn (in kilolitres) (i+ii+iii+iv+v)** | 19,946.12 | 2,35,284.96 |
| **Total volume of water consumption (in kilolitres)** | 19,946.12 | 2,35,284.96 |
| Water Intensity per rupee of turnover (In crores) (Total water consumption / Revenue from operations) | 0.29 | 67.01 |
| **Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption / Revenue from operations adjusted for PPP) | Not Applicable | Not Applicable |
| **Water intensity in terms of physical output** | Not Applicable | Not Applicable |
| **Water 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.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

4. Provide the following details related to water discharged:

| Parameter | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (ii) To Groundwater | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iii) To Seawater | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iv) Sent to third-parties | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| **Total water discharged (in kilolitres)** | Not Applicable | Not Applicable |

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. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: -

| Parameter | Please specify unit | FY 2024-25 | FY 2023-24 |
|---|---|---|---|
| NOx | Not Applicable | NA | NA |
| SOx | | NA | NA |
| Particulate matter (PM) | | NA | NA |
| Persistent organic pollutants (POP) | | NA | NA |
| Volatile organic compounds (VOC) | | NA | NA |
| Hazardous air pollutants (HAP) | | NA | NA |
| Others– please specify | | NA | NA |

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.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2024-25 | FY 2023-24 |
|---|---|---|---|
| **Total Scope 1 emissions** (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | 191.99 | 4524.53 |
| **Total Scope 2 emissions** (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs,$SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | 8245.19 | 13748 |
| **Total Scope 1 and Scope 2 emissions per rupee of turnover** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | Per rupee of turnover (In crores) | 1.85 | 5.20 |
| **Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | Not Applicable | Not Applicable | Not Applicable |
| **Total Scope 1 and Scope 2 emission intensity in terms of physical output** | Not Applicable | Not Applicable | Not Applicable |
| **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.

8. Does the entity have any project related to reducing Green House Gas emissions? (Yes/No).If Yes, then provide details

Not applicable.

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **Total waste generated (In metric tonnes)** | | |
| Plastic Waste **(A)** | 45.47 | 34.47 |
| E-Waste **(B)** | 2.7 | 5.71 |
| Bio Medical Waste **(C)** | 0 | 37.30 |
| Construction and Demolition Waste **(D)** | 0 | 0 |
| Battery Waste **(E)** | 18.81 | 3.1 |
| Radioactive Waste **(F)** | 0 | 0 |
| Other Hazardous waste **(G)** | 0 | 0 |
| Other Non-hazardous Waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 62.63 | 0 |
| **Total ( A+B+C+D+E+F+G+H)** | 129.61 | 80.58 |
| **Waste intensity per rupee of turnover** (Total waste generated / Revenue from operations) | 0.00 | 0.02 |
| **Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total waste generated / Revenue from operations adjusted for PPP) | Not Applicable | Not Applicable |
| **Waste intensity in terms of physical output** | Not Applicable | Not Applicable |
| **Waste intensity** (optional) – the relevant metric may be selected by the entity | -- | -- |
| **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 | 0 | 0 |
| (ii) Re-Used | 0 | 0 |
| (iii) Other recovery options | 0 | 0 |
| **Total** | 0 | 0 |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| **Category of Waste** | | |
| (i) Incineration | 0.36 | 2.67 |
| (ii) Landfilling | 0.62 | 1.92 |
| (iii) Other disposal operations | 9.11 | 14.73 |
| **Total** | 10.09 | 19.32 |

* Please refer to Para P6 EI-1

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.

10. 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.

11. 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:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---|---|---|---|
| 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 the Bank's offices situated near ecologically sensitive areas (ESA), the local body/statutory clearances are obtained by the Bank for its property, and the same is obtained by the landlord for leased premises. | | | |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| Not applicable for the period under review. | | | | | |

13. 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. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not Applicable

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

| Parameter | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | Not Applicable | Not Applicable |
| (ii) Groundwater | Not Applicable | Not Applicable |
| (iii) Third party water | Not Applicable | Not Applicable |
| (iv) Seawater / desalinated water | Not Applicable | Not Applicable |
| (v) Others | Not Applicable | Not Applicable |
| **Total volume of water withdrawal (in kilolitres)** | Not Applicable | Not Applicable |
| **Total volume of water consumption (in kilolitres)** | Not Applicable | Not Applicable |
| **Water intensity per rupee of turnover** (Water consumed / turnover) | Not Applicable | Not Applicable |
| **Water intensity** (optional) – the relevant metric may be selected by the entity | Not Applicable | Not Applicable |
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| (i) To Surface water | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (ii) To Groundwater | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iii) To Seawater | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iv) Sent to third-parties | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| **Total water discharged (in kilolitres)** | Not Applicable | Not Applicable |

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2024-25 | FY 2023-24 |
|---|---|---|---|
| Total Scope 3 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | The Bank is in the process of calculating Scope 3 Emissions. | |
| Total Scope 3 emissions per rupee of turnover | | | |
| Total Scope 3 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.

3. With respect to the ecologically sensitive areas reported at Question 11 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.

4. 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:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|---|
| Not Applicable. As mentioned above, the usages are normal and limited to personal /office usage only. | | | |

5. Does the entity have a business continuity and disaster management plan?(Yes/No)

Yes.

Details of the entity at which business continuity and disaster management plan are placed or web link.

Web link : https://www.csb.co.in/pdf/Business_Continuity_Management_Statement_20062024.pdf

The Bank has 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, the Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke the business continuity plan as needed. A core team called Emergency Operation Team, comprising of Senior Executives of the Bank 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. 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 the recovery speed of critical applications from alternate locations.

6. 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 is envisaged due to the nature of business activities and arrangements with value chain partners.

7. 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

   3

   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 | Fixed Income Money Market & Derivatives Association | National |
| 3 | 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 behaviour were reported during the review period.

### Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|---|---|---|---|---|---|
| No, the Bank does not engage in policy advocacy but is actively involved in consultation/ discussion forums with the government and other bodies relevant to 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.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| 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.

   The 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 assess by an external agency the impact of the projects and their reach, if necessary.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Directly sourced from MSMEs/ small producers | NA | NA |
| Directly from within India | NA | NA |

   Not applicable given the nature of the business carried out.

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

| Location | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Rural | 3% | 3% |
| Semi-urban | 25% | 26% |
| Urban | 21% | 26% |
| Metropolitan | 51% | 45% |

   (Place to be categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan)

### 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):

| Details of negative social impact identified | Corrective action taken |
|---|---|
| Not applicable | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

| Sl. No. | State | Aspirational District | Amount spent (In ₹) |
|---|---|---|---|
| 1 | Assam | Barpeta | 35,03,500 |
| 2 | Assam | Darrang | 35,03,500 |
| 3 | Assam | Dhubri | 35,03,500 |
| 4 | Assam | Goalpara | 35,03,500 |
| 5 | Chhattisgarh | Kanker | 35,03,500 |

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

   No.

   (b) From which marginalised /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.

| S. No | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|---|---|---|---|---|
| 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.

| Name of authority | Brief of the Case | Corrective action taken |
|---|---|---|
| Not applicable | | |

6. Details of Beneficiaries of CSR Projects

| Sl. No. | CSR Project | No of Persons Benefited from CSR Projects | % of beneficiaries from vulnerable and marginalised groups |
|---|---|---|---|
| 1. | Project Dialysis for undertaking dialysis activities across the country - Fairfax India Charitable Foundation | 774 | 100% |
| 2. | RK HIV Aids Research & Care Centre, Mumbai, Maharashtra | 1,00,000 | 100% |
| 3. | Trichur Archdiocese Buon Natale Trust, Thrissur, Kerala | 3 | 100% |
| 4. | Thiruvananthapuram Corporation, Kerala | 9,57,730 | Cannot be ascertained* |
| 5. | Kallivayalil Pappan Memorial Public School, Mundakayam East, Kottayam, Kerala | 1000+ | Cannot be ascertained* |
| 6. | Saveetha Institute of Medical & Technical Sciences, Erode, Tamil Nadu | 20,000+ | 100% |
| 7. | Raginiben Bipinchandra Seva Karya Trust, Ahmedabad, Gujarat. | 30,000+ | 100% |
| 8. | Sunshine, Sagwada, Rajasthan | 10,000+ | 100% |

**Since the project is in implementation stage, the number of persons benefitted from the CSR project will be ascertained at a later stage.*

For further details, please refer to the Annexure IV of the Boards Report on Annual Report on CSR Activities of the Bank for FY 2024-25.

### 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 the RBI guidelines, the Bank has a three-tier structure for handling customer complaints. Customers, in general, approach the branch for redressal 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 customer complaints promptly, and the Complaint Management System (CMS) portal is an effective tool for handling customer complaints to track and ensure proper resolution. The Branch Service Department at the 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 also conducts branch-level customer service committee meetings at all branches on the 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 a Principal Nodal Officer for grievances, a Nodal Officer for customer grievances and Zonal Nodal Officers at respective zones. The Bank also appointed an 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.

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | NA |
| Safe and responsible usage | NA |
| Recycling and/or safe disposal | NA |

3. Number of consumer complaints in respect of the following:

| | FY 2024-25 | | Remarks | FY 2023-25 | | 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) | 20,787 | 49 | NIL | 20,854 | 43 | 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 has having Information Security Policy in which data privacy policy is defined. In addition, the Bank has a Cybersecurity Policy and Cyber Crisis Management Plan in place. The Bank is ISO 27001:2013 certified for its IT, IS and data centres. Bank is following industry standard like CIS benchmarking, zero trust Architecture and role-based access to enhance the security posture of the Bank. The Bank is in the process of getting PCI DSS certified. Data leakage prevention solutions for endpoints, web and email are in place. External drives/USBs are blocked in the 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 Behaviour 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 framework /policy: https://www.csb.co.in/pdf/Customer-Protection-Policy-December-28022023.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 settlement 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.

7. Provide the following information relating to data breaches:

| | | |
|---|---|---|
| a | Number of instances of data breaches : | NIL |
| b | Percentage of data breaches involving personally identifiable information of customers : | NIL |
| c | Impact, if any, of the data breaches : | NA |

### 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 at 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/ centralised hub detailing the product features and other criteria in maintaining the account. Further, the 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.

   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)

   No

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place : Thrissur
Date : June 24, 2025

# ANNEXURE - V

## 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, 2024)

(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 2025

| 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 2025

| 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. | FIH Mauritius Investments Ltd (Promoter) | Acceptance of deposits in current account or any other similar/other types of accounts permitted to be opened under applicable laws. | From the date of 103rd Annual General Meeting (i.e August 23, 2024) upto the date of 104th Annual General Meeting (i.e August 26, 2025) (both days inclusive) of the Bank. | The value of each transaction/ value of all transactions together/ the balance in any such account for which approval accorded, on any day, shall not exceed ₹ 5,000 crores.<br>Currently, no interest is paid by the Bank on current account balance maintained by a customer. The Bank levies normal banking charges on the current account customers for various services.<br>For any other similar accounts/other types of accounts, levy of charges, fees, and payment interest, as applicable, shall be made in accordance with the Bank's policies and RBI norms, and further the same is in line with or similar to all customers who are not related to/ part of any related parties of the Bank. | The Audit Committee and the Board, in their respective meetings held on July 29, 2024, and approval of the shareholders at the 103rd Annual General Meeting of the Bank held on August 23, 2024. | No advance paid |

ANNEXURE - V (Contd.)

| 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 |
|---|---|---|---|---|---|---|
| 2. | FIH Private Investments Ltd (Promoter Group) | Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws. | From the date of 103rd Annual General Meeting (i.e August 23, 2024) upto the date of 104th Annual General Meeting (i.e August 26, 2025) (both days inclusive) of the Bank. | The value of each transaction/ value of all transactions together/ the balance in any such account for which approval accorded, on any day, shall not exceed ₹ 5,000 crores.<br>Currently, no interest is paid by the Bank on current account balance maintained by a customer. The Bank levies normal banking charges on the current account customers for various services.<br>For any other similar accounts/other types of accounts, levy of charges, fees, and payment interest, as applicable, shall be made in accordance with the Bank's policies and RBI norms, and further the same is in line with or similar to all customers who are not related to/ part of any related parties of the Bank. | The Audit Committee and the Board, in their respective meetings held on July 29, 2024, and approval of the shareholders at the 103rd Annual General Meeting of the Bank held on August 23, 2024. | No advance paid |
| 3. | FIH Mauritius Investments Ltd (Promoter) | Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange | From the date of 103rd Annual General Meeting (i.e August 23, 2024) upto the date of 104th Annual General Meeting (i.e August 26, 2025) (both days inclusive) of the Bank. | The Bank offers or undertakes such transactions as an authorised dealer in the normal course of its banking business. However, the value of such banking transactions may not exceed ₹ 5000 Crores under any circumstances.<br>The terms of transactions are based on the requirements of the Bank and related parties and is subject to RBI norms and Bank's internal policies of respective products which are applicable to all customers (related/ unrelated). | The Audit Committee and the Board, in their respective meetings held on July 29, 2024, and approval of the shareholders at the 103rd Annual General Meeting of the Bank held on August 23, 2024. | No advance paid |
| 4. | FIH Private Investments Ltd (Promoter Group) | Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange | From the date of 103rd Annual General Meeting (i.e August 23, 2024) upto the date of 104th Annual General Meeting (i.e August 26, 2025) (both days inclusive) of the Bank. | The Bank offers or undertakes such transactions as an authorised dealer in the normal course of its banking business. However, the value of such banking transactions may not exceed ₹ 5000 Crores under any circumstances. | The Audit Committee and the Board, in their respective meetings held on July 29, 2024, and approval of the shareholders at the 103rd Annual General Meeting of the Bank held on August 23, 2024. | No advance paid |

ANNEXURE - V (Contd.)

| 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 |
|---|---|---|---|---|---|---|
| | | | | The terms of transactions are based on the requirements of the Bank and related parties and is subject to RBI norms and Bank's internal policies of respective products which are applicable to all customers (related/ unrelated). | | |

*# For further details, please refer to 'Accounting Standard 18 -Related Party Disclosures' provided in Schedule 18, which forms part of the financial statements.*

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place: Thrissur
Date: June 24, 2025

# ANNEXURE - VI

## 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 2024–25 is no exception, and the Bank in the said financial year spent the entire amount 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 2024-25, the Bank has performed its CSR activities through own initiatives and also 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 organisation 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 2024-25 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. | Ms. Renu Kohli, Independent Director | Chairperson | 4 | 4 |
| 2. | Mr. Pralay Mondal, Managing Director & CEO | Member | 4 | 4 |
| 3. | Mr. Sumit Maheshwari, Non-Executive Director | Member | 4 | 4 |
| 4. | Mr. Sudhin Choksey, Independent Director | Member | 4 | 4 |
| 5. | Ms. Sharmila Abhay Karve, Independent Director* | Member | 4 | 1 |
| 6. | Ms. Bhama Krishnamurthy, Independent Director^ | Chairperson | 4 | 1 |

** Ms. Sharmila Abhay Karve was appointed as Member of the Committee w.e.f. September 29, 2024.*

*^Ms. Bhama Krishnamurthy ceased to be a member of the Committee with effective from September 29, 2024 upon completion of tenure of appointment as an Independent Director on September 28, 2024.*

Except as mentioned above. there was no change in the composition of the CSR Committee during the financial year 2024-25.

ANNEXURE - VI (Contd.)

**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_w.e.f.13.12.2024_23012025.pdf |
| CSR Policy : | https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.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 for the financial year.

**5. (a) Average net profit of the company as per sub-section (5) of section 135.**

| | | |
|---|---|---|
| | Financial Year 2021-22 : | ₹ 595.87 Crore |
| | Financial Year 2022-23 : | ₹ 733.81 Crore |
| | Financial Year 2023-24 : | ₹ 754.42 Crore |
| | Average Net Profit/(Loss) before tax of the Bank for the last 3 financial years : | ₹ 694.70 Crore |
| (b) | Two percent of average net profit of the company as per sub-section (5) of section 135. | ₹ 13.89 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)] | ₹ 13.90 Crore |

| | | |
|---|---|---|
| **6. (a)** | **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).** | ₹ 6.11 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)]. | ₹ 6.11 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 |
| ₹ 6,11,07,000.00 | ₹ 7,78,93,000.00 | 17.04.2025 | --Nil– | | |

(f) Excess amount for set off, if any

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | ₹ 13.90 Crore |
| (ii) | Total amount spent for the Financial Year | ₹ 6.11 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 ₹) | Amount Spent in The Financial Year (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 | | |
| 1. | FY 2023-24 | ₹ 3,79,04,186.00 | ₹ 3,79,04,186.00 | Nil | Nil | NA | Nil | Nil |
| 2. | FY 2022-23 | Nil | | | | | | |
| 3. | FY 2023-24 | Nil | | | | | | |

**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).**

The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 6.00 Crore, however, there was a delay in execution of the project due to delays in the readiness of dialysis centres that resulted in centres not being ready for installations of dialysis machines and these resulted in impeding the progress of the completion of the project as committed by the foundation at the time of sanctioning the fund. The Bank, hence, on request of the foundation, decided to classify the project as an ongoing project with an additional contribution of ₹ 1.79 Crores, which is expected to be completed on or before March 31, 2026.

The unspent amount of ₹ 7.79 Crores pertaining to the said ongoing projects were transferred to Unspent CSR account on April 17, 2025 which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2026.

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
(DIN: 00117994)

**Sd/-**
**Renu Kohli**
Chairperson – CSR Committee
(DIN: 07981627)

Place : Thrissur
Date: June 24, 2025

# ANNEXURE - VII

## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025**

*[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**
**CIN: L65191KL1920PLC000175**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CSB Bank Limited (hereinafter called 'the Bank'). 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 financial year ended March 31, 2025 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 March 31, 2025 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. The Bank has not made any Overseas Direct Investment and does not have External Commercial Borrowings during the financial year.

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, 2013 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 to the Bank 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 read with applicable circulars/notifications/guidelines issued by Reserve Bank of India from time to time.

   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.

   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.

**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 to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice 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
Unique Identification No: P1981MH043700
Peer Review Certificate No.: 6157/2024

**Sd/-**
**Manisha Maheshwari**
Partner
FCS No.: 13272; C P No.: 11031
Mumbai | June 24, 2025
ICSI UDIN: F013272G000649811

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 financial year ended **March 31, 2025** 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. Wherever 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
Unique Identification No: P1981MH043700
Peer Review Certificate No.: 6157/2024

**Sd/-**
**Manisha Maheshwari**
Partner
FCS No.: 13272; C P No.: 11031
Mumbai | June 24, 2025
ICSI UDIN: F013272G000649811

# ANNEXURE - VIII

## PARTICULARS OF EMPLOYEES

The Bank had 7616 employees as on March 31, 2025. 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:

**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 2024-25 | **Part-time Chairperson (Non-Executive Independent)**<br>Ms. Bhama Krishnamurthy– Refer Note I (April 01, 2024 to September 28, 2024)* | 7.25 x |
| | | **Managing Director & CEO**<br>Mr. Pralay Mondal – Refer Note II | 107.94 x |
| | | **Executive Director**<br>Mr. B K Divakara – Refer Note III | 31.73 x |
| | | **Independent Director**<br>Ms. Sharmila Abhay Karve – Refer Note IV | 6.00 x |
| | | **Independent Director**<br>Mr. Sharad Kumar Saxena – Refer Note IV | 8.69 x |
| | | **Independent Director**<br>Mr. Sudhin Choksey – Refer Note IV | 7.39 x |
| | | **Independent Director**<br>Ms. Renu Kohli – Refer Note IV | 5.58 x |
| | | **Independent Director**<br>Mr. Deepak Maheshwari – Refer Note IV (May 12, 2024 to March 31, 2025) | 7.11 x |
| | | **Independent Director**<br>Mr. Narasimha Raju Narasappa Doddahosahalli – Refer Note IV (December 13, 2024 to March 31, 2025) | 1.44 x |
| | | **Independent Director**<br>Mr. Sunil Srivastav– Refer Note IV (April 01, 2024 to June 08, 2024)^ | 1.36 x |
| | | **Independent Director**<br>Mr. Biswamohan Mahapatra– Refer Note IV (April 01, 2024 to June 14, 2024)# | 1.58 x |
| 2 | The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2024-25 | **Managing Director & CEO**<br>Mr. Pralay Mondal – Refer Note II | 3.07% |
| | | **Executive Director**<br>Mr. B K Divakara– Refer Note III | N.A |
| | | **Chief Financial Officer**<br>Mr. Satish Gundewar | 7.31% |
| | | **Company Secretary**<br>Mr. Sijo Varghese | 12.34% |

**ANNEXURE - VIII (Contd.)**

| | | |
|---|---|---|
| 3 | The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2024-25 | Median remuneration of the employees in the financial year 2024-25 stood at 29.33 %, as compared to 23.65% in the previous financial year 2023-24. |
| 4 | The number of permanent employees on the rolls of the Bank as on March 31, 2025 | Bank has 7616 permanent employees as on March 31, 2025. |
| 5 | Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2024-25 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 2024-25 has increased by 25.62 % due to hiring made at senior management level other than managerial personnel. The average percentage of the salaries of the managerial personnel (Managing Director & CEO, Executive Director, Chief Financial Officer and Company Secretary) in FY 2024-25 has increased by 23.38%. There are no exceptional circumstances for an increase in managerial remuneration. |
| 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 |

** Ceased to be Part-time Chairperson and Non-Executive Independent of the Bank w.e.f. September 29,2024 up on completion of tenure of appointment on September 28, 2024.*

*^ Ceased to be an Independent Director of the Bank w.e.f. June 9, 2024, up on completion of tenure of appointment on June 8, 2024.*

*# Resigned from the position of Independent Director of the Bank on June 14, 2024.*

**Note:**

I. Ms. Bhama Krishnamurthy was appointed as the Non-Executive Independent Chairperson of the Bank for the period from November 17, 2022 to September 28, 2024. There is no increase in the percentage of remuneration paid to Ms. Bhama Krishnamurthy during the period, who apart from being paid sitting fees for the Board/Committee meetings attended, is also eligible to a honorarium of ₹ 18 lakh per annum as per the approval of Reserve Bank of India. Remuneration disclosed is for the period up to September 28, 2024.

II. The Bank, on October 22, 2024, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,42,00,000 p.a. to ₹ 2,54,00,000 p.a., with effect from April 1, 2024.

The Bank, on October 22, 2024, 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 ₹ 2,42,00,000 to Mr. Pralay Mondal, Managing Director & CEO, for the performance period from April 01, 2023 to March 31, 2024, out of which ₹ 1,62,14,000/- shall be in non-cash form (stock options) and the balance in cash.

III. Mr. B K Divakara was appointed as the Executive Director and Key Managerial Personnel of the Bank w.e.f. March 15, 2024. From the date of his appointment as an Executive Director till March 31, 2025, there was no increase in his remuneration in the said role. Remuneration paid to Mr. B K Divakara for the FY 2024-25 also includes the arrears for the period from March 15, 2024 to March 31, 2024 for his position as Executive Director.

IV. During the financial year under review, the Bank has not paid any compensation in the form of fixed remuneration to Non-Executive Independent Directors of the Bank except for the payment of honorarium to Ms. Bhama Krishnamurthy in the Capacity as the Chairperson of the Bank as per approval received from RBI. Hence sitting fees paid to other Non-Executive Independent Directors have been considered as remuneration while calculating the ratio of the remuneration to the median remuneration of the employees of the Bank. No sitting was paid to Non-Executive Non-Independent Directors for attending the meeting of the Board and its Committees.

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. 1.

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place: Thrissur
Date: June 24, 2025

# REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE FRAMEWOK AT CSB BANK

CSB Bank's corporate governance framework is anchored on three core pillars: an effective and independent Board, a clear separation between the Board's supervisory role and executive management, and specialised board level committees that oversee critical areas and functions. As of March 31, 2025, the majority of these board-level committees were predominantly comprised of independent directors, with most committees chaired by independent directors. This structure ensures a high level of transparency and accountability in the Bank's operations.

## BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

CSB Bank's corporate governance philosophy underscores the paramount importance of fostering corporate fairness, operational excellence, transparency, accountability, integrity, social responsibility, and stringent regulatory compliance. The Bank's code of conduct is entrenched in this philosophy, reflecting its unwavering commitment to achieving superior performance across its portfolio, operations, and reputation, with a concerted effort towards optimising systems and controls. The Bank consistently adapts to dynamic corporate governance practices and strives to benchmark its standards against global best practices to maximise stakeholder value.

The Bank firmly believes that robust corporate governance is essential to fortify and sustain stakeholder trust. This commitment extends beyond mere legal compliance, reflecting a deeply ingrained ethos of ethical and responsible business conduct. To this end, the Bank meticulously oversees its governance frameworks, policies, and practices, as well as the actions and decisions of senior management and key stakeholders. It strategically harnesses its extensive resources to seize opportunities, advance its corporate vision and mission, and foster a culture of dynamism and entrepreneurial spirit across its workforce.

As a banking institution, your Bank serves as a custodian of public money, upholding the highest standards of corporate governance with a commitment to ensuring accountability, fairness, diversity, and transparency, taking extraordinary measures in governance matters to earn the public's trust and goodwill. The corporate governance principles are being followed by the Bank to ensure that Bank takes into account the interest of not only of a group of people who have a right to access in resources and decision but also of the communities within which it operates. This approach is central to its operations, with the Board of Directors acting as the guiding force, laying down robust principles, foundations, policies, and processes for the day-to day functioning of the Bank, implementation of its business strategy, all while 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 honesty and ethical conduct, including adherence to proper and ethical procedures in all business dealings of the Bank and thereby upholding exemplary 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 and business organisation. The Directors and the members of the Senior Management, while discharging their duties at their office, must act honestly and with due diligence. 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, an affirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior Management, forms part of this 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

In line with the Bank's corporate governance philosophy and principles, your Bank has a broad-based board comprises of seasoned professionals from various backgrounds with a diversity of thought, background, skills, expertise, and integrity which ultimately creates a culture of leadership in the Bank to deliver a long term vision, ensure good governance and protect interest of all stakeholders. Prioritising independence and diversity within the board, your Bank ensures robust oversight and strategic direction, crucial for sustaining long-term success and stakeholder interests.

The constitution of Board is 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 align with the best corporate governance practices.

The Bank, as on March 31, 2025, has ten (10) directors on its Board and the Composition of Board are furnished as under:

| Sl. No. | Name of the Director | Nature of Directorship | Category |
|---|---|---|---|
| 1. | Mr. Pralay Mondal | Managing Director & CEO | Executive Director |
| 2. | Mr. B K Divakara | Whole-time Director | Executive Director |
| 3. | Mr. Madhavan Menon | Non – Executive Director | Non–Independent |
| 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. Sharad Kumar Saxena | Non – Executive Director | Independent |
| 8. | Ms. Renu Kohli | Non – Executive Director | Independent |
| 9. | Mr. Deepak Maheshwari# | Non – Executive Director | Independent |
| 10. | Mr. D N Narasimha Raju$ | Non – Executive Director | Independent |

**Re-appointed as Director (Non-executive, Non- Independent category) of the Bank at the Annual General Meeting (AGM) of the Bank held on August 23, 2024, liable to retire by rotation.*

*#Appointed as Director (Non-Executive, Independent category) of the Bank for a tenure of 3 (Three) years with effect from June 12, 2024, at the Annual General Meeting of the Bank held on August 23, 2024.*

*$Appointed as Director (Non-Executive, Independent category) of the Bank for a tenure of 3 (Three) years with effect from December 13, 2024, as per the resolution passed through Postal Ballot dated February 6, 2025.*

The position of the Chairperson was vacant as on March 31, 2025.

None of the Directors on the Board hold the office of Director in more than 20 companies, including 10 public companies, as required under Section 165 of the Act read with Rules framed thereunder and none of the Directors of the Bank are related to each other. None of the IDs serve as IDs in more than seven listed entities. In accordance with Regulation 26 of the SEBI Listing Regulations, none of the Directors are members in more than 10 committees or act as chairperson of more than 5 committees (the committees being, Audit Committee and Stakeholders' Relationship Committee) across all public limited companies in which he/she is a Director. All Non-Independent Directors, except Managing Director & CEO on the Board are liable to retire by rotation.

The required information, including information as enumerated in Regulation 17(7) read with Part A of Schedule II of the SEBI Listing Regulations, is made available to the Board of Directors, for discussion and consideration at Board Meetings.

## 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

**Mr. Pralay Mondal**

**DIN:** 00117994

**Managing Director & Chief Executive Officer**

**Educational qualification :** B.Tech (IIT - Kharagpur ) and MBA (IIM - Calcutta)

**Date of Joining the Board :** February 17, 2022

**Sectorial representation on the Board :** Banking, Agriculture and Rural Economy

**Tenure on the Board :** > 3 Year

**No. of shares held :** 48,375

Mr. Pralay Mondal has been elevated and 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.

Mr. Pralay Mondal has over 30 years of experience in leading banking companies across multiple business segments and functions, including retail assets, retail liabilities, business banking, products and technology.

Prior to joining CSB Bank, Mr. Pralay Mondal was Executive Director and Head of Retail Banking at Axis Bank during the period April 2019 to September 2020. He was also a Director and Chairman in Axis Securities Limited and was a Director in Axis Finance Limited. Before joining Axis Bank, Mr. Pralay was the Senior Group President and Head of Retail and Business Banking at Yes Bank (June 2012 – March 2019). He was on the Board of YES Securities (India) Limited which is a 100% subsidiary of YES Bank Limited. Before joining YES Bank, Mr. Pralay Mondal was Group Head, Retail Assets & Payments Business at HDFC Bank (2000 – 2012), prior to which he had built the Liability Sales Franchise in the Bank. He was also on the board of HDB Financial (NBFC & 100% subsidiary of HDFC Bank) and HBL Global, holding Sales Company of HDFC Bank.

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.

**Mr. B K Divakara**

**DIN**: 06439053

**Executive Director**

**Educational qualification :** BBM, ACA, ACMA and ACS

**Date of Joining the Board :** March 15, 2024

**Sectorial representation on the Board :** Banking, Accountancy, Agriculture and Rural Economy, Economics, Finance, Law, Small Scale Industry, Risk Management and Human Resources

**Tenure on the Board :** > 1 Year

**No. of shares held :** Nil

Mr. B K Divakara has been elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank for a tenure of three (3) years with effect from March 15, 2024, pursuant to receipt of the approval of Reserve Bank of India. Mr. B. K. Divakara was holding the position of Head - Strategy & Corporate Legal at the Bank with effect from June 5, 2023 till March 14, 2024. Prior to that, he had held the position of Chief Financial Officer from February 5, 2020 till June 4, 2023.

Mr. B K Divakara has varied banking experience spanning across different spheres over a period of 37 years. He had worked closely in Finance, Credit, Priority Sector Lending, Balance Sheet Management, Profit Planning & Forecasting, Capital Raising Program, Investors Relations, Credit Monitoring, Recoveries, Operations, Treasury, Internal Audit, Risk Management, Transaction Banking etc. and gained enough experience. Prior to joining the CSB Bank, Mr. B K Divakara was Executive Director of Central Bank of India for a period of five years, from January 23, 2014 to January 22, 2019. He had held various senior positions at Corporation Bank, including that of General Manager, Credit, till he moved to Central Bank of India. He was also the Non-Executive Chairperson of Centbank Financial Services Ltd. and Centbank Home Finance Ltd.

**Mr. Madhavan Menon**

**DIN:** 00008542

**Non-Executive Non-Independent Director**

**Educational qualification :** BA (Business), MBA (Finance & International Business)

**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 :** <7 years

**No. of shares held :** 9897

Mr. Madhavan Menon was the Part-time Chairperson of the Bank for the period from April 22, 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 Non- Executive Chairperson 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 was the Executive Chairperson of TCIL, till May 31, 2025.

**Mr. Sumit Maheshwari**

**DIN:** 06920646

**Non-Executive Non-Independent Director**

**Educational qualification :** M.Com, MBA and ACA

**Date of Joining the Board :** September 03, 2018

**Sectorial representation on the Board :** Economics, Finance, Accountancy, Business Management and Risk Management

**Tenure on the Board :** > 6 Years

**No. of shares held :** Nil

Mr. Sumit Maheshwari has been the Managing Director & CEO of Fairbridge Capital since May 2018, playing a pivotal role in sourcing, evaluating, negotiating, and executing investment opportunities. Since joining Fairbridge in 2011, he has overseen key investments in Bangalore International Airport, Sanmar Group, CSB Bank, Fairchem Organics, and several others. Sumit also serves on the boards of various Fairfax portfolio companies.

A seasoned investment professional with deep experience in both private and public Indian companies, Mr. Sumit manages over $7 billion in Indian investments for Fairfax Financial Holdings and Fairfax India Holdings. He excels in conducting due diligence, managing high governance, and providing strategic direction to portfolio companies. His success is driven by his ability to partner with high-quality business owners, maintain strong governance, and nurture relationships with stakeholders. Mr. Sumit is deeply connected within the Indian business community and is an active member of the Young Presidents' Organisation (Mumbai Chapter).

Before Fairbridge, Mr. Sumit worked with KPMG in India and the UK, specialising in audit and advisory services. He is a Chartered Accountant and holds a Post Graduate Program in Management from the Indian School of Business, Hyderabad. Mr. Sumit is a value-investing advocate, committed to creating long-term sustainable growth in India.

**Ms. Sharmila Abhay Karve**

**DIN:** 05018751

**Non-Executive Independent Director**

**Educational qualification :** B.Com and FCA

**Date of Joining the Board :** July 20, 2020

**Sectorial representation on the Board :** Economics, Finance and Accountancy

**Tenure on the Board :** <5 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 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 :** B.Com and FCA

**Date of Joining the Board :** March 30, 2021

**Sectorial representation on the Board :** Banking, Finance, Small Scale Industry, Accountancy and Risk Management

**Tenure on the Board** : > 4 years

**No. of shares held :** 6000

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

Executive Director and Managing Director. At Bandhan Bank, he was the vertical head of the housing finance business. He was the recipient of BUSINESS LEADER – FINANCIAL SERVICES Award for 2015 from The Institute of Chartered Accountants of India, New Delhi.

**Mr. Sharad Kumar Saxena**
**DIN:** 08238872
**Non-Executive Independent Director**
**Educational qualification :** B.E. (Electronics & Telecommunication) and Certified Information System Auditor
**Date of Joining the Board :** February 19, 2022
**Sectorial representation on the Board:** Banking, Information Technology and Payment & Settlement System
**Tenure on the Board :** > 3 Year
**No. of shares held :** 5000

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. He 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 digitisation.

**Ms. Renu Kohli**
**DIN:** 07981627
**Non-Executive Independent Director**
**Educational qualification :** D.Phil (Economics)
**Date of Joining the Board :** December 14, 2023
**Sectorial representation on the Board :** Banking, Economics, Agriculture & Rural Economy and Small Scale Industry
**Tenure on the Board :** > 1 Year
**No. of shares held :** Nil

Ms. Renu Kohli, is an economist with research and practitioner experience on macroeconomic policies and issues. She is currently the Senior Fellow, at the Centre for Social and Economic Progress (CSEP) an independent, public policy think tank based in New-Delhi. She has previously worked with the RBI, the IMF and thinktanks including ICRIER and the Institute of Economic Growth. Her work has focused on financial sector liberalisation, capital flows and exchange rate management in emerging markets with special India focus, international macroeconomic coordination, and recently, the macroeconomic impact of decarbonisation in India. She has diverse exposure to central banking and macroeconomic surveillance. Ms. Renu Kohli has been published in refereed journals such as the Review of Development Economics, Journal of Development Studies, Journal of Asian Economics, Oxford University Press, IMF Working Papers, RBI Staff papers, and contributed to edited volumes. She has exposure to multilateral surveillance including Article IV missions; as short-term expert with IMF Institute, her training missions include courses on financial programming & policies and macroeconomic diagnostics. Ms. Renu Kohli has wider engagement with the private financial sector and investors through talks, presentations and consultation on Indian macroeconomic policies.

**Mr. Deepak Maheshwari**
**DIN:** 08163253
**Non-Executive Independent Director**
**Educational qualification :** B.Com and CAIIB
**Date of Joining the Board :** June 12, 2024
**Sectorial representation on the Board :** Banking, Agriculture & Rural Economy, Small Scale Industry and Risk Management
**Tenure on the Board :** >1 Year
**No. of shares held :** Nil

Mr. Deepak Maheshwari is an experienced banker with an impressive career spanning over four decades in top banking institutions in the country. He has a proven track record of building best-in-class loan portfolios across the Banks in which he had worked. His expertise extends to credit decision making, credit underwriting and monitoring of large credit exposures. He possesses expert knowledge of banking regulations, including relevant policy matters, familiarity with corporate groups, and expertise within a variety of industrial sectors across India. Mr. Deepak Maheshwari held various positions in State Bank of India, HDFC Bank and Axis Bank. He was the Independent Director on the Board of Federal Bank Limited in 2018.

**Mr. D N Narasimha Raju**
**DIN**: 01070476
**Non-Executive Independent Director**
**Educational qualification :** M.Sc (Horticulture) and Master of Business Law
**Date of Joining the Board :** December 13, 2024
**Sectorial representation on the Board :** Agriculture & Rural economy, Co-operation, Law, Small Scale Industry, Economics, Finance and Human Resources
**Tenure on the Board :** <1Year
**No. of shares held :** Nil

Mr. D N Narasimha Raju is a Karnataka cadre IAS officer of 1984 batch with over three decades of diverse and rich experience in various fields. During his career, he has held various significant positions in both Government of India and Government of Karnataka, which includes Policy formulation and implementation levels in several sectors such as revenue, finance, industry, Governance, urban governance, labour, commerce, and energy. He has also served as Additional Chief Secretary / Principal Secretary to the Chief Minister, Government of Karnataka and was the Joint Secretary in Ministry of Petroleum and Natural Gas, Government of India. Since his superannuation in 2016, he has served in various positions such as State Chief Information Commissioner ("SCIC") at Karnataka Information Commission, Chief Executive Officer of the National Institute for Smart Government ("NISG"), New Delhi, and Director of the Southern Regional Centre, TERI Bangalore. He was earlier on the Board of Bharat Petroleum Corporation Limited, Oil India Limited, ONGC Videsh Limited, Gas Authority of India Limited, Bangalore Metro Rail Corporation Limited and several other Public Sector Undertakings at the central and state level.

## 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, Small Scale Industry, 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. Mr. Pralay Mondal |
| | 2. Mr. B K Divakara |
| | 3. Mr. Sharad Kumar Saxena |
| | 4. Ms. Renu Kohli |
| | 5. Mr. Madhavan Menon |
| | 6. Mr. Sudhin Choksey |
| | 7. Mr. Deepak Maheshwari |
| Economics | 1. Mr. B K Divakara |
| | 2. Mr. Sumit Maheshwari |
| | 3. Ms. Sharmila Abhay Karve |
| | 4. Ms. Renu Kohli |
| | 5. Mr. D N Narasimha Raju |
| | 6. Mr. Madhavan Menon |

REPORT ON CORPORATE GOVERNANCE (Contd.)

| Nature of interest/ core skills/expertise/ competencies | Name of the Director having the identified Skill/ Expertise/ Competencies |
|---|---|
| Finance | 1. Mr. B K Divakara |
| | 2. Mr. Sumit Maheshwari |
| | 3. Ms. Sharmila Abhay Karve |
| | 4. Mr. D N Narasimha Raju |
| | 5. Mr. Madhavan Menon |
| | 6. Mr. Sudhin Choksey |
| Information Technology and Payment and Settlement Systems | 1. Mr. Sharad Kumar Saxena |
| Accountancy | 1. Mr. B K Divakara |
| | 2. Mr. Sumit Maheshwari |
| | 3. Ms. Sharmila Abhay Karve |
| | 4. Mr. Sudhin Choksey |
| Human Resources | 1. Mr. B K Divakara |
| | 2. Mr. D N Narasimha Raju |
| | 3. Mr. Madhavan Menon |
| Risk Management | 1. Mr. B K Divakara |
| | 2. Mr. Sumit Maheshwari |
| | 3. Mr. Sudhin Choksey |
| | 4. Mr. Deepak Maheshwari |
| Business Management | 1. Mr. Sumit Maheshwari |
| | 2. Mr. Madhavan Menon |
| Small Scale Industry | 1. Mr. B K Divakara |
| | 2. Ms. Renu Kohli |
| | 3. Mr. D N Narasimha Raju |
| | 4. Mr. Sudhin Choksey |
| | 5. Mr. Deepak Maheshwari |
| Agriculture and Rural Economy | 1. Mr. Pralay Mondal |
| | 2. Mr. B K Divakara |
| | 3. Ms. Renu Kohli |
| | 4. Mr. D N Narasimha Raju |
| | 5. Mr. Deepak Maheshwari |
| Law | 1. Mr. B K Divakara |
| | 2. Mr. D N Narasimha Raju |
| Co-operation | 1. Mr. D N Narasimha Raju |

**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 August 23, 2024 |
|---|---|---|---|---|---|---|
| **Part-time Chairperson -Independent** | | | | | | |
| Ms. Bhama Krishnamurthy* | Non – Executive | Independent | 5 | 5 | 100% | Present |
| **Managing Director & CEO** | | | | | | |
| Mr. Pralay Mondal | Executive | Non-Independent | 10 | 9 | 90% | Present |
| **Whole-Time Director** | | | | | | |
| Mr. B K Divakara | Executive | Non-Independent | 10 | 10 | 100% | Present |
| **Non – Executive Directors** | | | | | | |
| Mr. Madhavan Menon | Non - Executive | Non-Independent | 10 | 10 | 100% | Present |
| Mr. Sumit Maheshwari | Non - Executive | Non-Independent | 10 | 10 | 100% | Present |
| **Independent Directors** | | | | | | |
| Ms. Sharmila Abhay Karve | Non - Executive | Independent | 10 | 10 | 100% | Present |
| Mr. Sunil Srivastav# | Non - Executive | Independent | 2 | 2 | 100% | NA |
| Mr. Sudhin Choksey | Non - Executive | Independent | 10 | 9 | 90% | Present |
| Mr. Sharad Kumar Saxena | Non - Executive | Independent | 10 | 10 | 100% | Present |
| Mr. Biswamohan Mahapatra@ | Non - Executive | Independent | 2 | 2 | 100% | NA |
| Ms. Renu Kohli | Non - Executive | Independent | 10 | 9 | 90% | Present |
| Mr. Deepak Maheshwari | Non - Executive | Independent | 8 | 8 | 100% | Present |
| Mr. D N Narasimha Raju | Non - Executive | Independent | 3 | 3 | 100% | NA |

**Ceased to be Part-time Chairperson of the Bank w.e.f. September 29, 2024, and also ceased to be Non-Executive & Independent Director of the Bank with effect from the said date upon completion of tenure of appointment on September 28, 2024.*

*#Ceased to be an Independent Director of the Bank w.e.f. June 8, 2024, upon completion of his tenure of appointment.*

*@Ceased to be an Independent Director of the Bank w.e.f. June 14, 2024, due to resignation.*

**BOARD MEETINGS**

During the Financial Year 2024–25, your Bank had ten (10) Board Meetings, as detailed below:

| | | | | |
|---|---|---|---|---|
| April | April 26, 2024 | October | October 24, 2024 | |
| May | May 20, 2024 | December | December 13, 2024 | December 18, 2024 |
| June | April 26, 2024 | January | January 28, 2025 | |
| July | July 29, 2024 | March | March 11, 2025 | |
| September | September 19, 2024 | | | |

REPORT ON CORPORATE GOVERNANCE (Contd.)

### DIRECTORSHIP DETAILS OF THE DIRECTORS IN THE PUBLIC ENTITIES AS ON MARCH 31, 2025

| Sl. No. | Name of the Director | Names of the Public Entities in which he/she is Director including the Bank | Category Directorships |
|---|---|---|---|
| 1. | Mr. Pralay Mondal | 1. CSB Bank Limited | Executive Director |
| 2. | Mr. B K Divakara | 1. CSB Bank Limited | Executive Director |
| 3. | Mr. Madhavan Menon | 1. CSB Bank Limited | Non-Executive Director |
| | | 2. Thomas Cook (India) Limited | Executive Chairperson |
| | | 3. Sterling Holiday Resorts Limited | Director |
| | | 4. SOTC Travel Limited | Director |
| | | 5. Travel Corporation (India) Limited | Director |
| 4. | Mr. Sumit Maheshwari | 1. CSB Bank Limited | Non-Executive Director |
| | | 2. Fairchem Organics Limited | Nominee Director |
| | | 3. Thomas Cook (India) Limited | Director |
| | | 4. Chemplast Sanmar Limited | Director |
| | | 5. National Commodities Management Services Limited | Nominee Director |
| | | 6. Sterling Holiday Resorts Limited | Director |
| | | 7. Bangalore International Airport Limited | Nominee Director |
| | | 8. Seven Islands Shipping Limited | Nominee Director |
| | | 9. Anchorage Infrastructure Investments Holdings Limited | Director |
| 5. | Ms. Sharmila Abhay Karve | 1. CSB Bank Limited | Independent Director |
| | | 2. EPL Limited | Independent Director |
| | | 3. Syngene international limited | Independent Director |
| | | 4. Aadhar Housing Finance Limited | Independent Director |
| | | 5. Thomas Cook (India) Limited | Independent Director |
| | | 6. Vanaz Engineers Limited | Independent Director |
| 6. | Mr. Sudhin Choksey | 1. CSB Bank Limited | Independent Director |
| | | 2. Gujarat Ambuja Exports Limited | Independent Director |
| | | 3. Fairchem Organics Limited | Independent Director |
| | | 4. India Shelter Finance Corporation Limited | Nominee Director |
| | | 5. The Sandesh Limited | Independent Director |
| | | 6. Asahi Songwon Colors Limited | Independent Director |
| | | 7. Anchorage Infrastructure Investments Holdings Limited | Independent Director |
| | | 8. ArMee Infotech Limited | Independent Director |
| 7. | Mr. Sharad Kumar Saxena | 1. CSB Bank Limited | Independent Director |
| | | 2. Thomas Cook (India) Limited | Independent Director |
| 8. | Ms. Renu Kohli | 1. CSB Bank Limited | Independent Director |
| | | 2. National Commodities Management Services Limited | Independent Director |
| 9. | Mr. Deepak Maheshwari | 1. CSB Bank Limited | Independent Director |
| | | 2. Axis Finance Limited | Independent Director |
| 10. | Mr. D N Narasimha Raju | 1. CSB Bank Limited | Independent Director |
| | | 2. Bangalore International Airport Limited | Independent Director |
| | | 3. Mangalore SEZ Limited | Independent Director |

### COMMITTEE MEMBERSHIP AND CHAIRPERSONSHIP DETAILS OF THE DIRECTORS AS ON MARCH 31, 2025

| Sl. No. | Name of the Director | No of Independent Directorship in listed Entities including the Bank | No. of Committee Memberships | | No. of Committee Chairpersonship | |
|---|---|---|---|---|---|---|
| | | | ACB | SRC | ACB | SRC |
| 1. | Mr. Pralay Mondal | 0 | 0 | 1 | 0 | 0 |
| 2. | Mr. B K Divakara | 0 | 0 | 0 | 0 | 0 |
| 3. | Mr. Madhavan Menon | 0 | 1 | 1 | 0 | 0 |
| 4. | Mr. Sumit Maheshwari | 0 | 3 | 0 | 0 | 0 |
| 5. | Ms. Sharmila Abhay Karve | 5 | 6 | 1 | 4 | 1 |
| 6. | Mr. Sudhin Choksey | 5 | 5 | 3 | 4 | 0 |
| 7. | Mr. Sharad Kumar Saxena | 2 | 1 | 0 | 0 | 0 |
| 8. | Ms. Renu Kohli | 1 | 0 | 1 | 0 | 1 |
| 9. | Mr. Deepak Maheshwari | 1 | 2 | 1 | 0 | 0 |
| 10. | Mr. D N Narasimha Raju | 1 | 2 | 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:

a. 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.

b. None of the Directors of the Bank held Directorship in more than seven listed companies including the Bank.

c. 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 exercises its 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 meeting of the Board and its Committee 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 organisation and providing updates to senior management and the Board periodically. The Committees and the Board of Directors periodically review the status of the compliances with the applicable laws.

## BOARD SUPPORT

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for submission of Agenda pursuant to SEBI Listing regulation and Companies Act, 2013, and convening of Board and Committee Meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises and assures the Board on Compliance and Governance principles.

## RECORDING MINUTES OF PROCEEDINGS OF BOARD AND COMMITTEE MEETINGS

The Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee Meeting. The minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meetings as per the Secretarial Standards issued by The Institute of Company Secretaries of India.

## POST MEETING FOLLOW-UP MECHANISM

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report (if any) on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Committees for review.

## REMUNERATION OF THE DIRECTORS

### 1. Part-time Chairperson

Ms. Bhama Krishnamurthy (DIN: 02196839), Non-Executive Independent Director, was appointed as the Part-time Chairperson of the Bank 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 Ms. Bhama Krishnamurthy for the period from April 1, 2024 and upto September 28, 2024, was in accordance with the terms of appointment as approved by Reserve Bank of India and shareholders of the Bank.

Details of remuneration paid to Ms. Bhama Krishnamurthy for the financial year 2024-25 is given below:

| Name of the Chairperson | Honorarium | Sitting fee | Total |
|---|---|---|---|
| Ms. Bhama Krishnamurthy | ₹ 8,90,000.00 | ₹ 14,55,000.00 | ₹ 23,45,000.00 |

### 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) has been elevated and appointed as the Managing Director & CEO of the Bank for a period of three years with effect from September 15, 2022.

The Bank, on October 22, 2024, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,42,00,000 p.a. to ₹ 2,54,00,000 p.a., with effect from April 1, 2024.

The Bank, on October 22, 2024, 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 ₹ 2,42,00,000 to Mr. Pralay Mondal, Managing Director & CEO, for the performance period from April 01, 2023 to March 31, 2024, out of which ₹ 1,62,14,000/- shall be in the form of non-cash form (stock options) and the balance in cash. Pursuant to the said approval, the Nomination & Remuneration Committee of the Board on October 24, 2024, granted 1,43,435 stock options to Mr. Pralay Mondal at an exercise price of ₹ 303.15 per option, and the total value of the options granted is ₹ 1,62,13,892/- as per the fair value arrived at based on the Black-Scholes model.

Remuneration paid to Mr. Pralay Mondal, Managing Director & CEO for the financial year 2024-25 and disclosed includes payment of fixed pay made for the period from April 1, 2024, to March 31, 2025, and payment of variable pay (upfront ) for the performance period from April 1, 2023 to March 31, 2024 and the deferrals for the performance period starting from the financial year 2022-23.

The Bank obtained the approval of shareholders for payment of remuneration.

Details of remuneration paid to Mr. Pralay Mondal, Managing Director & CEO for the financial year 2024-25, are given below:

| Name of the Managing Director & CEO | Fixed Pay | Variable Pay Cash Component | | Total | Non-Cash Component Stock options granted | |
|---|---|---|---|---|---|---|
| | | Upfront | Deferred | | No. of Options | Exercise Price |
| Mr. Pralay Mondal | ₹ 2,47,14,050.30 | ₹ 39,93,000.00 | ₹ 61,94,619.00 | ₹ 3,49,01,669.30 | 1,43,435 Options | ₹ 303.15/ Option |

During the financial year 2024–25, Mr. Pralay Mondal, Managing Director & CEO exercised 78,375 options vested to him in the same period in line with the terms of the grant and as per CSB Employee Stock Option Scheme 2019 and the applicable provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

### 3. Executive Director

Pursuant to the receipt of approval from Reserve Bank of India on March 4, 2024, in terms of Section 35B of the Banking Regulation Act, 1949, Mr. B K Divakara (DIN:06439053) has been elevated and appointed as Executive Director (designated as Whole-time Director) of the Bank, for a period of three (3) years, with effect from March 15, 2024 up to March 14, 2027 (both dates inclusive). Reserve Bank of India further approved a fixed pay of ₹ 80,00,000 per annum to Mr. B K Divakara for the position as Executive Director.

The approval of the shareholders was obtained on April 18, 2024, for the appointment as well as the terms, including remuneration, of Mr. B K Divakara as Executive Director.

Remuneration paid to Mr. B.K. Divakara for the financial year 2024–25 and disclosed hereunder includes payment of fixed pay and variable pay and includes the arrears paid to him for the period from March 15, 2024 to March 31, 2024 for the said position.

REPORT ON CORPORATE GOVERNANCE (Contd.)

| Name of the Whole Time Director | Fixed Pay | Variable Pay | | Total | Non-Cash Component Stock options granted | |
|---|---|---|---|---|---|---|
| | | Cash Component | | | | |
| | | Upfront | Deferred | | No. of Options | Exercise Price |
| Mr. B.K. Divakara | ₹ 78,10,554.60 | ₹ 24,50,000.00* | - | ₹ 1,02,60,554.60 | - | - |

**Paid in the capacity of Head- Strategy & Corporate Legal*

### 4. Non-Executive Directors

Non–Executive Independent Directors were paid sitting fees at ₹ 85,000/- for attending the Board Meeting and ₹ 55,000/- for attending Management Committee, Audit Committee, Credit Committee and Risk Management Committee Meetings and ₹ 35,000/- for attending rest of the Committee Meetings with effect from June 30, 2023. Prior to that, Non–Executive Independent Directors were paid sitting fees at ₹ 75,000/- for attending the Board Meeting, ₹ 45,000/- for attending Management Committee, Audit Committee, Credit Committee and Risk Management Committee Meetings and ₹ 20,000/- for attending the rest of the Committee Meetings.

No sitting fee was paid during the financial year 2024-25 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 and Whole-time Director. However, the remuneration/honorarium paid to Ms. Bhama Krishnamurthy in their capacity as Part-time Chairperson of the Bank was in accordance with the terms of her 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 with 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 2024–25 are given below:

| Name of the Directors | | Amount |
|---|---|---|
| Ms. Bhama Krishnamurthy (April 01, 2024 to September 28, 2024) | Part-time Chairperson@ | ₹ 23,45,000 |
| Mr. Madhavan Menon | Non-Executive Directors# | NIL |
| Mr. Sumit Maheshwari | | NIL |
| Ms. Sharmila Abhay Karve | Non-Executive Independent Directors | ₹ 19,40,000 |
| Mr. Sudhin Choksey | | ₹ 23,90,000 |
| Mr. Sunil Srivastav (April 01, 2024 to June 07, 2024) | | ₹ 4,40,000 |
| Mr. Sharad Kumar Saxena | | ₹ 28,10,000 |
| Mr. Biswamohan Mahapatra (April 01, 2024 to June 14, 2024) | | ₹ 5,10,000 |
| Ms. Renu Kohli | | ₹ 18,05,000 |
| Mr. Deepak Maheshwari (June 12, 2024 to March 31, 2025) | | ₹ 23,00,000 |
| Mr. D N Narasimha Raju (December 13, 2024 to March 31, 2025) | | ₹ 4,65,000 |

*@ Amounts include the honorarium and the sitting fee paid during the financial year.*

*#No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.*

### SHAREHOLDING OF DIRECTORS

Directors' shareholdings in the Bank as on March 31, 2025, are given below:

| Sl. No. | Name of the Director | No. of shares | Percentage of holding |
|---|---|---|---|
| 1. | Mr. Pralay Mondal | 48,375 | 0.0279% |
| 2. | Mr. Madhavan Karunakaran Menon | 9,897 | 0.0057% |
| 3. | Mr. Sudhin Choksey | 6,000 | 0.0035% |
| 4. | Mr. Sharad Kumar Saxena | 5,000 | 0.0029% |

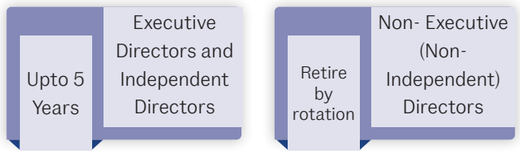
### CRITERIA FOR APPOINTMENT AS DIRECTOR OF THE BANK

Nomination & Remuneration Committee (NRC)/Committee 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. In terms of RBI Letter dated September 11, 2023, on RBI Governor's meeting with MD & CEOs of banks, the Bank also perform an independent assessment aided/ supplemented by internal due diligence/external agencies and institute a robust system and processes to strengthen the appointment/re-appointment process of directors in the Bank.

### PROCESS FOR THE 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, and others' periodicity of re-appointment of directors is as under:




### 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.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Directors of the Bank are encouraged to attend the training programmes being organised 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 2024-25, are available in the website of the Bank at the link: https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf

## RESIGNATION OF INDEPENDENT DIRECTOR

Mr. Biswamohan Mahapatra (DIN: 06990345) resigned from the position of the Non-Executive Independent Director of the Bank with effect from June 14, 2024, as he was not able to devote sufficient time for the work relating to his role as an Independent Director of the Bank due to his other personal and professional commitments.

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Clause 7B of Part A of Schedule III, Mr. Biswamohan Mahapatra confirmed that there are no material reasons for his resignation from the position of Independent Director of the Bank other than on personal and professional commitments.

## 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 specialised 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 are also necessary to manage the changes that result from a generational transfer of leadership as well as the ongoing changes that arise regularly when key personnel leave the Bank. The Succession Planning Policy of the Bank seeks to do so.

Nomination & 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, the 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, the committee of the Board was/were constituted/reconstituted and terms of reference of the committees were modified/ realigned 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.

## SUMMARY COMMITTEE MEETING ATTENDANCE OF DIRECTORS FOR FY 2024-25

| Sl. No. | Name of the Director | MC | CC | RMC | ACB | NPAMC | SRC | CMF | CSC | CSR | NRC | ITSC | RCWDNB |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total No. of Meetings held | | 16 | 5 | 4 | 9 | 4 | 4 | 4 | 4 | 4 | 11 | 4 | 0 |
| 1. | Ms. Bhama Krishnamurthy | 6 | 5 | 2 | NM | NM | NM | 2 | NM | 1 | 6 | NM | NM |
| 2. | Mr. Pralay Mondal | 16 | 5 | 4 | NM | 4SI | 4 | 4 | 4 | 4 | NM | 4 | 0 |
| 3. | Mr. B K Divakara | NM | NM | NM | NM | 4 | NM | 4 | 4 | NM | NM | NM | NM |
| 4. | Mr. Madhavan Menon | NM | NM | 1 | 9 | 3 | 4 | 3 | NM | NM | NM | 3 | NM |
| 5. | Mr. Sumit Maheshwari | 1 | NM | NM | NM | NM | NM | 0 | NM | 4 | 11 | NM | NM |
| 6. | Ms. Sharmila Abhay Karve | NM | NM | NM | 9 | 4 | NM | 4 | NM | 1 | 6 | NM | 0 |
| 7. | Mr. Sudhin Choksey | 14 | 5 | 3 | NM | NM | 3 | NM | NM | 4 | 4 | NM | NM |
| 8. | Mr. Sharad Kumar Saxena | 10 | NM | 4 | 9 | 1 | NM | NM | 3 | NM | 11 | 4 | NM |
| 9. | Ms. Renu Kohli | NM | NM | 3 | NM | 4 | 3 | 2 | NM | 4 | 10 | NM | 0 |
| 10. | Mr. Deepak Maheshwari | 14 | 2 | 3 | 6 | NM | NM | NM | 3 | NM | NM | 2 | NM |

REPORT ON CORPORATE GOVERNANCE (Contd.)

| Sl. No. | Name of the Director | MC | CC | RMC | ACB | NPAMC | SRC | CMF | CSC | CSR | NRC | ITSC | RCWDNB |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11. | Mr. D N Narasimha Raju | NM | NM | 0 | NM | 1 | NM | 1 | 1 | NM | 1 | NM | NM |
| 12. | Mr. Sunil Srivastav | 1 | 3 | NM | NM | NM | NM | 1 | NM | NM | NM | 1 | NM |
| 13. | Mr. Biswamohan Mahapatra | NM | 1 | NM | 2 | NM | 1 | NM | 1 | NM | 3 | NM | NM |

NM Not a Member

SI Special Invitee

Chairpersonship of the Committee as on March 31, 2025

## AUDIT COMMITTEE OF THE BOARD (ACB)

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. K-1 dated on June 24, 2024.

| | |
|---|---|
| Terms of reference | 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;<br>b) Oversight of the integrity of the Bank's financial statements;<br>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;<br>d) Oversight of auditing processes of the Bank, both internal and external and independence of the audit function in the Bank;<br>e) Oversight of the performance of the Bank's independent auditor, internal audit and compliance functions; Call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors. To discuss any other related issues with the internal and statutory auditors and the management of the Bank.<br>f) Oversight of the Bank's compliances with legal and regulatory requirements.<br>g) Authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013, or referred to it by the Board. |
| Duties and responsibilities | 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:<br>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;<br>ii. changes, if any, in accounting policies and practices, and reasons for the same;<br>iii. management letters/letters of internal control weaknesses issued by the statutory auditors/ internal auditors of the Bank;<br>iv. major accounting entries involving estimates based on the exercise of judgment by management;<br>v. significant adjustments made in the financial statements arising out of audit findings;<br>vi. compliance with listing and other legal requirements relating to financial statements;<br>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.<br>b) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutions placement 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, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;<br>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;<br>d) Reviewing the inspection reports of specialised 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 and following up on all the issues/concerns raised in the inspection reports of RBI;<br>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;<br>f) Evaluation of internal financial controls and risk management systems;<br>g) Approval of payments to statutory auditors for any other services rendered by the statutory auditors;<br>h) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;<br>i) Discussion with internal auditors of any significant findings and follow up there on;<br>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;<br>k) Reviewing the periodical reviews/returns/ statements placed before it as per the approved calendar of items.<br>l) Approval or any subsequent modification of transactions of the Bank with related parties;<br>m) Review internal audit reports relating to internal control weaknesses;<br>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;<br>o) Consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.<br>p) Periodical review of policies as per the relevant Act, Rule, Regulations /assigned by the Board from time to time. |
| Other Responsibilities | a) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;<br>b) Review of Statement of deviations:<br>i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).<br>ii. Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).<br>c) Review the functioning of the whistle blower mechanism;<br>d) Oversight over the vigil mechanism established by the Bank and the Chairperson of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns;<br>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;<br>f) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background, etc., of the candidate; |

g) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding Rupees 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;

h) Approval or any subsequent modification/ material 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) Lay down the criteria for granting the omnibus approval in line with the Bank's Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

k) Review of all related party transactions entered into by the Bank on a quarterly basis, including those transactions for which omnibus approvals accorded

l) Scrutiny of inter-corporate loans and investments;

m) Valuation of undertakings or assets of the company, wherever it is necessary;

n) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee;

o) To review Management discussion and analysis of financial condition and results of operations.

p) Exercising oversight of IS Audit of the Bank.

q) Review and approval of IS Audit policy.

r) Review critical issues highlighted related to IT / information security / cyber security and provide appropriate direction and guidance to the Management.

s) To decide whether non-implementation (fully/partially) of trading plan approved by the Compliance Officer under Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, is bona fide or not.

t) To review on an annual basis the compliance with the relevant provisions of Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and further to verify that the internal control system in the Bank in this connection is adequate and is operating effectively.

u) To review the cases of wilful default and recommend steps to be taken to prevent such occurrences as well as its early detection.

v) To review the process of identifying root causes of wilful default and address deficiencies, if any, in the process adopted by the Bank for wilful defaulter classification.

**Composition of the Committee**

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Ms. Sharmila Abhay Karve | Chairperson | 9 | 9 |
| Mr. Madhavan Menon | Member | 9 | 9 |
| Mr. Sharad Kumar Saxena | Member | 9 | 9 |
| Mr. Deepak Maheshwari* | Member | 7 | 6 |
| Mr. Biswamohan Mahapatra# | Member | 2 | 2 |

** Appointed as a member of the Committee w.e.f. June 25, 2024*

*# Ceased to be member of the Committee w.e.f. June 14, 2024, due to resignation from the position of independent director.*

The Company Secretary acts as the Secretary to the Committee. The Chairperson of the Audit Committee was present at the last Annual General Meeting of the Bank held on August 23, 2024.

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 financial year, the Audit Committee met nine (9) 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:

| | | | |
|---|---|---|---|
| April | April 26, 2024 | October | October 24, 2024 |
| June | June 11, 2024 | December | December 10, 2024 |
| July | July 29, 2024 | January | January 28, 2025 |
| August | August 20, 2024 | March | March 12, 2025 |
| September | September 24, 2024 | | |

## NOMINATION & REMUNERATION COMMITTEE (NRC)

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 the Board vide Resolution No. EB-1 dated January 28, 2025.

**Terms of reference**

a) Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;

b) Undertake the due diligence of candidates before their appointment/re-appointment as directors;

c) Recommend to the Board on appointment of directors, senior management personnel and their removal;

d) Devising a policy on diversity of board of directors;

e) Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;

f) Recommend to the Board the policy for evaluation of performance of board, its committees and individual directors;

g) 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;

h) To implement and administer the CSB Employee Stock Option Schemes;

i) To formulate detailed terms and conditions of the scheme, administer and supervise the same and

j) to allot shares in compliance with the scheme, guidelines and other applicable laws;

k) To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the Schemes;

l) 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;

| | |
|---|---|
| | m) To review the compensation structure/policy on a periodical basis;<br>i. 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.; and<br>ii. To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/target achieved.<br>n) 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;<br>o) Any other matters regarding compensation structure as and when permitted by the Board;<br>p) To fulfil such other powers and duties as may be delegated to it by the Board;<br>q) Specify the manner for effective evaluation of performance of Board, its committees and individual directors;<br>r) 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;<br>s) 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; and<br>t) 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. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Sharad Kumar Saxena | Chairperson | 11 | 11 |
| Mr. Sumit Maheshwari | Member | 11 | 11 |
| Mr. Sudhin Choksey* | Member | 5 | 4 |
| Ms. Renu Kohli | Member | 11 | 10 |
| Mr. D N Narasimha Raju# | Member | 1 | 1 |
| Ms. Sharmila Abhay Karve@ | Member | 6 | 6 |
| Ms. Bhama Krishnamurthy^ | Member | 6 | 6 |
| Mr. Biswamohan Mahapatra% | Member | 3 | 3 |

** Appointed as a member of the Committee w.e.f. September 29, 2024*

*# Appointed as a member of the Committee w.e.f. February 1, 2025*

*@ Ceased to be a member of the Committee w.e.f. September 29, 2024*

*^ Ceased to be a member of the Committee w.e.f. September 29, 2024, due to completion of tenure of appointment.*

*% Ceased to be a member of the Committee w.e.f. June 14, 2024, due to resignation from the position of independent director.*

The Committee met Eleven (11) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | | | |
|---|---|---|---|---|---|
| April | April 26, 2024 | | October | October 24, 2024 | |
| May | May 20, 2024 | | December | December 13, 2024 | December 18, 2024 |
| June | June 11, 2024 | June 24, 2024 | January | January 28, 2025 | |
| July | July 29, 2024 | | March | March 11, 2025 | |
| September | September 19, 2024 | | | | |

## STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

The Stakeholders Relationship Committee was last reconstituted by the Board vide Resolution passed by circulation on May 2, 2024.

| | |
|---|---|
| Terms of reference | 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.;<br>b. Review of measures taken for effective exercise of voting rights by shareholders;<br>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;<br>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;<br>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;<br>f. To transfer, transposition and transmission of securities;<br>g. To consider and approve, split, consolidation and duplication of shares or other securities;<br>h. To approve dematerialisation and re-materialisation of shares;<br>i. To seek any information it requires from the employees, directors of the Bank in order to perform its functions;<br>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;<br>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<br>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. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Ms. Renu Kohli* | Chairperson | 4 | 3 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. Madhavan Menon | Member | 4 | 4 |
| Mr. Sudhin Choksey# | Member | 4 | 3 |
| Mr. Biswamohan Mahapatra @ | Member | 1 | 1 |

** Appointed as the Member and Chairperson of the Committee w.e.f. May 2, 2024*

*# Ceased to be the Chairperson but continued as a member of the Committee w.e.f. May 2, 2024*

*@Ceased to be a Member of the Committee w.e.f. June 14, 2024 due to resignation from the position of independent director.*

REPORT ON CORPORATE GOVERNANCE (Contd.)

Mr. Sijo Varghese, Company Secretary is designated as the Compliance Officer.

The Committee met four (4) times during the financial year 2024–25, and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| June | June 11, 2024 | December | December 13, 2024 |
| September | September 19, 2024 | March | March 11, 2025 |

## SEBI INVESTOR COMPLAINTS REDRESSAL SYSTEM (SCORES/ODR MECHANISM)

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.

Further, SEBI vide circular no. SEBI/HO/OIAE/OIAE_IAD- 1/P/CIR/2023/131 dated July 31, 2023, has introduced an Online Dispute Resolution (ODR) mechanism for investors/clients. As per the mechanism, shareholders can initiate dispute resolution through the ODR portal https://smartodr.in/ login without having to go through the SCORES portal if the grievance lodged with the Company is not resolved satisfactorily. Dispute resolution through the ODR portal can be initiated only if such complaint/ dispute is not pending before any arbitral process, court, tribunal or consumer forum. In review period, no complaint was received through ODR portal.

## STATUS OF THE INVESTOR COMPLAINTS

Status of the Investor complaints received though SCORES platform during the period from April 1, 2024 and up to March 31, 2025 are given under:

| Number of Investor Complaints including through SEBI SCORES platform received during the period from April 01, 2024 to March 31, 2025 | No. of Complaints |
|---|---|
| Investor complaints pending as on April 01, 2024 | 0 |
| Investor complaints received during the period | |
| 1. Investor complaints received through SEBI SCORES Platform of the Bank | 0 |
| 2. Investor complaints received through RTA | 4 |
| Total number of complaints disposed off | 4 |
| Complaints pending as on March 31, 2025 | 0 |

## RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee was last reconstituted by the Board vide Resolution No. EB-1 dated January 28, 2025.

**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:<br>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.<br>ii. Measures for risk mitigation including systems and processes for internal control of identified risks.<br>iii. Business continuity plan.<br>b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;<br>c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;<br>d) To periodically review the risk management policy and plan, every year, including by considering the changing industry dynamics and evolving complexity;<br>e) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;<br>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;<br>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;<br>h) The Committee functions as the Managerial and Supervisory Committee of Directors for asset liability management functions;<br>i) To review cyber security related matters;<br>j) To review the periodical returns/reviews/statements placed before it as per the approved calendar of items;<br>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;<br>l) To maintain close co-ordination with Nomination & Remuneration Committee in order to achieve effective alignment between remuneration and risks;<br>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;<br>n) To review Stress Testing Results & Back-testing report;<br>o) To review the Asset Liability Management (ALM) of the Bank on a regular basis;<br>p) To oversee the effectiveness of the framework for Early Warning Signals (EWS) and Red Flagging of Accounts (RFA).<br>q) Review the status of red flagged accounts, including the Early Warning Signals (EWS) alerts / triggers, remedial actions initiated by the Bank.<br>r) To examine the effectiveness of alignment between compensation structure and risks framework in the Bank.<br>s) 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 of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Sudhin Choksey* | Chairperson | 4 | 3 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. Madhavan Menon | Member | 4 | 1 |
| Mr. Sharad Kumar Saxena | Member | 4 | 4 |
| Ms. Renu Kohli | Member | 4 | 3 |
| Mr. Deepak Maheshwari# | Member | 3 | 3 |

REPORT ON CORPORATE GOVERNANCE (Contd.)

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. D N Narasimha Raju@ | Member | 1 | 0 |
| Ms. Bhama Krishnamurthy^ | Member | 2 | 2 |
| Mr. Biswamohan Mahapatra% | Member | 1 | 1 |

** Member of the Committee till June 24, 2024 and appointed as the Chairperson of the Committee w.e.f. June 25, 2024. Ceased to be the Chairperson but continued as a member of the Committee w.e.f. September 29, 2024. Appointed as the Chairperson of the Committee w.e.f. February 1, 2025.*

*# Appointed as a member of the Committee w.e.f. June 25, 2024 and appointed as the Chairperson of the Committee w.e.f. September 29, 2024. Ceased to be the Chairperson but continued as a member of the Committee w.e.f. February 1, 2025.*

*@ Appointed as a member of the Committee w.e.f. February 1, 2025.*

*^ Ceased to be a member of the Committee w.e.f. September 29,2024 upon completion of tenure of appointment.*

*% Ceased to be the Member and Chairperson of the Committee w.e.f. June 14, 2024, due to resignation from the position of independent director.*

The Committee met four (4) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| June | June 11, 2024 | December | December 04, 2024 |
| September | September 04, 2024 | February | February 25, 2025 |

## CREDIT COMMITTEE (CC)

Credit Committee of the Board was constituted by the 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**<br>a) 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.<br>b) 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.<br>**Other functions**<br>a) Reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.<br>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 of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Deepak Maheshwari* | Chairperson | 2 | 2 |
| Mr. Pralay Mondal, MD & CEO | Member | 5 | 5 |
| Ms. Bhama Krishnamurthy | Member | 5 | 5 |
| Mr. Sudhin Choksey | Member | 5 | 5 |
| Mr. Sunil Srivastav# | Chairperson | 3 | 3 |

** Appointed as the member and Chairperson of the Committee w.e.f. June 12, 2024*

*# Ceased to be the member and Chairperson of the Committee w.e.f. June 8, 2024 upon completion of tenure of appointment.*

The Committee met five (5) times during the financial year 2024–25 and the dates of the meetings held are as under:

| | | |
|---|---|---|
| April | April 22, 2024 | |
| May | May 13, 2024 | May 21, 2024 |
| June | June 20, 2024 | June 24, 2024 |

The Board of Directors of the Bank in their meeting held on June 24, 2024, resolved to dissolve the Credit Committee of the Board with effect from June 25, 2024, by delegating and entrusting all its powers with the Management Committee of the Board.

## MANAGEMENT COMMITTEE (MC)

The Management Committee was last reconstituted by the Board vide Resolution no. EB-1 dated January 28, 2025. Pursuant to the decision of the Board, vide resolution dated June 24, 2024 to dissolve the Credit Committee of the Board w.e.f. June 25, 2024, all the powers hitherto vested with the Credit Committee of the Board are now vested with the Management Committee of the Board with effect from the said date.

### Terms of reference

| | |
|---|---|
| **Sanctioning Credit facilities** | a. 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.<br>b. shall 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. |
| **HR and Admin Functions** | shall discharge and exercise the powers and functions, inter alia administrative, including financial matters related to human resource management. |
| **Other functions** | a. Reviews the periodical Reviews/ Returns/ Statements placed before it as per the approved calendar of items.<br>b. Assist/support the Board and Management to develop business ideas and optimise the operations in a better and most efficient manner.<br>c. Empowered with the powers to take investment strategy/decision in Financial Markets.<br>d. Functioning as Review Committee in the mechanism for identification of borrowers as wilful defaulters.<br>e. Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Deepak Maheshwari * | Chairperson | 14 | 14 |
| Mr. Pralay Mondal, MD & CEO# | Member | 16 | 16 |
| Mr. Sudhin Choksey | Member | 16 | 14 |
| Mr. Sharad Kumar Saxena @ | Member | 10 | 10 |
| Ms. Bhama Krishnamurthy^ | Member | 6 | 6 |
| Mr. Sumit Maheshwari% | Member | 2 | 1 |
| Mr. Sunil Srivastav$ | Member | 1 | 1 |

** Appointed as the Member and Chairperson of the Committee w.e.f. June 25, 2024. Ceased to be the Chairperson but continued as a member of the Committee w.e.f. September 29,2024, thereafter, appointed as the Chairperson of the Committee w.e.f. February 1, 2025.*

*# Ceased to be the Chairperson but continued as a member of the Committee w.e.f. June 25, 2024, thereafter appointed as the Chairman of the Committee w.e.f. September 29,2024. Ceased to be the Chairperson but continued as a member of the Committee w.e.f. February 1, 2025.*

*@Ceased to be a member of the Committee w.e.f. June 25, 2024. Appointed as a member of the Committee w.e.f. September 29,2024.*

REPORT ON CORPORATE GOVERNANCE (Contd.)

*^ Appointed as a member of the Committee w.e.f. June 25, 2024, and ceased to be a member of the Committee w.e.f. September 29,2024 due to completion of tenure of appointment.*

*% Ceased to be a member of the Committee w.e.f. June 25, 2024*

*$ Ceased to be a member of the Committee w.e.f. June 8, 2024, due to completion of tenure of appointment.*

The Committee met sixteen (16) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | | | | |
|---|---|---|---|---|---|---|
| April | April 26, 2024 | | | October | October 23, 2024 | |
| June | June 24, 2024 | June 28, 2024 | | November | November 28, 2024 | |
| July | July 15, 2024 | | | December | December 16, 2024 | |
| August | August 28, 2024 | | | January | January 17, 2025 | |
| September | September 11, 2024 | September 19, 2024 | September 24, 2024 | February | February 13, 2025 | February 25, 2025 |
| | | | | March | March 10, 2025 | March 27, 2025 |

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Corporate Social Responsibility Committee was last reconstituted by the Board vide Resolution passed by circulation dated September 27, 2024.

In terms of Section 135 of the Companies Act, 2013, the Bank constituted the Corporate Social Responsibility Committee of the Board.

| | |
|---|---|
| **Terms of reference** | 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.<br>b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a).<br>c) Monitor the corporate social responsibility policy of the Bank from time to time.<br>d) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:<br>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;<br>ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;<br>iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;<br>iv. monitoring and reporting mechanism for the projects or programmes; and<br>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.<br>e) Make decisions on responsible business conduct and sustainability related issues. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Ms. Renu Kohli* | Chairperson | 4 | 4 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. Sumit Maheshwari | Member | 4 | 4 |
| Mr. Sudhin Choksey | Member | 4 | 4 |
| Ms. Sharmila Abhay Karve# | Member | 3 | 1 |
| Ms. Bhama Krishnamurthy@ | Chairperson | 1 | 1 |

** Member of the Committee till September 28, 2024, and appointed as the Chairperson of the Committee w.e.f. September 29, 2024.*

*# Appointed as a member of the Committee w.e.f. September 29, 2024*

*@ Ceased to be the Member and Chairperson of the Committee w.e.f. September 29,2024 due to completion of tenure of appointment.*

The Committee met four (4) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| June | June 20, 2024 | February | February 25, 2025 |
| December | December 26, 2024 | March | March 29, 2025 |

## IT STRATEGY COMMITTEE (ITSC)

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. K-1 dated June 24, 2024. IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.,

| | |
|---|---|
| **Terms of reference;** | a. Perform oversight functions over the IT Steering Committee (at a senior management level).<br>b. Investigate activities within this scope.<br>c. Seek Information from any employee.<br>d. Obtain outside legal or professional advice.<br>e. Secure attendance of outsiders with relevant expertise, if it considers necessary.<br>f. Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies. |
| **the roles and responsibilities of the Committee:** | a) Approving IT strategy and policy documents.<br>b) Ensuring that the Management has put an effective strategic planning process in place.<br>c) Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Bank towards accomplishment of its business objectives.<br>d) Ratify that the business strategy is indeed aligned with IT strategy.<br>e) Ensuring that the IT organisational structure complements the business model and its direction.<br>f) Ascertaining that management has implemented process and practices that ensure that the IT delivers value to the business.<br>g) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.<br>h) Ensuring the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; |

i) 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.

j) Ensuring proper balance of IT investments for sustaining Bank's growth.

k) Becoming aware about exposure towards IT risks and controls, and evaluating effectiveness of management's monitoring of IT risks.

l) Assessing Senior Management's performance in implementing IT strategies.

m) Issuing high–level policy guidance (e.g. related to risk, funding, or sourcing tasks).

n) Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.

o) Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the Bank;

p) Ensuring processes for assessing and managing IT and cybersecurity risks are put in place;

q) Review, on an annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management.

r) Committee has been empowered with the financial power in respect of the IT related matters.

s) The authority to sanction all expenses in respect of the IT and IT related matters.

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Sharad Kumar Saxena | Chairperson | 4 | 4 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. Madhavan Menon | Member | 4 | 3 |
| Mr. Deepak Maheshwari* | Member | 3 | 2 |
| Mr. Sunil Srivastav# | Member | 1 | 1 |

** Appointed as a member of the Committee w.e.f. June 25, 2024*

*# Ceased to be a member of the Committee w.e.f. June 8, 2024 due to completion of tenure of appointment.*

The Committee met four (4) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| May | May 20, 2024 | November | November 27, 2024 |
| August | August 14, 2024 | February | February 17, 2025 |

## COMMITTEE FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS (CMF)

In line with the directives of the RBI, the Bank constituted the Committee for Monitoring Large Value Frauds (CMF) for the exclusive purpose of monitoring and following up on fraud cases involving amounts of ₹ 1 crore and above. Subsequently, pursuant to the RBI Master Direction on Fraud Risk Management in Commercial Banks dated July 15, 2024, the Board, vide its resolution dated July 29, 2024, approved the re-alignment of the functions of the CMF, and further, in accordance with this re-alignment, the Committee was renamed as the "Committee for Monitoring and Follow-up of Cases of Frauds".

The Committee was last reconstituted by the Board vide Resolution No. EB-1 dated on January 28, 2025.

**Terms of reference**

a. To monitor and review all the frauds of ₹ 1 crore and above

b. Identify the systemic lacunae, if any, that facilitated perpetration of fraud and put in place measures to plug the same.

c. Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.

d. Monitor progress of CBI/Police Investigation and recovery position.

e. 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.

f. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.

g. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

h. To monitor and follow up Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹ 50 crore and above).

i. Such other functions as may be decided/delegated by the Board of Directors/advised by the Reserve Bank of India, from time to time.

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 of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. Madhavan Menon* | Chairperson | 4 | 3 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. B K Divakara | Member | 4 | 4 |
| Ms. Sharmila Abhay Karve | Member | 4 | 4 |
| Mr. D N Narasimha Raju# | Member | 1 | 1 |
| Ms. Renu Kohli@ | Member | 2 | 2 |
| Ms. Bhama Krishnamurthy^ | Member | 2 | 2 |
| Mr. Sumit Maheshwari% | Member | 1 | 0 |
| Mr. Sunil Srivastav$ | Chairperson | 1 | 1 |

** Member of the Committee till June 24, 2024 and appointed as the Chairperson of the Committee w.e.f. June 25, 2024*

*# Appointed as a member of the Committee w.e.f. February 01, 2025*

*@ Appointed as a member of the Committee w.e.f. June 25, 2024, and ceased to be a member of the Committee w.e.f. February 01, 2025*

*^ Ceased to be a member of the Committee w.e.f. September 29, 2024 due to completion of tenure of appointment.*

*% Ceased to be a member of the Committee w.e.f. June 25, 2024*

*$ Ceased to be the Member and Chairperson of the Committee w.e.f. June 08, 2024, due to completion of tenure of appointment.*

The Committee met four (4) times during the financial year 2024–25, and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| May | May 20, 2024 | November | November 27, 2024 |
| August | August 14, 2024 | February | February 17, 2025 |

## CUSTOMER SERVICE COMMITTEE (CSC)

The Committee strives to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Customer Service Committee was last reconstituted by the Board vide Resolution No. EB-1 dated January 28, 2025. 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.

| | |
|---|---|
| **Terms of reference** | 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.<br><br>The Committee shall review the progress in reduction of inoperative/ frozen accounts and the special efforts made by the Bank in this regard, on quarterly basis. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. D N Narasimha Raju* | Chairperson | 1 | 1 |
| Mr. Pralay Mondal, MD & CEO | Member | 4 | 4 |
| Mr. B K Divakara | Member | 4 | 4 |
| Mr. Deepak Maheshwari # | Member | 3 | 3 |
| Mr. Sharad Kumar Saxena@ | Member | 3 | 3 |
| Mr. Biswamohan Mahapatra^ | Member | 1 | 1 |

** Appointed as the Member and Chairperson of the Committee w.e.f. February 1, 2025*

*# Appointed as a member of the Committee w.e.f. June 25, 2024*

*@Ceased to be the Member and Chairperson of the Committee w.e.f. February 1, 2025*

*^ Ceased to be a member of the Committee w.e.f. June 14, 2024, due to resignation from the position of independent director.*

The meeting of the Committee has to be scheduled once in a quarter. The Committee met four (4) times during the financial year 2024–25, and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| June | June 11, 2024 | December | December 04, 2024 |
| September | September 04, 2024 | March | March 27, 2025 |

## NPA MANAGEMENT COMMITTEE (NPAMC)

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 NPA Management Committee was last reconstituted by the Board vide Resolution No. EB-1 dated on January 28, 2025.

| | |
|---|---|
| **Terms of reference** | To consider and sanction 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.<br><br>The Committee also reviews the periodical Reviews/ Returns/Statements placed before it as per the approved calendar of items. |

### Composition of the Committee

| Name of the Director | Category | No. of meetings held during the tenure | Meetings attended |
|---|---|---|---|
| Mr. D N Narasimha Raju* | Chairperson | 1 | 1 |
| Mr. B K Divakara | Member | 4 | 4 |
| Ms. Sharmila Abhay Karve | Member | 4 | 4 |
| Ms. Renu Kohli | Member | 4 | 4 |
| Mr. Madhavan Menon # | Member | 3 | 3 |
| Mr. Sharad Kumar Saxena@ | Member | 1 | 1 |
| Mr. Pralay Mondal, MD & CEO | Special Invitee | 4 | 4 |

** Appointed as the Member and Chairperson of the Committee w.e.f. February 01, 2025*

*# Ceased to be the Member and Chairperson of the Committee w.e.f. February 01, 2025*

*@Ceased to be a Member of the Committee w.e.f. June 25, 2024*

The Committee met four (4) times during the financial year 2024–25 and the dates of the meetings are as under:

| | | | |
|---|---|---|---|
| June | June 24, 2024 | December | December 13, 2024 |
| September | September 19, 2024 | March | March 11, 2025 |

## REVIEW COMMITTEE FOR WILFUL DEFAULTERS AND NON-COOPERATIVE BORROWERS

In compliance with Reserve Bank of India Master Direction on Treatment of Wilful Defaulters and Large Defaulters dated July 30, 2024, the Board, vide Resolution No. EB-1 dated December 13, 2024, constituted 'Review Committee for Wilful Defaulters and Non-Cooperative Borrowers'.

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|---|---|
| **Terms of reference:** | (a) Review and confirm the order(s) passed by the Identification Committee identifying a borrower as a wilful defaulter / non-cooperative borrower.<br><br>(b) Review of accounts classified as wilful defaulter and non-cooperative borrower.<br><br>(c) Any other matters identified or advised by the Board from time to time. |

### Composition of the Committee

| Name of the Director | Category |
|---|---|
| Mr. Pralay Mondal, MD & CEO | Chairperson |
| Ms. Renu Kohli | Member |
| Ms. Sharmila Abhay Karve | Member |

There were no instances necessitating convening the meeting of the Committee during the financial year 2024-25.

## 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 the Independent Directors.

| | |
|---|---|
| **Terms of Reference** | a. Review the performance of Non–Independent Directors and the Board as a whole;<br><br>b. Review the performance of the Chairperson of the Bank, taking into account the views of Executive Directors and Non–Executive Directors;<br><br>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. |

| | |
|---|---|
| **Meeting of Independent Directors for the financial year** | Meetings of the Independent Directors were held on January 28, 2025 and March 11, 2025, 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 2023–24. The Board and the Board Committees discussed the evaluation report and various suggestions received from independent directors in FY 2024–25, 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

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|---|---|
| **Process for performance evaluation** | a) Independent Directors evaluate the performance of Non–Independent Directors including Chairperson of the Bank and the Board as a whole.<br>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.<br>c) The Board evaluates the performance of Board level Committees.<br>d) The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of the Board, its Committees and individual directors. |

## 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/Chairperson 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.<br>The flow of information to the Board and its Committees is excellent. |
| **Outcome of the board evaluation for the financial year 2024-25** | The Board had a well-balanced composition and 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. The Management has taken all steps to implement suggestions received during the said period. |

## 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 Chairperson, 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/sites/default/files/annexure-VI_9_nomination_policy.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

1. 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 Chairperson, Managing Director & CEO, Whole-time Directors, Non-Executive Directors, Non-Executive independent directors and recommend to the Board his / her appointment.
2. 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.
3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. The Bank shall appoint or re–appoint any person as its Part–time Chairperson, 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.

10. 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.

11. 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.

12. 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.

13. The candidate should normally be a graduate (which can be relaxed while selecting directors for the categories of farmers, depositors, artisans, etc.).

14. 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.

15. He / she should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.

16. He / she should not be a director in any other Bank.

17. 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.
- 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 Chairperson, Executive 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 organisation.
- 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 Chairperson 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 organisational 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 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 ₹ 30 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 organisational 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 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 organisational 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 utilise 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 March 31, 2025 are given in the form MGT-7 which forms part of the Report.

REPORT ON CORPORATE GOVERNANCE (Contd.)

## PARTICULARS OF SENIOR MANAGEMENT PERSONNEL AND CHANGES IN THE FINANCIAL YEAR 2024-25

| Name of Senior Management Personnel ("SMP") | Designation | Changes if any, since the previous financial year (Yes / No) | Nature of change and effective date |
|---|---|---|---|
| Mr. Ajith Jose | Chief Compliance Officer | No | - |
| Mr. Alok Singh | Head – Treasury | No | - |
| Mr. Jaikumar S | Chief Internal - Vigilance Officer | No | - |
| Mr. K Chandrasekhar | Head – Operations | No | - |
| Mr. Manish Agarwal | Chief Credit Officer | No | - |
| Mr. Manish Modi | Head – Wholesale Banking | No | - |
| Mr. Narendra Kumar Dixit | Head – Retail Banking | No | - |
| Mr. Punit Saruparia | Head – Internal Audit | No | - |
| Mr. Rajesh Choudhary | Chief Technology Officer | No | - |
| Mr. Satish S Gundewar | Chief Financial Officer | No | - |
| Mr. Satyendra Sharma | Chief Risk Officer | No | - |
| Mr. Shyam Chandher Mani | Head- MSME | No | - |
| Mr. Sijo Varghese | Company Secretary | No | - |
| Mr. Harsh Kumar | Chief Human Resources Officer | Yes | Resigned with effect from close of office hours on June 28, 2024. |
| Mr. Chinmay Adhikari | Chief Human Resources Officer | Yes | Appointed with effect from September 6, 2024 |

## 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 |
|---|---|---|---|
| 101st AGM | Tuesday, September 27, 2022 at 11.00 a.m. | Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode | NIL |
| 102nd AGM | Tuesday, August 08, 2023 at 11.00 a.m. | Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode | • Re-appointment of Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) as Non-Executive Independent Director of the Bank.<br>• Appointment of Mr. Biswamohan Mahapatra (DIN: 06990345) as Non-Executive Independent Director of the Bank. |
| 103rd AGM | Friday, August 23, 2024 at 11.00 a.m. | Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode | • Appointment of Mr. Deepak Maheshwari (DIN: 08163253) as Non-Executive Independent Director of the Bank. |

### Whether any special resolution passed last year through postal ballot

Yes.

### POSTAL BALLOT - I

The following special resolution was passed by postal ballot on April 18, 2024, pursuant to section 110 of the Companies Act, 2013:

**SPECIAL RESOLUTION** : Alteration of Article 128 of the Articles of Association of the Bank - Increase in the limit of the maximum number of directors on the board of directors of the Bank from 11 (eleven) to 15 (fifteen).

#### Details of voting pattern

| 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 | 80254187 | 24708 | 80278895 | 99.97% | 0.03% |
| Postal Ballot | NA | NA | NA | NA | NA |
| **Total** | **80254187** | **24708** | **80278895** | **99.97 %** | **0.03%** |

### POSTAL BALLOT -II

The following special resolutions were passed by postal ballot on February 6, 2025, pursuant to section 110 of the Companies Act, 2013:

**SPECIAL RESOLUTION** : Appointment of Mr. Narasimha Raju Narasappa Doddahosahalli, (DIN:01070476) as an Independent Director of the Bank.

#### Details of voting pattern

| 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 | 93608610 | 2979 | 93611589 | 99.9968177 | 0.00318230 |
| Postal Ballot | NA | NA | NA | NA | NA |
| **Total** | **93608610** | **2979** | **93611589** | **99.9968177** | **0.00318230** |

**SPECIAL RESOLUTION** : Re-appointment of Mr. Sharad Kumar Saxena (DIN: 08238872) as an Independent Director of the Bank

#### Details of voting pattern

| 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 | 92507573 | 1104016 | 93611589 | 98.82% | 1.18% |
| Postal Ballot | NA | NA | NA | NA | NA |
| **Total** | **92507573** | **1104016** | **93611589** | **98.82%** | **1.18%** |

### POSTAL BALLOT -III

The following special resolution was passed by postal ballot on April 10, 2025, pursuant to section 110 of the Companies Act, 2013:

**SPECIAL RESOLUTION** : To approve the eligibility for re-appointment and re-appointment of Mr. Biswamohan Mahapatra (DIN: 06990345) as an Independent Director of the Bank

#### Details of voting pattern

| 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 | 92475550 | 3000326 | 95475876 | 96.86 % | 3.14% |
| Postal Ballot | NA | NA | NA | NA | NA |
| **Total** | **92475550** | **3000326** | **95475876** | **96.86 %** | **3.14%** |

REPORT ON CORPORATE GOVERNANCE (Contd.)

| | | |
|---|---|---|
| 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.<br>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 General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 5, 2020, General Circular Nos. 09/2023 dated September 25, 2023 and subsequent circulars issued in this regard, the latest being 09/2024 dated September 19, 2024, issued by the Ministry of Corporate Affairs ("MCA") (hereinafter collectively referred to as "MCA Circulars"), SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/ 2024/133 dated October 3, 2024, issued by the Ministry of Corporate Affairs. |
| D | Whether any extraordinary general meeting held during the financial year 2024-25 | No. |

## SHAREHOLDING PATTERN AS ON MARCH 31, 2025

Shareholding pattern of the Bank as on March 31, 2025, is given below:

| Sr. No | Particulars | No. of Shareholders | No. of Shares | % of Shares |
|---|---|---|---|---|
| **A.** | **PROMOTER & PROMOTER GROUP** | | | |
| 1 | FIH Mauritius Investments Ltd | 1 | 6,93,94,331 | 40.00 |
| **B.** | **MUTUAL FUNDS** | | | |
| 2 | SBI Mutual Fund | 1 | 1,50,21,979 | 8.66 |
| 3 | Sundaram Mutual Fund | 1 | 50,31,486 | 2.90 |
| 4 | ICICI Prudential Banking And Financial Services Fund | 1 | 33,80,252 | 1.95 |
| 5 | Other Mutual Funds | 11 | 41,99,122 | 2.42 |
| **C.** | **INSTITUTIONS - (DOMESTIC)** | | | |
| 6 | Alternate Investment Funds | 10 | 15,58,763 | 0.90 |
| 7 | NBFC's registered with RBI | 2 | 1,00,355 | 0.06 |
| **D.** | **FOREIGN PORTFOLIO INVESTORS** | | | |
| 8 | Amansa Holdings Private Limited | 1 | 82,77,500 | 4.77 |
| 9 | Theleme India Master Fund Limited | 1 | 35,86,102 | 2.07 |
| 10 | Maybank Securities Pte Ltd | 1 | 24,57,256 | 1.42 |
| 11 | Ashoka Whiteoak India Opportunities Fund | 1 | 20,32,136 | 1.17 |
| 12 | Other Foreign Portfolio Investors (Category – I&II) | 64 | 63,28,648 | 3.65 |
| **E.** | **RESIDENT INDIVIDUALS** | | | |
| 13 | Resident Individuals | 74,344 | 3,03,08,545 | 17.47 |
| **F.** | **NON-RESIDENT INDIVIDUALS (NRI's)** | | | |
| 14 | Yusuffali Musaliam Veettil Abdul Kader | 1 | 37,56,427 | 2.17 |
| 15 | Zafar Ahmadullah | 1 | 18,50,100 | 1.07 |
| 16 | Other Non Resident Indians (NRIs) | 2,063 | 60,02,052 | 3.46 |
| **G.** | **NON- NSTITUTIONS/INDIVIDUALS/PUBLIC/OTHERS** | | | |
| 17 | Foreign Companies | 1 | 6,20,041 | 0.36 |
| 18 | Bodies Corporate | 591 | 35,04,644 | 2.02 |
| 19 | Investor Education and Protection Fund (IEPF) | 1 | 7,39,375 | 0.43 |
| 20 | Director or Director's Relatives/KMP | 4 | 69,272 | 0.04 |
| 21 | Any Others | 1,134 | 10,99,508 | 0.63 |
| **H.** | **NON-PROMOTER - NON PUBLIC SHAREHOLDING** | | | |
| 22 | CSB ESOS Trust | 1 | 41,67,933 | 2.40 |
| **TOTAL** | | **78,236** | **17,34,85,827** | **100.00** |

## DETAILS OF SHAREHOLDERS HOLDING 1% AND ABOVE SHARES AS ON MARCH 31, 2025

| SL. NO. | NAME OF THE SHAREHOLDER | NO. OF SHARES | % OF SHARE HOLDING |
|---|---|---|---|
| 1. | FIH Mauritius Investments Ltd | 6,93,94,331 | 40.00% |
| 2. | SBI Small Cap Fund | 1,50,21,979 | 08.66% |
| 3. | Amansa Holdings Private Limited | 82,77,500 | 04.77% |
| 4. | Sundaram Mutual Fund A/C Sundaram Small Cap Fund | 50,31,486 | 02.90% |
| 5. | CSB ESOS Trust | 41,67,933 | 02.40% |
| 6. | Yusuffali Musaliam Veettil Abdul Kader | 37,56,427 | 02.17% |
| 7. | Theleme India Master Fund Limited | 35,86,102 | 02.07% |
| 8. | ICICI Prudential Banking And Financial Services Fund | 33,80,252 | 01.95% |
| 9. | Maybank Securities Pte Ltd | 24,57,256 | 01.42% |
| 10. | Ashoka Whiteoak ICAV - Ashoka Whiteoak India Opportunity | 20,32,136 | 01.17% |
| 11. | Zafar Ahmadullah | 18,50,100 | 01.07% |

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2025

| Category | No. of Shareholders | | | | No. of Shares | | | |
|---|---|---|---|---|---|---|---|---|
| | Physical | Demat | Total | % | Physical | Demat | Total | % |
| Up to 5,000 | 11,250 | 68,280 | 79,530 | 98.90 | 28,26,852 | 1,54,43,889 | 1,82,70,741 | 10.53 |
| 5,001 to 10,000 | 46 | 392 | 438 | 0.55 | 3,15,313 | 29,30,208 | 32,45,521 | 1.87 |
| 10,001 to 20,000 | 9 | 183 | 192 | 0.24 | 1,25,284 | 27,02,442 | 28,27,726 | 1.63 |
| 20,001 to 30,000 | 3 | 80 | 83 | 0.10 | 71,066 | 20,22,902 | 20,93,968 | 1.20 |
| 30,001 to 40,000 | 2 | 29 | 31 | 0.04 | 66,666 | 10,21,428 | 10,88,094 | 0.63 |
| 40,001 to 50,000 | 0 | 18 | 18 | 0.02 | 0 | 8,45,670 | 8,45,670 | 0.49 |
| 50,001 to 1,00,000 | 0 | 55 | 55 | 0.07 | 0 | 39,00,473 | 39,00,473 | 2.25 |
| 1,00,001 & Above | 0 | 67 | 67 | 0.08 | 0 | 14,12,13,634 | 14,12,13,634 | 81.40 |
| **Total** | **11,310** | **69,104** | **80,414** | **100.00** | **34,05,181** | **17,00,80,646** | **17,34,85,827** | **100.00** |

## DEMATERIALISATION OF SHARES

As on March 31, 2025, 98.04% of the Bank's shares were in demat mode and the balance in physical mode, as per the statement given below:

| Category | No. of Shares | Percentage of Holding |
|---|---|---|
| In Physical Form | 34,05,181 | 1.96 |
| **In Dematerialised Form:** | | |
| CDSL | 2,22,51,006 | 12.83 |
| NSDL | 14,78,29,640 | 85.21 |
| **Total** | **1,73,485,827** | **100.00** |

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised 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. Transfer of Equity Shares in dematerialised form are done through depositories with no involvement of the Bank.

Shareholders holding shares in physical form are requested to dematerialise 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 dematerialised 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 dematerialising 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 dematerialised, 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: MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited'), 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

MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited') 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 address(es):

| **MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited')** | **The Company Secretary** |
|---|---|
| Surya 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.<br>Tel : +91 422 2314792, 2315792, 4958995, 2539835, 2539836<br>Email : coimbatore@in.mpms.mufg.com<br>Website: www.in.mpms.mufg.com | CSB Bank Limited,<br>"CSB Bhavan", P. B. No. 502,<br>St. Mary's College Road, Thrissur – 680 020.<br>Tel: 0487 – 2333020 \|Fax: 0487 2338764<br>E–mail: investors@csb.co.in |

### SHARE TRANSFER SYSTEM

| | |
|---|---|
| Registrar & Share Transfer Agent | MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited'), 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) 3rd Amendment Rules, 2018 dated September 10, 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. SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request. 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 standardise 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 dematerialising 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 | 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 dematerialised form:<br>• Indian address for sending all communications, if not provided so far;<br>• Change in their residential status on return to India for permanent settlement<br>• Particulars of Bank Account maintained with a Bank in India, if not furnished earlier<br>• RBI permission reference number with the date to facilitate credit of dividend in their bank account. |

### DEMATERIALISATION OF SHARES AND LIQUIDITY

As on March 31, 2025, 98.04% of the total paid-up equity shares were held in dematerialised form. The Bank's shares are actively traded on the stock exchanges. There was no instance of suspension of trading in the equity shares of the Company during the Financial Year 2025.

### 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 the Bank, every employee 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 | Nil | |
| Number of complaints of sexual harassment received in the year | 9 | |
| Number of complaints disposed off during the year | 7 | |
| Number of complaints pending as on the end of the financial year | 2 | |
| Number of cases pending for more than ninety days | Nil | |
| Remedial measures taken by the Bank | Conducting exclusive session for PoSH as part of weekly Induction Program (Neev). | |
| No of workshops or awareness programme against sexual harassment | 57 Programs. | |
| Nature of action taken by employer/district officer | Total Cases Disposed of | 7 |
| | Termination/Dismissal | 1 |
| | Warning | 3 |
| | Complaint Withdrawn | 0 |
| | Allegation not proved | 1 |
| | Stoppage of Bonus/Incentive (Full/ Partial) for the Financial Year 2024-25 | 2 |

## OTHER DISCLOSURES

| | |
|---|---|
| **Related party transactions** | 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 was obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis.<br><br>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.<br><br>Accordingly, your Bank has obtained prior approval of the Audit Committee, the Board, and the members of the Bank via postal ballot resolutions/ at the annual general meeting for related party transactions/material related party transactions as per the said amendments, effective/since from April 1, 2022.<br><br>There were no materially significant related party transactions with the which could have had a potential conflict with the interests of the Bank.<br><br>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.<br><br>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/sites/default/files/annexure-V_6_policy_on_dealing_with_related_party_transaction.pdf<br><br>Details of related party transactions in terms of AS-18 entered into during the FY 2024 - 25 are given in notes to the financial statements. |
| **Whistle Blower Policy/Vigil Mechanism:** | 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.<br><br>The Bank affirms that no employee/s 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_Policy-2024_16022024.pdf |
| **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.<br><br>The Bank does not have any outstanding Warrants or any other convertible instruments as on March 31, 2025. |
| **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 829 Branches (excluding three Service and Asset Recovery Branches, each) and 791 ATM/CRMs as on March 31, 2025. |
| **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 reputational 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. However, 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, the Bank has envisaged Forex VaR, Net Overnight Open Position (NOOP) limit and Aggregate Gap Limit (AGL) which are being monitored on daily basis by Market Risk Department. The Bank also has Investment, Forex policy to define and regulate Forex operations taken up by the Bank. Treasury also monitors foreign currency assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities, hence the disclosure required as per SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, is not applicable. |
| **Exposure of the Bank to Commodity and Commodity Risks faced by the Bank throughout the year** | The Bank does not deal in commodities and hence the disclosure pursuant to SEBI Master Circular dated November 11, 2024, is not applicable to the Bank during the period under review. |

REPORT ON CORPORATE GOVERNANCE (Contd.)

| | |
|---|---|
| **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** | The total fees paid by the Bank for services rendered by Statutory Auditors during the financial year 2024-25, are given below: |

| Fee paid (excluding taxes) | Walker & Chandiok Co. LLP | Sundaram & Srinivasan | Mukund M. Chitale & Co. | Total |
|---|---|---|---|---|
| Audit fee | 1,37,50,000.00 | 65,50,000.00 | 8,00,000.00* | 2,11,00,000.00 |
| Other certifications | 1,00,000.00 | 9,00,000.00 | - | 10,00,000.00 |
| Reimbursement of Expenses | 13,78,000.00 | 6,55,000.00 | - | 20,33,000.00 |
| **Total** | **1,52,28,000.00** | **81,05,000.00** | **8,00,000.00** | **2,41,33,000.00** |

**Fee paid for limited review of accounts for the quarter ended June 30, 2024.*

| | |
|---|---|
| **Details of utilisation 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<br><br>The link of various policies/codes are also provides in page no. 230 of this Annual Report. |
| **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, 2024.<br><br>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. |

## 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.<br><br>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 | https://www.csb.co.in/about-us |
| Board of Directors | |
| Vision Mission Statement | |
| Key Managerial Personnel | |
| Senior Management Team | |
| Board Committees | https://www.csb.co.in/pdf/List_of_Sub-Committees_of_the_Board_w.e.f._01.05.2025.pdf |
| Terms and conditions of appointment of Independent Directors | https://www.csb.co.in/pdf/Independent-Directors_Terms_ and_Conditions.pdf |
| Disclosure on Familiarisation Programmes for Independent Directors | https://www.csb.co.in/pdf/Directors_Training_27052025.pdf |
| Disclosure on Related Party Transactions | https://www.csb.co.in/investor-relations - Corporate Governance |
| Annual Secretarial Compliance Report | |
| Certificate under Regulation 40(9) of the Listing Regulation | |
| Compliance certificate under Regulation 7(3) of the Listing Regulation | |
| 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 |

REPORT ON CORPORATE GOVERNANCE (Contd.)

## GOVERNANCE POLICIES

Aligned with the Bank's commitment to upholding the utmost ethical business practices and corporate governance standards, and to ensure fairness, accountability, responsibility, and transparency to all stakeholders, the Bank has implemented various policies and codes. These documents are readily accessible on the Bank's website, detailed under.

## LINKS OF CORPORATE POLICIES AND CODES

| | |
|---|---|
| Policy for Determining Material Subsidiaries | https://www.csb.co.in/pdf/Annexure-I_Policy_for_Determining_Material_Subsidiaries_15072024.pdf |
| Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank | https://www.csb.co.in/sites/default/files/annexure-II_2_code_of_conduct_ethics_for_directors.pdf |
| CSR Policy | https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf |
| Policy for preservation of documents | https://www.csb.co.in/sites/default/files/annexure-IV_4_policy_for_preservation_of_documents.pdf |
| Whistle Blower Policy | https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf |
| Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions | https://www.csb.co.in/pdf/Annexure-II__Policy_on_dealing_with_Related_Party_Transaction_15072024.pdf |
| Policy on Appointment of Statutory Auditors (SAs) | https://www.csb.co.in/pdf/4_Policy_on_Appointment_of_Statutory_Auditors_28022025.pdf |
| Policy on Evaluation of the Board | https://www.csb.co.in/pdf/Annexure-III_Board_Evaluation_PolicY_15072024.pdf |
| Nomination Policy | https://www.csb.co.in/sites/default/files/annexure-VI_9_nomination_policy.pdf |
| Disclosure on Familiarisation Programmes for Board of Directors | https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf |
| Policy on Determination of Materiality of Events | https://www.csb.co.in/pdf/POLICY_ON_DETERMINATION_OF_MATERIALITY_OF_EVENTS_29092023.pdf |
| Policy on Board Diversity | https://www.csb.co.in/pdf/Annexure-IV_Policy_on_Board_Diversity_15072024.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/14_Prohibition_of_Insider_Trading_Policy_20022024.pdf |
| Code of Practices and Procedures for Fair Disclosure | https://www.csb.co.in/pdf/Code_of_Practices_and_Procedures_for_Fair_Disclosure_29012024.pdf |
| Policy On Archival Of Documents | https://www.csb.co.in/pdf/Annexure-V_Policy_on_Archival_of_Documents_15072024.pdf |
| Dividend Policy | https://www.csb.co.in/sites/default/files/annexure-IX_17_dividend_distribution_policy.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, 2024 to May 1, 2024 | For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2024. |
| July 1, 2024 to July 31, 2024 | For announcement/declaration of the unaudited financial results of the Bank for the quarter ending on June 30, 2024. |
| October 1, 2024 to October 30, 2024 | For announcement/declaration of the unaudited financial results of the Bank for the quarter and half year ending on September 30, 2024. |
| January 1, 2025 to January 30, 2025 | For announcement/declaration of the unaudited financial results of the Bank for the quarter and nine months ended on December 31, 2024. |
| April 1, 2025 to April 30, 2025 | For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2025. |

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/sites/default/files/annexure-IX_17_dividend_distribution_policy.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 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, 2025.

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, 2025.

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.

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,<br>St. Mary's College Road, Thrissur - 680 020, Kerala, India.<br>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/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, mandates all the listed companies to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. Necessary communication for KYC updation has been sent to the shareholders holding shares in physical mode in this connection to update their records.

Members are requested to note that pursuant to the SEBI circulars dated November 03, 2021, December 14, 2021, March 16, 2023 and November 17, 2023, it is mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall not be eligible for any payment including dividend, interest or redemption in respect of such folios, with effect from April 01, 2024. Members are requested to take note of the above and ensure compliance to the directions from SEBI.

Further, SEBI vide its Circular No. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, pursuant to Issuance of Securities in dematerialised form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialised form only while processing certain service request. Investors holding securities in physical mode are advised to take a note of instructions mentioned in the said circular and get in touch with MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited'), Registrar and Share Transfer Agent (RTA) of the Bank for processing certain service requests.

### ONLINE PROCESSING OF INVESTOR SERVICE REQUESTS AND COMPLAINTS BY RTAS – SWAYAM

As advised by SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72 dated June 08, 2023, titled 'Online processing of investor service requests and complaints by RTAs', the Bank is delighted to announce the launch of 'SWAYAM', secure, user-friendly web-based application, developed by MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited'), the Bank's Registrar and Share Transfer Agent (RTA), that empowers shareholders to effortlessly access various services and Track Service Requests/Complaints. We request shareholders to get registered and have first-hand experience of the portal.

This application can be accessed at https://swayam.linkintime.co.in

### NOMINATION IN RESPECT OF SHARES

Section 72 of the Companies Act, 2013 provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his/her nominee without being required to go through the process of obtaining Succession Certificates/ Probate of the Will, etc. It would, therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination.

Members holding shares in physical mode are advised to submit form SH-13 to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations.

### 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, 2024 | 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 2024-25 | 4 | 322 |
| 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, 2025, in the Unclaimed Suspense Account* | 72 | 9029 |

** Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares.*

REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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 Regulation 39 of Listing Regulations read 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.

| Sl. No. | Particulars | No. of shares |
|---|---|---|
| 1 | Number of outstanding shares as on April 01, 2024 | 0 |
| 2 | Aggregate Number of outstanding shares transferred during the financial year to Suspense Escrow Account | 5165 |
| 3 | Less: Shareholders who approached the Bank for transfer of shares from Suspense Escrow Demat Account during the year | 0 |
| 4 | Aggregate Number of outstanding shares as on March 31, 2025, in the Suspense Escrow Account | 5165 |

### LISTING AGREEMENT WITH STOCK EXCHANGES

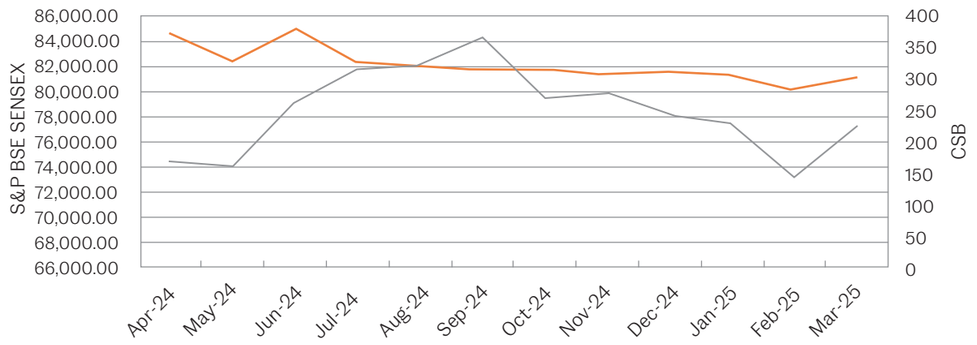
Bank's shares were listed on the exchanges with effect from December 4, 2019, and the listing fees payable to the stock exchanges for the financial year 2025-26, has been paid to National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) on April 21, 2025, and April 19, 2025, respectively.

### 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, 2024, to March 31, 2025, are as under:

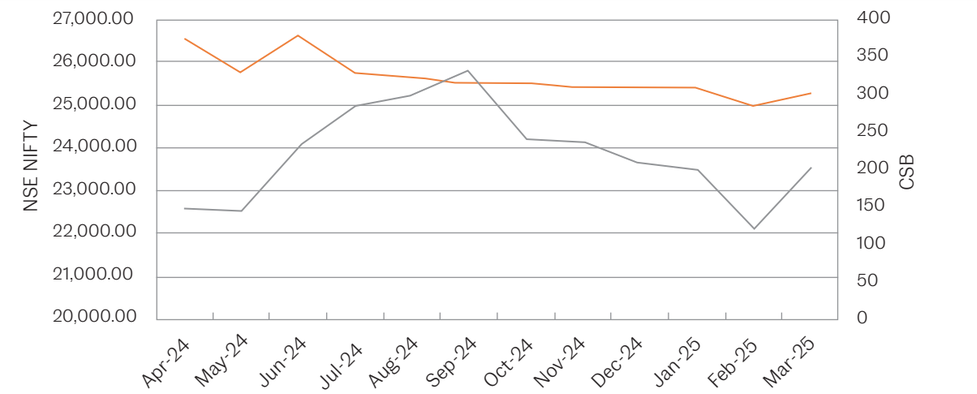
| BSE Ltd. (BSE) | | | National Stock Exchange of India Ltd. (NSE) | | |
|---|---|---|---|---|---|
| Month | High | Low | Month | High | Low |
| April | 419.7 | 348.05 | April | 419.4 | 355.5 |
| May | 376 | 324.05 | May | 376.8 | 324.25 |
| June | 385.6 | 318.05 | June | 386 | 318 |
| July | 402.3 | 327.35 | July | 403.2 | 327.1 |
| August | 338.95 | 314 | August | 338.2 | 314.3 |
| September | 334.7 | 305.85 | September | 334.95 | 305.75 |
| October | 321 | 292.5 | October | 321.5 | 292.05 |
| November | 321.3 | 297.05 | November | 322.9 | 297.05 |
| December | 332.8 | 300.55 | December | 333 | 300.35 |
| January | 334.15 | 288.95 | January | 334.9 | 296.4 |
| February | 312.95 | 272.8 | February | 311.95 | 274.45 |
| March | 309.8 | 266.05 | March | 309.9 | 272.75 |

### PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO S&P BSE SENSEX FROM APRIL 1, 2024 AND UP TO MARCH 31, 2025




| | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sen sex | 74,482. | 73,961. | 79,032. | 81,741 | 82,365 | 84,299. | 79,389. | 79,802 | 78,139. | 77,500. | 73,198 | 77,414. |
| CSB | 371.4 | 329.60 | 380.00 | 328 | 323.80 | 313.15 | 314.65 | 306.35 | 313.70 | 305.85 | 282.15 | 302.25 |

### PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO NSE NIFTY FROM APRIL 1, 2024 AND UP TO MARCH 31, 2025




| | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NIFTY | 22,604 | 22,530 | 24,010 | 24,951 | 25,235 | 25,810 | 24,205 | 24,131 | 23,644 | 23,508 | 22,124 | 23,519 |
| CSB | 372,85 | 329.8 | 378.15 | 328 | 323.65 | 313.35 | 314 | 307.55 | 313.10 | 306,10 | 282.75 | 302.25 |

### FINANCIAL CALENDAR FOR PUBLICATION OF FINANCIAL RESULTS: FOR FY 2024-25

| Quarter ending | Date of approval |
|---|---|
| June 30, 2024 | July 29, 2024 |
| September 30, 2024 | October 28, 2024 |
| December 31, 2024 | January 28, 2025 |
| March 31, 2025 | April 28, 2025 |

REPORT ON CORPORATE GOVERNANCE (Contd.)

## 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. |

## MD & 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.

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, the Bank can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Bank will send the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc., for the Financial Year 2024 in electronic mode to the shareholders who have registered their e-mail addresses with the Company or their respective Depository Participants (DPs).

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.

## 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.

| | |
|---|---|
| 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 Chairperson is entitled and allowed for reimbursement of expenses incurred in performance of his duties. |
| Shareholders' rights | The Bank publishes its financial results 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.<br>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. |
| 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, 2025. |
| 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.<br>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. |
| Reporting of Internal Auditor | The Internal Auditor directly report to the Audit Committee of the Board |
| Independent Directors | Held two meetings of Independent Directors in the financial year, without the presence of Non-Independent Directors and members of the management |

## 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.

By Order of the Board

**Sd/-**
**Biswamohan Mahapatra**
Chairperson
(DIN: 06990345)

Place: Thrissur
Date : June 24, 2025

REPORT ON CORPORATE GOVERNANCE (Contd.)

## GENERAL INFORMATION FOR SHAREHOLDERS

| | | |
|---|---|---|
| Financial Calendar | April 01, 2024 to March 31, 2025 | |
| Date of the Board Meeting at which the final accounts were approved | April 28, 2025 | |
| Dividend | Nil | |
| 104th Annual General Meeting | Date : | August 26, 2025 |
| | 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, General Circular No. 11/2022, dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023 and the latest being 09/2024 dated September 19, 2024 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") Circular dated October 07, 2023 and October 3, 2024 ( "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 20, 2025 to August 26, 2025 (both days are inclusive) | |
| Listing on Stock Exchanges | **BSE Limited,**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400001. | **National Stock Exchange of India Ltd.,**<br>Exchange Plaza, 5th floor,<br>Bandra-Kurla Complex,<br>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.) | Rating | |
|---|---|---|---|
| | | 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 |

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

| | |
|---|---|
| Bank's Address for correspondence / Address of the Compliance Officer. | Mr. Sijo Varghese, Company Secretary,<br>**CSB Bank Limited,**<br>"CSB Bhavan", Post Box No. 502, St. Mary's College Road,<br>Thrissur 680 020, Kerala.<br>Phone No.: +91 487 2333 020\|Fax: +91 487 2338 764<br>E-mail: investors@csb.co.in \|Website: www.csb.co.in |
| Address of the Registrars & Share Transfer Agents of the Bank. | **MUFG Intime India Private Limited (formerly known as 'Link Intime India Private Limited')**<br>Surya 35, May Flower Avenue, Behind Senthil Nagar,<br>Sowripalayam Road, Coimbatore - 641028.<br>Tel : +91 422 2314792, 2315792, 4958995, 2539835, 2539836\| Fax : 022-49186060<br>E-mail : coimbatore@in.mpms.mufg.com<br>Website: www.in.mpms.mufg.com |

## 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".

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
(00117994)

Place: Thrissur
Date : June 24, 2025

# CEO / CFO CERTIFICATION

We, Pralay Mondal, Managing Director & CEO and Satish Gundewar, Chief Financial Officer, of CSB Bank Limited hereby certify that:

(A) We have reviewed financial statements and the cash flow statement for the quarter ended March 31, 2025, 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 are no significant changes in accounting policies during the period; and

(3) There are no 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/-**
**Satish Gundewar**
Chief Financial Officer

**Sd/-**
**Pralay Mondal**
Managing Director & CEO

Place: Thrissur
Date: April 28, 2025

# CORPORATE GOVERNANCE CERTIFICATE

To,
The Members,
**CSB Bank Limited**

We have examined the compliance of conditions of Corporate Governance by **CSB Bank Limited** ('the Bank'), having CIN L65191KL1920PLC000175 for the financial year ended March 31, 2025, 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
Unique Identification No.: P1981MH043700
Peer Review Certificate No.: 6157/2024

**Sd/-**
**Manisha Maheshwari**
Partner
FCS No: 13272; C P No.: 11031
Mumbai | June 24, 2025
ICSI UDIN: F013272G000649831

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (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 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 clause 10(i) of Para C of Schedule V 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 March 31, 2025 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. Sharmila Abhay Karve | 05018751 | July 20, 2020 |
| 2. | Mr. Sudhin Bhagwandas Choksey | 00036085 | March 30, 2021 |
| 3. | Mr. Sharad Kumar Saxena | 08238872 | February 19, 2022 |
| 4. | Ms. Renu Kohli | 07981627 | December 14, 2023 |
| 5. | Mr. Deepak Maheshwari | 08163253 | June 12, 2024 |
| 6. | Mr. Narasimha Raju Narasappa Doddahosahalli | 01070476 | December 13, 2024 |
| 7. | Mr. Madhavan Menon Karunakaran | 00008542 | September 03, 2018 |
| 8. | Mr. Sumit Maheshwari | 06920646 | September 03, 2018 |
| 9. | Mr. Bellur Krishna Bhat Divakara | 06439053 | March 15, 2024 |
| 10. | Mr. Pralay Mondal | 00117994 | February 17, 2022 |

Ensuring the eligibility 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 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
Unique Identification No.: P1981MH043700
Peer Review Certificate No.: 6157/2024

**Sd/-**
**Manisha Maheshwari**
Partner
FCS No.: 13272; CP No.: 11031
Mumbai | June 24, 2025
ICSI UDIN: F013272G000649875

# INDEPENDENT AUDITOR'S REPORT

**To the Members of CSB Bank Limited**

**Report on the Audit of the Financial Statements**

## OPINION

1. We have audited the accompanying financial statements of CSB Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2025, the Profit and Loss Account and 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.

2. 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') and circulars and guidelines issued by the Reserve Bank of India ('the RBI'), in the manner so required for banking companies and give a true and fair view, in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2025, and its profit and its cash flows for the year ended on that date.

## BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 ('ICAI') 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

4. 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.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Classification of advances, identification of non-performing advances, income recognition and provisioning for advances** | |
| As at 31 March 2025, the Bank reported total loans and advances (net of provisions) of ₹ 31,507 crores (2024: ₹ 24,336 crores), gross NPAs of ₹ 498 crores (2024: ₹ 361 crores), and provision for non-performing assets (including claims) of ₹ 334 crores (2024: ₹ 236 crores).<br>Refer schedule 9 and schedule 18 (2.4) to the Financial Statements. | |
| Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and term loans. The Bank's advances portfolio majorly comprises of gold loans disbursed against pledge of gold collateral. | *Our key audit procedures included but were not limited to the following:*<br>Design/Controls<br>• Understood and considered the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the IRACP norms prescribed by the RBI including the additional provisions made on advances.<br>• Obtained an understanding of management's approach, interpretation, systems and controls implemented in relation to NPA computation.<br>• Assessed the design, implementation and operating effectiveness of key internal financial controls (including application controls for system driven identification of NPAs) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, measurement of provision, valuation of security, assessing the reliability of management information which included testing overdue reports. |

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| The classification of advances and identification of non-performing advances involves establishment of proper mechanism and judgement is applied to identify and determine the amount of provision required against non-performing assets ('NPA') and restructured advances as per the policy approved by the Board of Directors of the Bank and 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' ('IRACP norms') prescribed by the Reserve Bank of India (the 'RBI') from time to time. Similarly, the Bank is also required to make judgements to identify advances which are non-recoverable and thereby determined to be written off.<br>The provision for advances is estimated based on ageing and classification of such advances, underlying valuation, adequacy and existence of the security amongst other factors. In case of restructured accounts, provision is made in accordance with the RBI guidelines. The management also makes provisions on exposures on the basis of advances lent to certain stressed sectors.<br>The management of the Bank relies on the CBS (Core Banking Solutions) along with other allied IT systems accompanied by various estimates, prudent judgements relating to credit assessment of borrowers, valuation of collateral, including services of independent valuers, professionals for completeness and timing of recognition of NPAs, asset classification, income recognition and provisioning thereon.<br>We have identified classification of advances, identification of NPAs, provisioning of advances and income recognition as a key audit matter because this requires proper control mechanism, significant level of management judgement especially in determining the provision and the valuation of the security, heightened regulatory compliances and its significance to the overall financial statements of the Bank. | • Understood the Bank's policy over appointment of external appraiser for gold loans and storage of pledged gold. Further, assessed the design, implementation and operating effectiveness of key controls identified.<br>• Obtained an understanding for contingency provision carried by the Bank and verified the underlying assumptions for such estimate along with events identified by the management for usage for such provision.<br>• 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.<br>• Tested application controls on a sample basis including testing of automated and manual controls, reports and system reconciliations, in relation to income recognition, asset classification, provisioning pertaining to advances.<br>Substantive tests<br>• Performed test of details over of calculation of NPA provisions, including provisions on restructured loans 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 IRACP norms.<br>• Tested samples of advances (based on quantitative and qualitative thresholds) where impairment indicators had been identified by management.<br>• Evaluated the statement of accounts, approval process, credit review of borrowers, review of SMA reports, valuation reports of collaterals for corporate loans and other related documents to assess recoverability and the classification of the advance.<br>• For selected 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 report. Conducted independent visits to branches/offices to examine documentation and other records relating to advances and to verify existence of pledged gold for samples selected. Further, for the gold appraiser's valuation reports relied upon by the management, assessed the competency, independence, scope of work for the purpose of our audit.<br>• Verified on sample basis whether the loan write-offs during the year is in accordance with Board approved policy.<br>• Sought independent confirmation of account balances for sample borrowers. |





| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| | • Read the minutes of management committees and credit committee meetings and performing inquiries with the credit, credit monitoring, risk, asset recovery, compliance and vigilance departments to ascertain key changes and observations.<br>• Considered key observations arising out of Internal Audits, Systems Audits and Concurrent Audits conducted as per the policies and procedures of the Bank.<br>• Considered the RBI Annual Financial Inspection report on the Bank, the Bank's response to those observations and other communications with RBI.<br>• Assessed disclosures included in the financial statements in respect of asset classification, and provisioning, including specific disclosures required by IRACP norms. |

**Information Technology ('IT') Systems and Internal Controls for financial reporting**

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| The IT environment of the Bank is complex as it involves a number of independent and inter-dependent IT systems which are used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations on a daily basis.<br>As a result, there is a high degree of reliance and dependency on the IT systems for the Bank's financial accounting and reporting processes which impacts key financial accounting and reporting items such as advances, interest income, provision on advances amongst others and thereby 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.<br>We have identified testing of such IT systems and related control environment as key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, importance in relation to accurate and timely financial reporting and its impact on the financial records and financial reporting process of the Bank. | We included specialized IT auditors as part of our audit team to perform audit procedures which included, but were not limited to the following:<br>• Obtained an understanding of IT applications landscape implemented at the Bank, followed by process understanding, mapping of applications to the processes related to financial reporting<br>• Based on our understanding, we have evaluated and tested relevant IT general controls and IT application controls on the systems ('in-scope') identified as relevant for our audit of the financial statements.<br>• On such in-scope IT systems, we have tested key IT general controls with respect to the following domains:<br>a. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel.<br>b. Program change management which includes controls on moving program changes to production environment as per defined procedures and with relevant segregation of environments<br>c. Other areas that were assessed under the IT control environment included backup management and incident management.<br>• We also evaluated the design and tested the operating effectiveness of key IT application controls in key business processes, which included loan origination, sanctioning, disbursements, repayments and covered automated calculations and automated accounting procedures, as applicable focusing on advances, interest income, provision on advances amongst others.<br>• Where deficiencies were identified, tested compensating controls or performed alternative procedures. |

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures), but does not include the financial statements and our auditor's report thereon. The 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

7. The accompanying financial statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI 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.

8. In preparing the financial statements, the Board of Directors is 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.

9. The Board of Directors is also responsible for overseeing the Banks's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, 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;
    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting 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 and
    - 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.

12. 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.

13. 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.

14. 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.

## OTHER MATTER

15. The financial statements of the Bank for the year ended 31 March 2024 were jointly audited by Walker Chandiok & Co LLP and Mukund M. Chitale & Co., who have expressed an unmodified opinion on those financial statements vide their audit report dated 26 April 2024. Accordingly, Sundaram and Srinivasan do not express any opinion on the figures reported for the year ended 31 March 2024.

    Our opinion is not modified in respect of this matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. 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.

17. 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;

    c) We have visited 40 branches to examine the books of accounts and other records maintained at the branch for the purpose of our audit. Since, the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out at centrally as all the necessary records and data required for the purposes of our audit are available therein.

18. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

19. Further, as required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;
    b) In our opinion, proper books of account as required by law have been kept by the Bank 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 read with the Companies (Accounting Standards) Rules, 2021, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 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 as on 31 March 2025 and operating effectiveness of such controls, refer to our separate report in Annexure I wherein we have expressed an unmodified opinion and
    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. The Bank, as detailed in schedule 12 and schedule 18 - note 3.13 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2025;
        ii. The Bank, as detailed in schedule 5 and schedule 18 - note 3.13 to the financial statements, has made provision as at 31 March 2025, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March 2025;
        iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 4.9(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank to or in any person(s) or entity(ies), including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
            b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 4.9(b) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether 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 and
            c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
        v. The Bank has not declared or paid any dividend during the year ended 31 March 2025.
        vi. As stated in note 4.10 to the financial statements and based on our examination which included test checks, the Bank, in respect of financial year commencing on or after 01 April 2024, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Bank as per the statutory requirements for record retention.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Sd/-**
**Sudhir N. Pillai**
Partner
Membership No. 105782
UDIN: 25105782BMLICA9577

Place: Mumbai
Date: 28 April 2025

**For Sundaram & Srinivisan**
Chartered Accountants
Firm Registration No.: 004207S

**Sd/-**
**P Menakshi Sundaram**
Partner
Membership No. 217914
UDIN: 25217914BMKYKE2875

Place: Mumbai
Date: 28 April 2025

# ANNEXURE I

**Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of CSB Bank Limited ('the Bank') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Bank as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Bank's Board of Directors is 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 on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Bank's business, including adherence to the 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. 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 Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 if such controls operated effectively in all material respects.

4. 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 includes 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.

5. 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**

6. A 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. A Bank's internal financial controls with reference to financial statements include those policies and procedures that (1) 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**

7. 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.

**Opinion**

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, 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.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Sd/-**
**Sudhir N. Pillai**
Partner
Membership No. 105782
UDIN: 25105782BMLICA9577

Place: Mumbai
Date: 28 April 2025

**For Sundaram & Srinivisan**
Chartered Accountants
Firm Registration No.: 004207S

**Sd/-**
**P Menakshi Sundaram**
Partner
Membership No. 217914
UDIN: 25217914BMKYKE2875

Place: Mumbai
Date: 28 April 2025

# BALANCE SHEET

AS ON MARCH 31, 2025

(000's omitted)

| | Schedule | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| Capital | 1 | 173 , 53 , 81 | 173 , 53 , 81 |
| Reserves and surplus | 2 | 4324 , 19 , 34 | 3630 , 10 , 87 |
| Deposits | 3 | 36861 , 48 , 81 | 29718 , 80 , 36 |
| Borrowings | 4 | 5546 , 28 , 39 | 1757 , 38 , 00 |
| Other liabilities and provisions | 5 | 930 , 76 , 84 | 776 , 15 , 98 |
| **Total** | | **47836 , 27 , 19** | **36055 , 99 , 02** |
| **ASSETS** | | | |
| Cash and balances with Reserve Bank of India | 6 | 3187 , 28 , 30 | 3089 , 64 , 83 |
| Balances with banks and money at call and short notice | 7 | 404 , 89 , 63 | 65 , 23 , 93 |
| Investments | 8 | 11389 , 33 , 76 | 7551 , 42 , 90 |
| Advances | 9 | 31507 , 04 , 85 | 24335 , 57 , 57 |
| Fixed assets | 10 | 628 , 68 , 39 | 405 , 91 , 57 |
| Other assets | 11 | 719 , 02 , 26 | 608 , 18 , 22 |
| **Total** | | **47836 , 27 , 19** | **36055 , 99 , 02** |
| Contingent liabilities | 12 | 7368 , 08 , 33 | 2925 , 18 , 33 |
| Bills for collection | | 76 , 88 , 82 | 77 , 17 , 89 |
| Significant accounting policies | 17 | | |
| Notes to accounts | 18 | | |

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

**As per our attached report of even date**

**For Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No:004207S

**Sd/-**
**P. Menakshi Sundaram**
Partner
(Membership No. 217914)

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

**Sd/-**
**Sudhir N. Pillai**
Partner
(Membership No. 105782)

Date : April 28, 2025
Place : Mumbai

**For and on behalf of the Board of Directors**

**Sd/-**
**Biswamohan Mahapatra**
Independent Director
DIN:06990345

**Sd/-**
**Sharmila Abhay Karve**
Chairperson-Audit Committee
DIN:05018751

**Sd/-**
**Madhavan Menon**
Director
DIN:00008542

Date : April 28, 2025
Place : Thrissur

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
DIN: 00117994

**Sd/-**
**B.K. Divakara**
Executive Director
DIN: 06439053

**Sd/-**
**Sijo Varghese**
Company Secretary

**Sd/-**
**Satish Gundewar**
Chief Financial Officer

# PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2025

(000's omitted)

| | | Schedule | Year ended March 31, 2025 | Year ended March 31, 2024 |
|---|---|---|---|---|
| **I** | **INCOME** | | | |
| | Interest earned | 13 | 3597 , 14 , 44 | 2927 , 54 , 23 |
| | Other income | 14 | 972 , 05 , 26 | 584 , 28 , 65 |
| | **Total** | | **4569 , 19 , 70** | **3511 , 82 , 88** |
| **II** | **EXPENDITURE** | | | |
| | Interest expended | 15 | 2120 , 96 , 93 | 1451 , 12 , 79 |
| | Operating expenses | 16 | 1537 , 99 , 23 | 1280 , 77 , 90 |
| | Provisions and contingencies | | 316 , 43 , 77 | 213 , 10 , 01 |
| | **Total** | | **3975 , 39 , 93** | **2945 , 00 , 70** |
| **III** | **PROFIT/LOSS** | | | |
| | Net profit for the year | | 593 , 79 , 77 | 566 , 82 , 18 |
| | Profit / (-)Loss brought forward from previous year | | 622 , 57 , 04 | 207 , 29 , 18 |
| | **Total** | | **1216 , 36 , 81** | **774 , 11 , 36** |
| **IV** | **APPROPRIATIONS** | | | |
| | Transfer to statutory reserves | | 148 , 44 , 94 | 141 , 70 , 55 |
| | Transfer to capital reserves | | - | 1 , 52 , 78 |
| | Transfer to special reserve | | 4 , 40 , 00 | 4 , 29 , 36 |
| | Transfer to investment fluctuation reserve | | 107 , 23 , 00 | - |
| | Transfer to investment reserve account | | - | 4 , 01 , 63 |
| | Balance carried over to balance sheet | | 956 , 28 , 87 | 622 , 57 , 04 |
| | **Total** | | **1216 , 36 , 81** | **774 , 11 , 36** |
| Earnings per equity share: | | | | |
| (1) | Basic (in ₹) | | 34.23 | 32.67 |
| (2) | Diluted (in ₹) | | 34.23 | 32.67 |
| (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 attached report of even date**

**For Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No:004207S

**Sd/-**
**P. Menakshi Sundaram**
Partner
(Membership No. 217914)

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

**Sd/-**
**Sudhir N. Pillai**
Partner
(Membership No. 105782)

Date : April 28, 2025
Place : Mumbai

**For and on behalf of the Board of Directors**

**Sd/-**
**Biswamohan Mahapatra**
Independent Director
DIN:06990345

**Sd/-**
**Sharmila Abhay Karve**
Chairperson-Audit Committee
DIN:05018751

**Sd/-**
**Madhavan Menon**
Director
DIN:00008542

Date : April 28, 2025
Place : Thrissur

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
DIN: 00117994

**Sd/-**
**B.K. Divakara**
Executive Director
DIN: 06439053

**Sd/-**
**Sijo Varghese**
Company Secretary

**Sd/-**
**Satish Gundewar**
Chief Financial Officer

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2025

(000's omitted)

| | Year ended March 31, 2025 | Year ended March 31, 2024 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net profit before tax | **799 , 52 , 58** | **761 , 44 , 68** |
| Adjustments for: | | |
| Depreciation on fixed assets | 76 , 38 , 67 | 55 , 55 , 40 |
| Provision/(-)Reversal for depreciation in value of investments | 2 , 33 , 88 | -7 , 15 , 62 |
| Provision towards non performing advances | 154 , 49 , 52 | 57 , 63 , 35 |
| Provision for standard assets | 26 , 62 , 36 | 13 , 31 , 21 |
| Employee stock option expense | 9 , 78 , 54 | 7 , 89 , 44 |
| Loss/(-)Profit on sale of fixed assets | 26 , 04 | -1 , 10 , 17 |
| Amortisation of (-)discount/premium paid on HTM investments | -99 , 06 | 4 , 04 , 14 |
| Other provisions and contingencies | 2 , 42 , 79 | 9 , 89 , 13 |
| **Cash flow before changes in working capital** | **1070 , 85 , 32** | **901 , 51 , 56** |
| **Adjustments for:** | | |
| (-)Increase in investments (excluding Held to Maturity investments) | -5948 , 18 , 17 | -376 , 11 , 55 |
| (-)Increase in advances | -7325 , 96 , 79 | -3742 , 56 , 39 |
| (-)Increase in other assets | -101 , 35 , 07 | -74 , 43 , 41 |
| Increase in deposits | 7142 , 68 , 46 | 5212 , 99 , 17 |
| Increase in other liabilities & provisions | 125 , 55 , 79 | 83 , 08 , 42 |
| | **-5036 , 40 , 46** | **2004 , 47 , 80** |
| Direct taxes paid (net of refunds) | -219 , 11 , 57 | -221 , 50 , 08 |
| **Net cash flow (used in)/from operating activities (A)** | **-5255 , 52 , 03** | **1782 , 97 , 72** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets and intangible assets | -300 , 23 , 68 | -118 , 42 , 38 |
| Sale of fixed assets | 82 , 14 | 2 , 72 , 15 |
| Decrease/(-)Increase in Held to Maturity investments | 2203 , 32 , 35 | -1323 , 50 , 38 |
| **Net cash flow from/(used in) investing activities (B)** | **1903 , 90 , 81** | **-1439 , 20 , 61** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Net proceeds of borrowings | 3788 , 90 , 39 | 974 , 41 , 00 |
| **Net cash flow from financing activities (C)** | **3788 , 90 , 39** | **974 , 41 , 00** |

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(000's omitted)

| | Year ended March 31, 2025 | Year ended March 31, 2024 |
|---|---|---|
| **D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | **437 , 29 , 17** | **1318 , 18 , 11** |
| Cash and cash equivalents at the beginning of the year | 3154 , 88 , 76 | 1836 , 70 , 65 |
| Cash and cash equivalents at the end of the year | 3592 , 17 , 93 | 3154 , 88 , 76 |
| **NET INCREASE AS DISCLOSED ABOVE** | **437 , 29 , 17** | **1318 , 18 , 11** |

Cash and cash equivalents include Cash and balances with Reserve Bank of India and Balances with banks and money at call and short notice (Refer Schedule 6 and Schedule 7).

**As per our attached report of even date**

**For Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No:004207S

**Sd/-**
**P. Menakshi Sundaram**
Partner
(Membership No. 217914)

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

**Sd/-**
**Sudhir N. Pillai**
Partner
(Membership No. 105782)

Date : April 28, 2025
Place : Mumbai

**For and on behalf of the Board of Directors**

**Sd/-**
**Biswamohan Mahapatra**
Independent Director
DIN:06990345

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
DIN: 00117994

**Sd/-**
**Sharmila Abhay Karve**
Chairperson-Audit Committee
DIN:05018751

**Sd/-**
**B.K. Divakara**
Executive Director
DIN: 06439053

**Sd/-**
**Madhavan Menon**
Director
DIN:00008542

**Sd/-**
**Sijo Varghese**
Company Secretary

**Sd/-**
**Satish Gundewar**
Chief Financial Officer

Date : April 28, 2025
Place : Thrissur

# SCHEDULES FORMING PART OF BALANCE SHEET

## SCHEDULE 1 - CAPITAL

(₹ in thousand)

| | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|
| **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 |
| **TOTAL** | **173 , 53 , 81** | **173 , 53 , 81** |

## SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousand)

| | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|
| **I Statutory Reserves** | | |
| Opening balance | 597 , 70 , 64 | 456 , 00 , 09 |
| Additions during the year | 148 , 44 , 94 | 141 , 70 , 55 |
| | 746 , 15 , 58 | 597 , 70 , 64 |
| Deductions during the year | - | - |
| | **746 , 15 , 58** | **597 , 70 , 64** |
| **II Revaluation Reserves** | | |
| Opening balance | 175 , 83 , 57 | 152 , 02 , 17 |
| Additions during the year | - | 25 , 30 , 42 |
| | **175 , 83 , 57** | **177 , 32 , 59** |
| Deductions during the year | 2 , 00 , 31 | 1 , 49 , 02 |
| | **173 , 83 , 26** | **175 , 83 , 57** |
| **III Capital Reserves** | | |
| Opening balance | 209 , 54 , 16 | 208 , 01 , 38 |
| Additions during the year | - | 1 , 52 , 78 |
| | **209 , 54 , 16** | **209 , 54 , 16** |
| Deductions during the year | - | - |
| | **209 , 54 , 16** | **209 , 54 , 16** |
| **IV Share Premium** | | |
| Opening balance | 1801 , 02 , 61 | 1792 , 10 , 80 |
| Additions during the year | 3 , 21 , 85 | 8 , 91 , 81 |
| | **1804 , 24 , 46** | **1801 , 02 , 61** |
| Deductions during the year | - | - |
| | **1804 , 24 , 46** | **1801 , 02 , 61** |
| **V Revenue and other Reserves** | | |
| **a) General Reserves** | | |
| Opening balance | 103 , 49 , 11 | 102 , 00 , 09 |
| Additions during the year (Refer Note 2.3.7 - Schedule 18) | 3 , 14 , 58 | 1 , 49 , 02 |
| | **106 , 63 , 69** | **103 , 49 , 11** |
| Deductions during the year | - | - |
| | **106 , 63 , 69** | **103 , 49 , 11** |





(₹ in thousand)

| | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|
| **b) Investment Fluctuation Reserve** | | |
| Opening balance | 59 , 07 , 73 | 59 , 07 , 73 |
| Additions during the year (Refer Note 2.3.2 - Schedule 18) | 111 , 24 , 63 | - |
| | **170 , 32 , 36** | **59 , 07 , 73** |
| Deductions during the year | - | - |
| | **170 , 32 , 36** | **59 , 07 , 73** |
| **c) Investment Reserve Account** | | |
| Opening balance | 4 , 01 , 63 | - |
| Additions during the year | - | 4 , 01 , 63 |
| | **4 , 01 , 63** | **4 , 01 , 63** |
| Deductions during the year | 4 , 01 , 63 | - |
| | **-** | **4 , 01 , 63** |
| **d) Special Reserve (Section 36 (1)(viii) of IT Act,1961)** | | |
| Opening balance | 39 , 49 , 82 | 35 , 20 , 46 |
| Additions during the year | 4 , 40 , 00 | 4 , 29 , 36 |
| | **43 , 89 , 82** | **39 , 49 , 82** |
| Deductions during the year | - | - |
| | **43 , 89 , 82** | **39 , 49 , 82** |
| **VI Contingency Reserve** | | |
| Opening balance | 5 , 00 | 5 , 00 |
| Additions during the year | - | - |
| | **5 , 00** | **5 , 00** |
| Deductions during the year | - | - |
| | **5 , 00** | **5 , 00** |
| **VII Employee Stock Option Reserve** | | |
| Opening balance | 17 , 29 , 56 | 18 , 31 , 93 |
| Additions during the year | 9 , 78 , 54 | 7 , 89 , 44 |
| | **27 , 08 , 10** | **26 , 21 , 37** |
| Deductions during the year | 3 , 24 , 78 | 8 , 91 , 81 |
| | **23 , 83 , 32** | **17 , 29 , 56** |
| **VIII AFS-Reserve** | | |
| Opening balance | - | - |
| Additions during the year (Refer Note 2.3.7 - Schedule 18) | 89 , 38 , 82 | - |
| | **89 , 38 , 82** | **-** |
| Deductions during the year | - | - |
| | **89 , 38 , 82** | **-** |
| **IX Balance in Profit and Loss Account** | **956 , 28 , 87** | **622 , 57 , 04** |
| **TOTAL (I,II,III,IV,V,VI,VII,VIII and IX)** | **4324 , 19 , 34** | **3630 , 10 , 87** |

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

## SCHEDULE 3 - DEPOSITS

(₹ in thousand)

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| A. I. | **Demand Deposits** | | |
| | [i] From banks | 10 , 92 , 21 | - |
| | [ii] From others | 2304 , 84 , 57 | 2090 , 09 , 36 |
| | | **2315 , 76 , 78** | **2090 , 09 , 36** |
| II. | **Savings Bank Deposits** | | |
| III. | **Term Deposits** | 6602 , 70 , 50 | 5994 , 31 , 78 |
| | [i] From banks | 4569 , 44 , 99 | 2485 , 21 , 22 |
| | [ii] From others | 23373 , 56 , 54 | 19149 , 18 , 00 |
| | | 27943 , 01 , 53 | 21634 , 39 , 22 |
| **TOTAL [I,II, and III]*** | | **36861 , 48 , 81** | **29718 , 80 , 36** |
| B | [i] Deposits of branches in India | 36861 , 48 , 81 | 29718 , 80 , 36 |
| | [ii] Deposits of branches outside India | - | - |
| **TOTAL** | | **36861 , 48 , 81** | **29718 , 80 , 36** |

*Includes lien marked deposits of ₹ 3,483.05 crore (Previous Year ₹ 2,220.57 crore)

## SCHEDULE 4 - BORROWINGS

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Borrowings in India | | |
| | [i] Reserve Bank of India | 300 , 00 , 00 | - |
| | [ii] Other banks | - | - |
| | [iii] Other institutions and agencies | 1784 , 54 , 64 | 756 , 52 , 00 |
| **TOTAL (I)** | | **2084 , 54 , 64** | **756 , 52 , 00** |
| II. | Borrowings outside India | 3461 , 73 , 75 | 1000 , 86 , 00 |
| **TOTAL (I and II)** | | **5546 , 28 , 39** | **1757 , 38 , 00** |

Secured borrowings included in I and II above: Nil (previous year: Nil) except borrowings of ₹ 1,099.47 crore (previous year: Nil) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Bills payable | 95 , 25 , 26 | 70 , 95 , 73 |
| II. | Inter-office adjustments (net) | - | 6 , 01 , 90 |
| III. | Interest accrued | 223 , 72 , 55 | 160 , 21 , 31 |
| IV. | Contingent provisions against standard assets (Refer note 2.15 of Schedule 18) | 231 , 53 , 27 | 204 , 90 , 90 |
| V. | Others (Including Provisions) | 380 , 25 , 76 | 334 , 06 , 14 |
| | **TOTAL** | **930 , 76 , 84** | **776 , 15 , 98** |

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

## SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Cash in hand(including foreign currency notes) | 143 , 14 , 67 | 140 , 17 , 66 |
| II | Balances with Reserve Bank of India | | |
| | [i] in Current Account | 1341 , 13 , 63 | 1357 , 47 , 17 |
| | [ii] in Other Accounts* | 1703 , 00 , 00 | 1592 , 00 , 00 |
| | | 3044 , 13 , 63 | 2949 , 47 , 17 |
| **TOTAL (I AND II)** | | **3187 , 28 , 30** | **3089 , 64 , 83** |

*Represents the Standing Deposit Facility with Reserve Bank of India

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousand)

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| **I.** | **In India** | | |
| | [i] **Balances with banks** | | |
| | (a) in Current Accounts | 13 , 49 , 35 | 15 , 80 , 09 |
| | (b) in Other Deposit Accounts | 2 , 50 | 2 , 50 |
| | | **13 , 51 , 85** | **15 , 82 , 59** |
| | [ii] **Money at call and short notice** | | |
| | (a) with banks | - | - |
| | (b) with other Institutions | 299 , 71 , 67 | - |
| | | **299 , 71 , 67** | **-** |
| | **TOTAL (i and ii)** | **313 , 23 , 52** | **15 , 82 , 59** |
| **II.** | **Outside India** | | |
| | (i) in Current Accounts | 48 , 92 , 36 | 49 , 41 , 34 |
| | (ii) in Other Deposit Accounts | 42 , 73 , 75 | - |
| | (iii) Money at call and short notice | - | - |
| **TOTAL** | | **91 , 66 , 11** | **49 , 41 , 34** |
| **GRAND TOTAL (I and II)** | | **404 , 89 , 63** | **65 , 23 , 93** |

## SCHEDULE 8 - INVESTMENTS

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Investments in India in | | |
| | [i] Government securities | 10875 , 65 , 57 | 7338 , 57 , 66 |
| | [ii] Other approved securities | - | - |
| | [iii] Shares | 29 , 90 , 36 | 4 , 27 , 60 |
| | [iv] Debentures and Bonds | 382 , 27 , 87 | 109 , 87 , 58 |
| | [v] Subsidiaries and/or joint ventures | - | - |
| | [vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts,AIF and PTC] | 99 , 36 , 38 | 98 , 70 , 05 |
| **TOTAL** | | **11387 , 20 , 18** | **7551 , 42 , 89** |
| II. | Investments outside India | 2 , 13 , 58 | 1 |
| **GRAND TOTAL (I and II)** | | **11389 , 33 , 76** | **7551 , 42 , 90** |

## SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

### SCHEDULE 9 - ADVANCES

| | | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|---|
| A | [i] | Bills purchased and discounted | 412 , 29 , 97 | 386 , 64 , 59 |
| | [ii] | Cash credits, overdrafts and loans repayable on demand | 9187 , 89 , 79 | 15966 , 53 , 70 |
| | [iii] | Term loans | 21906 , 85 , 09 | 7982 , 39 , 28 |
| | **TOTAL** | | **31507 , 04 , 85** | **24335 , 57 , 57** |
| B | [i] | Secured by tangible assets* | 29042 , 38 , 81 | 22381 , 35 , 02 |
| | [ii] | Covered by Bank/Government guarantees** | 192 , 99 , 49 | 218 , 07 , 63 |
| | [iii] | Unsecured | 2271 , 66 , 55 | 1736 , 14 , 92 |
| | **TOTAL** | | **31507 , 04 , 85** | **24335 , 57 , 57** |
| C. | **I.** | **Advances in India** | | |
| | [i] | Priority sectors | 16832 , 54 , 17 | 13151 , 75 , 31 |
| | [ii] | Public sector | 73 , 11 , 63 | 16 , 16 , 85 |
| | [iii] | Banks | 1 | - |
| | [iv] | Others | 14601 , 39 , 04 | 11167 , 65 , 41 |
| | **TOTAL** | | **31507 , 04 , 85** | **24335 , 57 , 57** |
| | **II.** | **Advances outside India** | - | - |
| | **GRAND TOTAL ( C.I and II)** | | **31507 , 04 , 85** | **24335 , 57 , 57** |

* Includes advances against book debts

**Includes advances against LCs issued by banks

### SCHEDULE 10 - FIXED ASSETS

(₹ in thousand)

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| **I.** | **Premises** | | |
| | At cost as on March 31 of the preceding year | 205 , 09 , 57 | 181 , 55 , 61 |
| | Additions during the year | - | 25 , 30 , 42 |
| | Deductions during the year | 54 , 38 | 1 , 76 , 46 |
| | **Total Cost to date** | **204 , 55 , 19** | **205 , 09 , 57** |
| | **Depreciation** | | |
| | As on March 31 of preceding year | 27 , 04 , 71 | 26 , 22 , 09 |
| | Charge during the year | 1 , 86 , 04 | 1 , 30 , 97 |
| | Deductions during the year | 27 , 73 | 48 , 35 |
| | Depreciation to date | 28 , 63 , 02 | 27 , 04 , 71 |
| | **TOTAL (I)** | **175 , 92 , 17** | **178 , 04 , 86** |
| **II.** | **Other Fixed Assets (including furniture and fixtures)** | | |
| | At cost as on March 31 of the preceding year | 522 , 05 , 51 | 407 , 48 , 90 |
| | Additions during the year | 121 , 18 , 66 | 118 , 42 , 38 |
| | Deductions during the year | 124 , 26 , 54 | 3 , 85 , 77 |
| | **Total Cost to date** | **518 , 97 , 63** | **522 , 05 , 51** |
| | **Depreciation** | | |
| | As on March 31 of preceding year | 294 , 18 , 80 | 243 , 46 , 27 |
| | Charge during the year | 74 , 52 , 64 | 54 , 24 , 43 |
| | Deductions during the year | 123 , 45 , 01 | 3 , 51 , 90 |
| | Depreciation to date | 245 , 26 , 43 | 294 , 18 , 80 |
| | **TOTAL (II)** | **273 , 71 , 20** | **227 , 86 , 71** |
| **III.** | **Capital-Work-in progress** | **17,90,502** | **-** |
| | **TOTAL (I and II)** | **628 , 68 , 39** | **405 , 91 , 57** |



## SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

### SCHEDULE 11 - OTHER ASSETS

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Inter - Office Adjustments (net) | - | - |
| II. | Interest accrued | 218 , 18 , 36 | 125 , 44 , 71 |
| III. | Tax paid in advance/tax deducted at source (Net of provisions) | 65 , 64 , 70 | 62 , 82 , 40 |
| IV. | Stationery and stamps | 94 | 27 |
| V. | Non-banking assets acquired in satisfaction of claims | - | 3 , 61 , 01 |
| VI. | Deferred tax assets (net) | 66 , 92 , 41 | 60 , 25 , 64 |
| VII. | Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending | 83 , 85 , 06 | 137 , 01 , 08 |
| VIII. | Others | 284 , 40 , 79 | 219 , 03 , 11 |
| **TOTAL** | | **719 , 02 , 26** | **608 , 18 , 22** |

### SCHEDULE 12 - CONTINGENT LIABILITIES

| | | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|---|
| I. | Claims against the bank not acknowledged as debts - taxation | 52 , 85 , 58 | 126 , 62 , 62 |
| II. | Claims against the bank not acknowledged as debts - others | 21 , 61 , 63 | 20 , 56 , 78 |
| III. | Liability for partly paid investments | - | - |
| IV. | Liability on account of outstanding forward exchange contracts | 5276 , 65 , 20 | 1659 , 31 , 99 |
| V. | Guarantees given on behalf of constituents | | |
| | (a) In India | 1345 , 78 , 17 | 838 , 99 , 87 |
| | (b) Outside India | - | - |
| VI. | Acceptance, endorsements and other obligations | 577 , 18 , 64 | 201 , 62 , 45 |
| VII. | Other items for which the bank is contingently liable* | 93 , 99 , 11 | 78 , 04 , 62 |
| **TOTAL** | | **7368 , 08 , 33** | **2925 , 18 , 33** |

* includes ₹ 85.55 crore (Previous Year : ₹78.05 crore) 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 PROFIT & LOSS ACCOUNT

### SCHEDULE 13 - INTEREST EARNED

(₹ in thousand)

| | | Year ended on March 31, 2025 | Year ended on March 31, 2024 |
|---|---|---|---|
| I. | Interest/discount on advance / bills | 2930 , 64 , 11 | 2460 , 13 , 91 |
| II. | Income on investments | 621 , 73 , 42 | 423 , 98 , 78 |
| III. | Interest on balances with Reserve Bank of India and other inter -bank funds | 19 , 85 , 76 | 14 , 75 , 71 |
| IV | Others | 24 , 91 , 15 | 28 , 65 , 83 |
| **TOTAL** | | **3597 , 14 , 44** | **2927 , 54 , 23** |

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

### SCHEDULE 14 - OTHER INCOME

| | | Year ended on March 31, 2025 | Year ended on March 31, 2024 |
|---|---|---|---|
| I. | Commission, Exchange and Brokerage | 593 , 54 , 60 | 441 , 09 , 72 |
| II. | Profit on sale of investments (Net) | 100 , 29 , 29 | 40 , 49 , 44 |
| III. | Loss on revaluation of investments (Net) | -2 , 33 , 88 | 7 , 15 , 62 |
| IV. | Loss on sale of land, buildings and other assets (Net) | -26 , 04 | -12 , 95 |
| V. | Profit / (loss) on exchange / derivative transactions (Net) | 20 , 70 , 23 | 15 , 52 , 97 |
| VI. | Income earned by way of dividends etc.from subsidiaries/companies and/ or joint ventures abroad/in India | - | - |
| VII. | Miscellaneous Income (Refer Note 2.16 - Schedule 18) | 260 , 11 , 06 | 80 , 13 , 85 |
| **TOTAL** | | **972 , 05 , 26** | **584 , 28 , 65** |

### SCHEDULE 15 - INTEREST EXPENDED

| | | Year ended on March 31, 2025 | Year ended on March 31, 2024 |
|---|---|---|---|
| I. | Interest on deposits | 1886 , 95 , 13 | 1349 , 26 , 12 |
| II. | Interest on Reserve Bank of India/ inter -bank borrowings | 46 , 70 , 97 | 6 , 59 , 26 |
| III. | Others | 187 , 30 , 83 | 95 , 27 , 41 |
| **TOTAL** | | **2120 , 96 , 93** | **1451 , 12 , 79** |

### SCHEDULE 16 - OPERATING EXPENSES

| | | Year ended on March 31, 2025 | Year ended on March 31, 2024 |
|---|---|---|---|
| I. | Payments to and provisions for employees | 754 , 25 , 29 | 714 , 70 , 81 |
| II. | Rent, taxes and lighting | 168 , 66 , 15 | 127 , 66 , 17 |
| III. | Printing and Stationery | 10 , 98 , 12 | 15 , 06 , 14 |
| IV. | Advertisement and publicity | 5 , 51 , 19 | 4 , 12 , 79 |
| V. | Depreciation on bank's property | 76 , 38 , 67 | 55 , 55 , 40 |
| | (including amortisation /write off of intangible assets) | | |
| VI. | Directors' fees, allowances and expenses | 1 , 60 , 45 | 1 , 66 , 12 |
| VII. | Auditors' fees and expenses | 2 , 44 , 18 | 2 , 20 , 58 |
| | (including branch auditors fees and expenses) | | |
| VIII. | Law charges | 2 , 65 , 08 | 3 , 55 , 18 |
| IX. | Postages, Telegrams, Telephones etc. | 29 , 65 , 21 | 21 , 70 , 60 |
| X. | Repairs and maintenance | 41 , 00 , 80 | 18 , 89 , 34 |
| XI. | Insurance | 37 , 01 , 77 | 31 , 05 , 06 |
| XII. | Other expenditure (Refer Note 2.16 - Schedule 18) | 407 , 82 , 32 | 284 , 59 , 71 |
| **TOTAL** | | **1537 , 99 , 23** | **1280 , 77 , 90** |

# SCHEDULE 17:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 1. BACKGROUND

CSB Bank Limited ("the Bank"), was incorporated in 1920 is a publicly held banking company engaged in providing a range of banking and financial services including Retail banking, Corporate banking SME banking and Treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 2. BASIS OF PREPARATION

a) 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 the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India.

b) The Bank follows the historical cost convention and the accrual method of accounting, in the preparation of the financial statements. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except for change mentioned in para 4.4

### 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. 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 recognised prospectively from the period of change.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a) Interest/discount on advances/bills is recognised on accrual basis, except in case of non-performing assets in which case the income is recognised as per prudential norms issued by RBI.

b) Income on Exchange fee, Brokerage, Commission & Rent on lockers are recognised on cash basis.

c) Income on insurance commission are accounted on right to receive basis.

d) Interest on income tax refund is recognised in the year of receipt of Assessment Orders.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Income on instruments discounted by Bank is recognised over the tenure of the instrument on a straight line basis.

g) Income on Investments (other than dividend on shares & mutual funds, interest on Pass Through Certificates and income on non performing investments) is recognised on accrual basis.

h) Dividend income is recognised as income when the right to receive payment is established.

i) Fee paid/received for priority sector lending certificates (PSLC) is recognised in the year of sale/purchase.

j) All other fees are accounted for as and when they become due.

k) Credit card related charges / fees are booked on due basis net off corresponding charges / fees shared with service provider.

l) 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

a) 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.

b) Provision for Non-Performing Advances comprising Sub-standard, Doubtful and Loss

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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 recognised 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.

c) The amount of advances shown in the Balance Sheet is net of provisions against NPA and interest suspense, ECGC claims received.

d) Provision on Standard Asset, 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 as per RBI Guidelines. In case of advances to stressed sectors, the Bank has recognised provision in line with RBI guidelines. These provisions are included under in Item No. IV of Schedule 5 – Other Liabilities & Provisions.

e) In classification under Schedule-9 Advances, all outstanding advances net of provisions made is classified under three heads given below and include both secured and unsecured advances.

(i) Bills purchased and Discounted :- Receivables acquired under factoring is reported under this head.

(ii) Cash credits, overdrafts, and loans repayable on demand :- All loans repayable on demand and short-term loans with original maturity up to one year and outstanding balances on credit cards is included under this category. Other balances pertaining to credit operations, even if they are dues from other banks/ organisations is shown as part of advances. However, where such dues are in the nature of fee or other revenue receivable the same is shown as Other Assets.

(iii) Term loans :- A 'Term Loan' is a loan which has a specified maturity and is payable in instalments or in bullet form. All Term Loans with maturity in excess of one year is classified under this category.

f) 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.

g) Non-performing and restructured loans are upgraded to standard as per the extant RBI guidelines.

h) Foreign Currency loans shall be sanctioned for both capital expenditure and working capital, based on the requirements. Rate of interest on such loans will be linked to Term SOFR (Secured Overnight Financing Rate)/ Term SONIA (Sterling Overnight Interbank Average Rate) / EURIBOR or other market linked external benchmark, based on currency involved.

i) 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.

j) 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 (standardised 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 categorised 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.

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 4.4 Investments

#### A) Classification

All Investments are accounted for on settlement dates. In accordance with the RBI guidelines, the category of investments decided at the time of acquisition as:

a. Held to Maturity (HTM)

b. Available for Sale (AFS)

c. Fair Value through Profit and Loss (FVTPL)

c.1 Held for Trading (HFT)

c.2 Non Held for Trading (Non HFT)

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:**

#### a) Held to Maturity (HTM)

i. Securities that fulfil the following conditions are classified under HTM:

a) The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and

b) the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding ('SPPI criterion') on specified dates.

ii. Notwithstanding the intent with which the following securities are acquired, they not meet the SPPI criteria and therefore are not eligible for classification either as HTM or AFS:

a) Instruments with compulsorily, optionally or contingently convertible features.

b) Instruments with contractual loss absorbency features such as those qualifying for Additional Tier 1 and Tier 2 under Basel III Capital Regulations.

c) Instruments whose coupons are not in the nature of interest- ("Interest" for the purposes of determining eligibility under the solely payments of principal and interest ('SPPI') criteria consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin).

d) Preference shares and Equity shares.

#### b) Available for Sale (AFS)

i. Securities that meet the following conditions are classified under AFS:

a) The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and

b) the contractual terms of the security meet the 'SPPI criterion'

The Bank in certain cases, elects an equity instrument to classify with irrevocable option on initial recognition, that is not held with the objective of trading under AFS.

ii. AFS securities include debt securities held for asset liability management (ALM) purposes that meet the SPPI criterion where the Bank's intent is flexible with respect to holding to maturity or selling before maturity.

#### c) Fair Value through Profit and Loss (FVTPL)

Securities that do not qualify for inclusion in HTM or AFS are classified under FVTPL. These inter- alia include:

i. Equity shares, other than (a) equity shares of subsidiaries, associates or joint ventures and (b) equity shares where, at initial recognition, the irrevocable option to classify at AFS has been exercised.

ii. Investments in Mutual Funds, Alternative Investment Funds, Real Estate Investment Trusts, Infrastructure Investment Trusts, etc.

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

iii. Bonds, debentures, etc. where the payment is linked to the movement in a particular index such as an equity index rather than an interest rate benchmark.

### c.1) Held for Trading (HFT)

Held for Trading (HFT), which is a sub-category of Fair Value through Profit and Loss (FVTPL) consists of all instruments that meet the specifications for HFT instruments set out in the following paragraphs. All other instruments are be excluded from HFT.

i. The Bank only include those financial instruments in HFT when there is no legal impediment against selling or fully hedging it.

ii. The Bank fair values daily all HFT instruments and recognises any valuation changes in the profit and loss account.

iii. Any instrument that the Bank holds for one or more of the following purposes is, when it is first recognised on its books, is designated as a HFT instrument, unless specifically otherwise provided for in paragraph (i) or (vi):

a) short-term resale;

b) profiting from short-term price movements;

c) locking in arbitrage profits; or

d) hedging risks that arise from instruments meeting (a), (b) or (c) above.

iv. The following instruments are included in HFT, unless specifically otherwise provided for in paragraph (i) or (vi) :

a) instruments in the correlation trading portfolio;

b) instruments that would give rise to a net short credit or equity position in the banking book or

c) instruments resulting from underwriting commitments, where underwriting commitments refer only to securities underwriting, and relate only to securities that are expected to be actually purchased by the Bank on the settlement date.

v. Any instrument which is not held for any of the purposes listed in paragraph (iii) at inception, nor seen as being held for these purposes according to paragraph (iv), are not assigned to HFT.

vi. The following instruments are not included in HFT category:

a) unlisted equities and equity investments in subsidiaries, associates and joint ventures;

b) instruments designated for securitisation warehousing;

c) direct holding of real estate and derivatives on direct holdings of real estate;

d) equity investments in a fund, unless the Bank meets at least one of the following conditions:

- the Bank is able to look through the fund to its individual components and there is sufficient and frequent information, verified by an independent third party, provided to the Bank regarding the fund's composition; or
- the Bank obtains daily price quotes for the fund and it has access to the information contained in the fund's mandate or in the national regulations governing such investment funds;

e) derivative instruments and funds that have instrument types specified from (a) to (d) above as underlying assets; or

f) instruments held for the purpose of hedging a particular risk of a position in the types of instruments specified from (a) to (e) above.

vii. The following instruments are presumed to be in HFT unless specifically otherwise provided for in paragraph (i) or (vi):

a) instruments resulting from market-making activities;



SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

b) equity investments in a fund excluding those exempted from assignment to HFT in accordance with paragraph (vi) (d); or

c) listed equities

d) trading-related repo-style transaction; or

### B) Reclassification of Investments between categories

i. The Bank reclassify investments between categories (viz. HTM, AFS and FVTPL ) with the approval of the Board of Directors. Further, reclassification shall also require the prior approval of the Department of Supervision (DoS), RBI.

ii. The reclassification would be applied prospectively from reclassification date.

iii. The accounting treatment of the reclassification is as given in the table below. The Bank will disclose the details of such reclassification including the reclassification adjustments in the notes to the financial statements:

| Sl. No. | From | To | Accounting Treatment |
|---|---|---|---|
| a. | HTM | AFS | The fair value measured at the reclassification date shall be the revised carrying value. Any gain or loss arising from a difference between the revised carrying value and the previous carrying value shall be recognised in AFS-Reserve. |
| b. | | FVTPL | The fair value measured at the reclassification date shall be the revised carrying value. Any gain or loss arising from a difference between the revised carrying value and previous carrying value of the investments shall be recognised in the Profit and Loss Account under Item (III): 'Profit on revaluation of investments' under Schedule 14: 'Other Income'. |
| c. | AFS | HTM | The investments are reclassified at its fair value at the reclassification date. However, the cumulative gain/loss previously recognised in the AFS-Reserve shall be withdrawn therefrom and adjusted against the fair value of the investments at the reclassification date to arrive at the revised carrying value. Thus, the revised carrying value shall be the same as if the Bank had classified the investment in HTM ab initio itself. |
| d. | | FVTPL | The investments shall continue to be measured at fair value. The cumulative gain or loss previously recognised in AFS Reserve shall be withdrawn therefrom and recognised in the Profit and Loss Account, under Item (III): 'Profit on revaluation of investments' under Schedule 14:'Other Income'. |
| e. | FVTPL | HTM | The carrying amount representing the fair value at the reclassification date remains unchanged. |
| f. | | AFS | |

### C) Initial recognition

i. All investments are measured at fair value on initial recognition. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it is presumed that the acquisition cost is the fair value. Situations where the presumption is tested include where:

a) The transaction is between related parties.

b) The transaction is taking place under duress where one party is forced to accept the price in the transaction.

c) The transaction is done outside the principal market for that class of securities.

d) Other situations, where in the opinion of the supervisor, facts and circumstances warrant testing of the presumption.

ii. In respect of government securities acquired through auction (including devolvement), switch operations and Open Market Operations (OMO) conducted by the RBI, the price at which the security is allotted shall be the fair value for initial recognition purposes.

iii. Where the securities are quoted or the fair value can be determined based on market observable inputs (such as yield curve, credit spread, etc.) any Day 1 gain/loss is recognised in the Profit and Loss

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

Account, under Schedule 14: 'Other Income' within the subhead 'Profit on revaluation of investments' or 'Loss on revaluation of investments', as the case may be.

iv. Any Day 1 loss arising from Level 3 investments shall be recognised immediately.

v. Any Day 1 gains arising from Level 3 investments shall be deferred. In the case of debt instruments, the Day 1 gain shall be amortised on a straight-line basis up to the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain shall be set aside as a liability until the security is listed or derecognised.

### D) Subsequent Measurement

**Held to Maturity (HTM)**

i. Securities held in HTM carried at cost and not marked to market (MTM) after initial recognition. However, they shall be subject to income recognition, asset classification and provisioning norms of RBI

ii. Any discount or premium on the securities under HTM is amortised over the remaining life of the instrument. The amortised amount reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8:'Investments'.

**Available for Sale (AFS)**

i. The securities held in AFS are fair valued at least on a quarterly basis. Any discount or premium on the acquisition of debt securities under AFS shall be amortised over the remaining life of the instrument. The amortised amount shall be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8:'Investments'.

ii. The valuation gains and losses across all performing investments, irrespective of classification (i.e., Government securities, Other approved securities, Bonds and Debentures, etc.), held under AFS shall be aggregated. The net appreciation or depreciation shall be directly credited or debited to AFS-Reserve without routing through the Profit & Loss Account.

iii. Securities under AFS are subject to income recognition, asset classification and provisioning norms of RBI

iv. The AFS-Reserve is reckoned as Common Equity Tier (CET). The unrealised gains transferred to AFS-Reserve is not available for any distribution such as dividend and coupon on Additional Tier 1.

v. Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognised in the Profit and Loss Account under item II Profit on sale of investments under Schedule 14-Other Income.

vi. In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments is not transferred from AFS-Reserve to the Profit and Loss Account. Instead, such gain or loss is transferred from AFS-Reserve to the Capital Reserve.

**Fair Value through Profit and Loss (FVTPL)**

i. The securities held in FVTPL are fair valued and the net gain or loss arising on such valuation is directly credited or debited to the Profit and Loss Account. Securities that are classified under the HFT sub-category within FVTPL is fair valued on a daily basis, whereas other securities in FVTPL is fair valued at least on a quarterly basis.

ii. Any discount or premium on the acquisition of debt securities under FVTPL shall be amortised over the remaining life of the instrument. The amortised amount shall be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8:'Investments'.

iii. Securities under FVTPL is subject to income recognition, asset classification and provisioning norms of RBI.

SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

iv. Upon sale of instrument in FVTPL category, the gain/ loss shall be recognised in the Profit and Loss Account under item II Profit on sale of investments under Schedule 14-Other Income

### E) Fair Value of Investments

Quoted Securities:

The fair value for the quoted securities is the prices declared by the Financial Benchmarks India Private Ltd. (FBIL) in accordance with RBI circular FMRD.DIRD.7/14.03.025/2017-18 dated March 31, 2018, as amended from time to time. For securities whose prices are not published by FBIL, the fair value of the quoted security is based upon quoted price as available from the trades/ quotes on recognised stock exchanges, reporting platforms or trading platforms authorised by RBI/SEBI or prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Unquoted SLR Securities:

(a) Treasury Bills are valued at carrying cost.

(b) Unquoted Central / State Government securities are valued on the basis of the prices/ YTM rates published by the FBIL.

Unquoted Non-SLR Securities:

(a) Unquoted debentures and bonds are valued by applying the appropriate mark-up over the YTM rates for Central Government Securities as put out by FBIL/FIMMDA

(b) 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.

(c) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitisation Company. Depreciation in each scrip is provided for while appreciation is ignored.

(d) Unquoted instruments of Alternative Investment Funds (AIFs) are valued NAV as disclosed by the AIF

(e) Investment in un-quoted MF units are valued on the basis of the latest re-purchase price declared by the MF in respect of each scheme.

(f) Commercial papers and Certificate of Deposits are valued at the carrying cost.

### F) Investment Fluctuation Reserve (IFR)

i. The Bank creates an Investment Fluctuation Reserve (IFR) until the amount of IFR is at least two per cent of the AFS and FVTPL (including HFT) portfolio, on a continuing basis, by transferring to the IFR an amount not less than the lower of the following:

a) Net profit on sale of investments during the year.

b) Net profit for the year, less mandatory appropriations.

ii. IFR shall be eligible for inclusion in Tier II capital. The cap applicable on recognition of General Provisions and Loss Reserves as Tier II capital is not applicable on IFR.

iii. The Bank is permitted to draw down the balance available in IFR in excess of two percent of its AFS and FVTPL (including HFT) portfolio, for credit to the balance of Profit/Loss as disclosed in the Profit and Loss account at the end of any accounting year.

iv. In the event the balance in the IFR is less than two percent of the AFS and FVTPL (including HFT) investment portfolio, a draw down shall be permitted subject to the following conditions:

a) The drawn down amount is used only for meeting the minimum CET 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss.

b) The amount drawn down shall not be more than the extent the MTM provisions/losses during the aforesaid year exceed the net profit on sale of investments during that year.

### G) Sale of investments from HTM

i. In any financial year, the carrying value of investments sold out of HTM shall not exceed 5% of the opening carrying value of the HTM portfolio. Any sale beyond this threshold shall require prior approval from DoS, RBI.

ii. Treasury is allowed to sell 5% of the HTM after approval from ALCO and citing optimistic recognition. The sale will be reported in the next Board meeting.

iii. Details of sales out of HTM shall be disclosed in the notes to accounts of the financial statements.

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

iv. Sales of securities in the situations given below is excluded from the regulatory limit of five per cent .

a) Sales to the RBI under liquidity management operations of RBI such as the Open Market Operations (OMO) and Government Securities Acquisition Programme (GSAP).

b) Repurchase of Government Securities by Government of India from banks under buyback or switch operations.

c) Repurchase of State Development Loans by respective state governments under buyback or switch operations.

d) Repurchase, buyback or exercise of call option of non-SLR securities by the issuer.

e) Sale of non-SLR securities following a downgrade in credit ratings or default by the counterparty.

f) Sale of securities as part of a resolution plan under the Prudential Framework for Resolution of Stressed Assets for a borrower facing financial distress.

g) Additional sale of securities explicitly permitted by the Reserve Bank of India.

v. Any profit or loss on the sale of investments in HTM is recognised in the Profit and Loss Account under Item II of Schedule 14:'Other Income'. The profit on sale of an investments in HTM is appropriated below the line from the Profit and Loss Account to the 'Capital Reserve Account'. The amount so appropriated shall be net of taxes and the amount required to be transferred to Statutory Reserve.

### H) 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.

### I) 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 categorised 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 and Derivative transactions.

a) 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 exchange forward contracts not intended for trading that are entered into to establish the amount of reporting currency required or available at the settlement date of transactions, which are outstanding at the Balance Sheet date are effectively valued at closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

b) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

c) 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 recognised in the Profit and Loss Account.

d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are disclosed at closing rates of exchange notified by FEDAI.

#### Derivative transactions

The Bank recognises all derivative contracts at fair value except for contracts that are covered within the scope of AS 11, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive or as liabilities when the fair value is negative. Changes in the fair value of derivatives are recognised in the Profit and Loss Account.



## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 4.6 Fixed Assets and Depreciation

a) 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.

b) 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. Valuations are obtained from two independent valuers, at least once in every 3 years.

c) Subsequent expenditure incurred on fixed assets put to use is capitalised 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.

d) 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. Gain or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and are recognised as income or expense in the Profit and Loss Account.

The useful lives of the groups of fixed assets are given below:

| Type of Fixed Asset | Estimated useful life specified under Schedule II of the Companies Act, 2013 | Estimated useful life as assessed by the Bank* | Depreciation Method |
|---|---|---|---|
| Premises | 60 Yrs | 58 Yrs | Written Down Value |
| Computer & Data Processing Machines | 3 Yrs | 3 Yrs | Straight Line |
| ATMs | 3 Yrs | 8 Yrs | Straight Line |
| Furniture & Fixtures | 10 Yrs | 8 Yrs | Straight Line |
| Office Equipment | 5 Yrs | 5 Yrs | Straight Line |
| Motor Cars | 8 Yrs | 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.

#### Intangible Assets

Accounting and amortisation 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 the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

a) Intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

b) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.

c) Internally Generated Application Software is accounted as an intangible asset and is amortised 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 amortisation is charged to Profit & Loss Account.

#### Capital work in progress

Capital work-in-progress includes cost of fixed assets under installation/under development as at the reporting date.

### 4.7 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 recognised in accordance with the Accounting Standard 28 'Impairment of Assets'

## SCHEDULE 17: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 and charged to Profit and Loss Account.

### 4.8 Non-Banking Assets

The Non-Banking asset are recognised based on the cost of acquisition. In the case of diminution in value, if any, is provided for.

### 4.9 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 recognised during the period when the employee renders the service. These benefits include performance incentives.

**b) Post Employment Benefit**

(i) 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.

(ii) Defined Benefit Plans - Liabilities towards Gratuity and Pension 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 and Gratuity. 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:**

(i) Pension - Pension is payable, as per CSB Bank Limited 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 Limited 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 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 Limited Employees Gratuity Fund, administered by the trustees.

**c) 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.

**d) 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 organisation 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 04, 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.

### 4.10 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.

### 4.11 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 recognised 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 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.

### 4.12 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) Rules, 2021. 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.

### 4.13 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 recognised for all timing differences. Deferred tax assets are recognised 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 realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account. Deferred tax assets are recognised and reassessed

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at each reporting date, based upon management's judgement as to whether realisation is considered as reasonably certain.

### 4.14 Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank recognises 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 recognised 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 recognised 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.

### 4.15 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.

### 4.16 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

### 4.17 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.

### 4.18 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 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 'Other Expense' in Schedule 16 and the fee received from the sale of PSLCs is treated as 'Miscellaneous Income' in Schedule 14 of the Profit and Loss Account in accordance with Master Direction on Financial Statements - Presentation and Disclosures 2021, as amended from time to time.

### 4.19 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).

# SCHEDULE 18

NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

## 1. SHARE CAPITAL

For the financial year ended March 31, 2025, 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 2024-25.

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 04, 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, 2025 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)

| Sl No | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| i) | Common Equity Tier 1 capital (CET1) | 4,206.11 | 3,637.87 |
| ii) | Additional Tier 1 capital | - | - |
| iii) | Tier 1 capital (i + ii) | 4,206.11 | 3,637.87 |
| iv) | Tier 2 capital | 381.69 | 214.80 |
| v) | Total capital (Tier 1+Tier 2) | 4,587.70 | 3,852.67 |
| vi) | Total Risk Weighted Assets (RWAs) | 20,429.21 | 15,745.05 |
| vii) | CET1 Ratio (CET 1 as a percentage of RWAs) (%) | 20.59 | 23.10 |
| viii) | Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%) | 20.59 | 23.10 |
| ix) | Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%) | 1.87 | 1.37 |
| x) | Capital to Risk Weighted Assets Ratio (CRAR) (Total capital as a percentage of RWAs) (%) | 22.46 | 24.47 |
| xi) | Leverage Ratio (%) | 8.38 | 9.72 |
| xii) | Percentage of the shareholding of the Government of India | - | - |
| xiii) | Amount of paid up equity capital raised during the year | - | - |
| xiv) | Amount of non-equity Tier 1 capital raised during the year; of which | | |
| | Perpetual Non-Cumulative Preference Shares (PNCPS) : | - | - |
| | Perpetual Debt Instruments (PDI) : | - | - |
| xv) | Amount of Tier 2 capital raised; of which | | |
| | Debt capital instrument: | - | - |
| | Preference Share Capital Instruments: | - | - |
| | [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)] | | |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**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 such profit. Accordingly, the Bank has transferred an amount of ₹ 148.45 crore from current year Net Profit (Previous Year: ₹ 141.71 crore).

ii) Investment Fluctuation Reserve (IFR)

As per RBI circular RBI/2023-24/104/DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023, 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 AFS and FVTPL (including HFT) portfolio, on a continuing basis. As on March 31, 2025, the Bank is maintaining an IFR of ₹ 170.32 crore (Previous Year ₹ 59.08 crore) as against the minimum requirement of ₹ 151.40 crore (Previous Year ₹ 30.59 crore) and is considered it as part of Tier II capital for Capital Adequacy purposes.

iii) Investment Reserve Account (IRA)

As per RBI circular RBI/2023-24/104/DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023, The balances in Investment Reserve Account (IRA), if any, as of March 31, 2024, shall be transferred to the Revenue/ General Reserve if the Bank meets the minimum regulatory requirements of IFR. If the Bank does not meet the minimum IFR requirements, the balances in IRA shall be transferred to IFR. Accordingly, balance of ₹ 4.02 crore as on April 01, 2024 was transferred to IFR during current financial year.

The Bank had transferred an amount of ₹ 4.02 crore to Investment Reserve from Net Profit in previous year pursuant to RBI circular RBI/DOR/2021-22/81DOR.MRG.42/21.04.141/2021-22 dated April 02, 2018.

iv) Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' (HTM) category is recognised in the Profit and Loss Account and is thereafter the profit on sale of an investments in HTM appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Accordingly, an amount of ₹ Nil crore (Previous Year: ₹ 1.53 crore) net of tax and appropriation to Statutory Reserves has been transferred to Capital Reserve. Any profit/loss on sale of debt instruments under 'Available for Sale' (AFS) category is recognised in the Profit and Loss Account and gain or loss on equity instruments designated under AFS at time on initial recognition is transferred from AFS-Reserve to the Capital Reserve.

v) Special Reserve

As per the provisions under Section 36(1)(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 ₹ 4.40 crore (Previous Year ₹ 4.29 crore) to Special Reserve.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

vi) General Reserve

During the year ended March 31, 2025 an amount of ₹ 2.00 crore (Previous year ₹ 1.49 crore) was transferred to the General reserve from revaluation reserve and recognised transition gain ₹ 1.11 crore net of taxes as per master direction dated September 12, 2023, for the classification, valuation and operation of Investment Portfolio of Banks, which became applicable from April 01, 2024 issued by RBI and recognised ₹ 0.03 crore on account of ESOP options lapsed due to expiry of exercised period.

vii) Employee Stock Option Reserve

During the year ended March 31,2025, the Bank has recognised ₹ 9.79 crore (Previous year ₹ 7.89 crore) as Employee Stock Option Reserve on account of fair valuation of share linked instruments and transferred ₹ 0.03 crore (Previous year ₹ Nil crore) in General Reserve as options lapsed due to expiry of exercised period and ₹ 3.22 crore (Previous year ₹ 8.92 crore) transferred to Securities Premium on account of options exercised by employees during the year.

viii) AFS Reserve

As per RBI circular RBI/2023-24/ DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023 which became applicable to Banks from April 01, 2024, the valuation gains and losses across all performing investments, irrespective of classification, held under AFS is to be aggregated and the net appreciation or depreciation is to be directly credited or debited to a reserve named AFS Reserve without routing through the Profit & Loss Account. Consequent to the transition provisions, the Bank has recognised fair valuation gain (net of tax) ₹ 10.47 crore (Gross amount ₹ 14.00 crore) in AFS reserve during current year. Apart from transfer due to transition the Bank has recognised fair valuation gain of ₹ 78.92 crore in AFS reserve during the current year.

ix) Share Premium

During the year ended March 31,2025, the Bank recognised ₹ 3.22 crore (Previous year ₹ 8.92 crore) on account of ESOP exercised by employees.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.2 Asset Liability Management

**a) Maturity pattern of certain items of assets and liabilities as at March 31, 2025 and March 31, 2024 are set out below:**

(₹ in crore)

| As on March 31, 2025 | 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 | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 823.71 | 1,483.21 | 762.02 | 1,807.32 | 2,811.07 | 2,946.35 | 3,405.86 | 2,915.17 | 9,094.14 | 947.78 | 9,864.86 | 36,861.49 |
| Advances | 72.99 | 292.92 | 291.63 | 680.78 | 1,562.40 | 1,697.04 | 4,135.89 | 7,166.71 | 9,193.93 | 4,432.95 | 1,979.81 | 31,507.05 |
| Investments (Net)* | 4,149.40 | 142.26 | 168.60 | 404.75 | 441.50 | 481.65 | 726.59 | 546.05 | 1,918.08 | 294.71 | 2,101.94 | 11,375.53 |
| Borrowings | - | 1,099.47 | 2.90 | 33.35 | 58.14 | 28.73 | 964.28 | 1,302.41 | 2,057.00 | - | - | 5,546.28 |
| Foreign Currency assets | 62.31 | 138.47 | 11.27 | 73.09 | - | 321.47 | 857.36 | 3,265.26 | 30.47 | - | - | 4,759.70 |
| Foreign Currency liabilities | 28.76 | 164.41 | 10.00 | 90.93 | - | 97.75 | 326.51 | 1,890.22 | 2,125.15 | 10.96 | 0.34 | 4,745.03 |

**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.

*A haircut of 50% is applied on listed shares which amounts to ₹ 13.81 crore.

(₹ in crore)

| As on March 31, 2024 | 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 | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 638.40 | 994.44 | 401.38 | 670.08 | 1,419.01 | 1,724.66 | 2,541.43 | 3,555.70 | 8,452.71 | 795.27 | 8,525.72 | 29,718.80 |
| Advances | 226.40 | 716.98 | 810.56 | 1,019.86 | 1,952.81 | 1,996.92 | 6,442.34 | 2,064.30 | 5,407.50 | 2,332.71 | 1,365.20 | 24,335.58 |
| Investments (Net) | 2,938.82 | 80.17 | 69.64 | 208.97 | 209.51 | 229.18 | 397.61 | 485.01 | 1,341.99 | 154.91 | 1,435.62 | 7,551.43 |
| Borrowings | - | - | 77.90 | 33.33 | 15.40 | 429.05 | 388.87 | 160.72 | 652.11 | - | - | 1,757.38 |
| Foreign Currency assets | 74.57 | 224.37 | 51.00 | 6.41 | 120.33 | 424.93 | 301.52 | 437.49 | 0.47 | 2.15 | - | 1,643.24 |
| Foreign Currency liabilities | 53.05 | 193.68 | 25.30 | 3.64 | 3.14 | 420.60 | 288.53 | 88.63 | 550.86 | 12.75 | 0.01 | 1,640.19 |

**Note**: Deposits have been classified as per behavioral 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 THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**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, 2025

(₹ in crore)

| | Particulars | Quarter ended March 31, 2025 | | Quarter ended December 31, 2024 | | Quarter ended September 30, 2024 | | Quarter ended June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|
| | | 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) | | 1,0492.85 | | 8,532.97 | | 8,147.04 | | 8,851.28 |
| | **Cash Outflows** | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 18,680.57 | 1,837.53 | 18,344.66 | 1,804.23 | 18,103.40 | 1,780.48 | 17,701.88 | 1,740.95 |
| (i) | Stable deposits | 610.48 | 30.52 | 604.76 | 30.24 | 597.20 | 29.86 | 584.69 | 29.23 |
| (ii) | Less stable deposits | 18,070.09 | 1,807.01 | 17,739.90 | 1,773.99 | 17,506.20 | 1,750.62 | 17,117.19 | 1,711.72 |
| 3 | Unsecured wholesale funding, of which: | 6,880.15 | 5,842.39 | 6,148.31 | 5,088.43 | 5,968.55 | 4,907.12 | 6,741.17 | 5,528.21 |
| (i) | Operational deposits (all counterparties) | - | - | - | - | - | - | - | - |
| (ii) | Non-operational deposits (all counterparties) | 6,880.15 | 5,842.39 | 6,148.31 | 5,088.43 | 5,968.55 | 4,907.12 | 6,741.17 | 5,528.21 |
| (iii) | Unsecured debt | - | - | - | - | - | - | - | - |
| 4 | Secured wholesale funding | 187.77 | - | 696.46 | - | 111.38 | - | 68.50 | - |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| | Particulars | Quarter ended March 31, 2025 | | Quarter ended December 31, 2024 | | Quarter ended September 30, 2024 | | Quarter ended June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|
| | | 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) |
| 5 | Additional requirements, of which | 4,515.81 | 1,610.67 | 4,214.85 | 1,584.87 | 3,619.29 | 1,568.11 | 3,911.10 | 1,595.83 |
| (i) | Outflows related to derivative exposures and other collateral requirements | 940.54 | 940.55 | 953.38 | 953.38 | 1,079.62 | 1,079.62 | 1,139.64 | 1,139.64 |
| (ii) | outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) | Credit and liquidity facilities | 3,575.27 | 670.12 | 3,261.47 | 631.49 | 2,539.67 | 488.49 | 2,771.46 | 456.19 |
| 6 | Other contractual funding obligations | 502.60 | 502.60 | 426.19 | 426.19 | 459.85 | 459.85 | 501.22 | 501.22 |
| 7 | Other contingent funding obligations | 1,726.46 | 51.79 | 1,393.20 | 41.80 | 1,186.19 | 35.59 | 1,191.99 | 35.76 |
| 8 | TOTAL CASH OUTFLOWS | | 9,844.98 | | 8,945.52 | | 8,751.15 | | 9,401.97 |
| | **Cash Inflows** | | | | | | | | |
| 9 | Secured Lending | 35.57 | - | 52.89 | - | 45.38 | - | 57.65 | - |
| 10 | Inflows from fully performing exposures | 621.33 | 433.00 | 1,503.87 | 808.87 | 1,371.13 | 740.87 | 1,358.40 | 732.80 |
| 11 | Other cash inflows | 1,005.67 | 975.09 | 995.46 | 978.57 | 1,133.62 | 1,110.62 | 1,172.94 | 1,164.02 |
| 12 | TOTAL CASH INFLOWS | 1,662.57 | 1,408.09 | 2,552.23 | 1,787.44 | 2,550.13 | 1,851.48 | 2,588.99 | 1,896.82 |
| 13 | TOTAL HQLA | | 10,492.85 | | 8,532.98 | | 8,147.04 | | 8,851.28 |
| 14 | TOTAL NET CASH OUTFLOWS | | 8,436.89 | | 7,158.07 | | 6,899.66 | | 7,505.16 |
| 15 | LIQUIDITY COVERAGE RATIO (%) | | 124.37% | | 119.21% | | 118.08% | | 117.94% |

**Note**: LCR data has been computed based on simple average of daily observations.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2024

(₹ in crore)

| | Particulars | Quarter ended March 31, 2025 | | Quarter ended December 31, 2024 | | Quarter ended September 30, 2024 | | Quarter ended June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|
| | | 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) | | 7,346.55 | | 6,382.38 | | 5,534.53 | | 6,329.80 |
| | **Cash Outflows** | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 17,293.66 | 1,703.01 | 17,255.28 | 1,703.71 | 17,136.58 | 1,692.65 | 17,173.22 | 1,688.62 |
| (i) | Stable deposits | 527.14 | 26.36 | 436.30 | 21.81 | 420.19 | 21.01 | 573.80 | 28.71 |
| (ii) | Less stable deposits | 16,766.52 | 1,676.65 | 16,818.98 | 1,681.90 | 16,716.39 | 1,671.64 | 16,599.42 | 1,659.91 |
| 3 | Unsecured wholesale funding, of which: | 5,712.84 | 4,691.09 | 5,131.95 | 4,239.64 | 4,595.05 | 3,846.17 | 4,704.54 | 3,975.77 |
| (i) | Operational deposits (all counterparties) | - | - | - | - | - | - | - | - |
| (ii) | Non-operational deposits (all counterparties) | 5,712.84 | 4,691.09 | 5,131.95 | 4,239.64 | 4,595.05 | 3,846.17 | 4,704.54 | 3,975.77 |
| (iii) | Unsecured debt | - | - | - | - | - | - | - | - |
| 4 | Secured wholesale funding | 185.31 | - | 361.74 | - | 390.98 | - | 160.17 | - |
| 5 | Additional requirements, of which | 2,830.02 | 1,127.01 | 2,022.19 | 866.85 | 1,494.04 | 290.28 | 1,400.88 | 160.16 |
| (i) | Outflows related to derivative exposures and other collateral requirements | 889.08 | 889.09 | 726.39 | 726.39 | 147.39 | 147.39 | - | - |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| | Particulars | Quarter ended March 31, 2025 | | Quarter ended December 31, 2024 | | Quarter ended September 30, 2024 | | Quarter ended June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|
| | | 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) |
| (ii) | outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) | Credit and liquidity facilities | 1,940.94 | 237.92 | 1,295.80 | 140.46 | 1,346.65 | 142.89 | 1,400.88 | 160.16 |
| 6 | Other contractual funding obligations | 332.55 | 332.55 | 218.07 | 218.07 | 81.16 | 81.15 | 72.08 | 72.08 |
| 7 | Other contingent funding obligations | 1,000.27 | 30.01 | 976.76 | 29.30 | 936.76 | 28.10 | 951.66 | 28.54 |
| 8 | TOTAL CASH OUTFLOWS | | 7,883.67 | | 7,057.57 | | 5,938.35 | | 5,925.17 |
| | **Cash Inflows** | | | | | | | | |
| 9 | Secured Lending (e.g. reverse repos) | 10.00 | - | 1.41 | - | 44.61 | - | 647.78 | - |
| 10 | Inflows from fully performing exposures | 1,303.56 | 708.03 | 1,264.39 | 688.91 | 1,288.35 | 698.69 | 1,068.77 | 563.23 |
| 11 | Other cash inflows | 888.81 | 898.39 | 726.60 | 726.59 | 180.56 | 180.56 | 16.60 | 16.60 |
| 12 | TOTAL CASH INFLOWS | 2,202.37 | 1,606.42 | 1,992.40 | 1,415.50 | 1,513.52 | 879.25 | 1,733.15 | 579.83 |
| 13 | TOTAL HQLA | | 7,346.55 | | 6,382.38 | | 5,534.53 | | 6,329.80 |
| 14 | TOTAL NET CASH OUTFLOWS | | 6,277.25 | | 5,642.07 | | 5,059.10 | | 5,345.34 |
| 15 | LIQUIDITY COVERAGE RATIO (%) | | 117.03% | | 113.12% | | 109.40% | | 118.42% |

**Note:** LCR data has been computed based on simple average of daily observations.



## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**(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.

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 for the next 30 calendar days.

(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 has aggregate liabilities in denominated foreign currency USD of more than 5 per cent of the Bank's total liabilities and LCR is also computed in USD.

b. Centralisation of liquidity management - Banks' liquidity management and monitoring is centralised. 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 March 31, 2025, LCR of the Bank is at 124.37%.

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.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.3 Investments

#### 2.3.1 Composition of Investment Portfolio

A) The Composition of Investment Portfolio as at March 31, 2025

(₹ in crore)

| Particulars | Investments in India | | | | | | | Investments outside India | | | | Total Investments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Government Securities | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others | Total investments in India | Government securities | Subsidiaries and/or joint ventures | Others | Total investments outside India | |
| **Held to Maturity** | | | | | | | | | | | | |
| Gross | 3,819.40 | - | - | - | - | - | 3,819.40 | - | - | - | - | 3,819.40 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | 3,819.40 | - | - | - | - | - | 3,819.40 | - | - | - | - | 3,819.40 |
| **Available for Sale** | | | | | | | | | | | | |
| Gross | 6,785.88 | - | 18.56 | 382.28 | - | 73.83 | 7,260.55 | - | - | 2.14 | 2.14 | 7,262.69 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | 6,785.88 | - | 18.56 | 382.28 | - | 73.83 | 7,260.55 | - | - | 2.14 | 2.14 | 7,262.69 |
| **Fair Value through Profit and Loss** | | | | | | | | | | | | |
| **Non-Held for Trading** | | | | | | | | | | | | |
| Gross | - | - | 0.02 | - | - | 22.13 | 22.15 | - | - | - | - | 22.15 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | - | - | 0.02 | - | - | 22.13 | 22.15 | - | - | - | - | 22.15 |
| **Held for Trading** | | | | | | | | | | | | |
| Gross | 270.37 | - | 11.32 | - | - | 3.41 | 285.10 | - | - | - | - | 285.10 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | 270.37 | - | 11.32 | - | - | 3.41 | 285.10 | - | - | - | - | 285.10 |
| **Total Investments** | **10,875.66** | **-** | **29.90** | **382.28** | **-** | **99.36** | **11,387.20** | **-** | **-** | **2.14** | **2.14** | **11,389.34** |
| Less: Provision for non-performing investments | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net** | **10,875.66** | **-** | **29.90** | **382.28** | **-** | **99.36** | **11,387.20** | **-** | **-** | **2.14** | **2.14** | **11,389.34** |

Note: Pursuant to RBI circular RBI/2023-24/ DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023, the above figures is not comparable to March 31, 2024 figures.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

B) The Composition of Investment Portfolio as at March 31, 2024

(₹ in crore)

| Particulars | Investments in India | | | | | | | Investments outside India | | | | Total Investments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Government Securities | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others | Total investments in India | Government securities | Subsidiaries and/or joint ventures | Others | Total investments outside India | |
| **Held to Maturity** | | | | | | | | | | | | |
| Gross | 6,021.74 | - | - | - | - | - | 6,021.74 | - | - | - | - | 6,021.74 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | 6,021.74 | - | - | - | - | - | 6,021.74 | - | - | - | - | 6,021.74 |
| **Available for Sale** | | | | | | | | | | | | |
| Gross | 1,120.78 | - | 6.14 | 109.87 | - | 234.09 | 1,470.88 | - | - | - | - | 1,470.88 |
| Less: Provision for depreciation and NPI | - | - | 1.86 | - | - | 135.39 | 137.25 | - | - | - | - | 137.25 |
| Net | 1,120.78 | - | 4.28 | 109.87 | - | 98.70 | 1,333.63 | - | - | - | - | 1,333.64 |
| **Held for Trading** | | | | | | | | | | | | |
| Gross | 196.06 | - | - | - | - | - | 196.06 | - | - | - | - | 196.06 |
| Less: Provision for depreciation and NPI | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | 196.06 | - | - | - | - | - | 196.06 | - | - | - | - | 196.06 |
| **Total Investments** | **7,338.58** | **-** | **6.14** | **109.87** | **-** | **234.09** | **7,688.68** | **-** | **-** | **-** | **-** | **7,688.68** |
| Less: Provision for non-performing investments | - | - | 1.86 | - | - | - | 1.86 | - | - | - | - | 1.86 |
| Less: Provision for depreciation | - | - | - | - | - | 135.39 | 135.39 | - | - | - | - | 135.39 |
| **Net** | **7,338.58** | **-** | **4.28** | **109.87** | **-** | **98.70** | **7,551.43** | **-** | **-** | **-** | **-*** | **7,551.43** |

*Bank holds investment in shares (VISA) outside India with Book Value of ₹713/- as on March 31, 2024

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.3.2 Movement of Provisions for Depreciation, Non-performing Investments and Investment Fluctuation Reserve

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **(1) Movement of provisions held towards depreciation on investments** | | |
| (i) Opening balance | 137.25 | 144.40 |
| (ii) Add: Provisions made during the year | - | 5.32 |
| (iii) Less: Write-off/ write-back of excess provisions during the year | 137.25 | 12.47 |
| **Closing balance** | **-** | **137.25** |
| **(2) Movement of provisions for Non-performing Investments (NPIs)** | | |
| (i) Opening Balance | 1.86 | 1.86 |
| (ii) Add: Provisions made during the year | - | - |
| (iii) Less: Write-off/write-back of excess provisions during the year | 1.86 | - |
| **Closing Balance**<br>*Note: Provision held towards depreciation on investments (Item No.1) includes Provision for Non-Performing Investments also* | - | 1.86 |
| **(3) Movement of Investment Fluctuation Reserve** | | |
| (i) Opening Balance | 59.08 | 59.08 |
| (ii) Add: Amount transferred during the year | 111.24 | - |
| (iii) Less: Drawdown | - | - |
| **Closing Balance** | 170.32 | 59.08 |
| **(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and FVTPL (including HFT) portfolio*** | **2.25%** | **3.86%** |

*Refer Note 2.1 (b) (ii)

### 2.3.3 Sale and transfers to/from HTM Category:

| | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| A | Opening carrying value of securities in HTM | 6,021.74 | 4,702.27 |
| B | Carrying value of all HTM securities sold during the year | - | 127.62 |
| C | Less: Carrying values of securities sold under situations exempted from regulatory limit | - | - |
| D | Carrying value of securities sold (D=B-C) | - | 127.62 |
| E | Securities sold as a percentage of opening carrying value of securities in HTM (E=D÷A) | - | 2.71 |
| | Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain | - | - |

During the year ended March 31, 2024, 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. Securities having Book value of ₹ 274.57 crore had been shifted from HTM to AFS category.

### 2.3.4 Non-SLR Investment Portfolio

**(i) Non performing Non-SLR investments**

(₹ in crore)

| Sl No | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| (i) | Opening balance | 1.86 | 1.86 |
| (ii) | Additions during the year | - | - |
| (iii) | Reductions during above period | 1.86 | - |
| (iv) | Closing balance | - | 1.86 |
| (v) | Total provisions held | - | 1.86 |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**(ii) Issuer composition as at March 31, 2025 of Non SLR investments**

(₹ in crore)

| Sl 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) | 31.35 | 0.14 | - | - | - |
| (ii) | FIs | 145.99 | 95.85 | - | - | 18.44 |
| (iii) | Banks | 77.23 | 49.17 | - | - | - |
| (iv) | Private Corporate | 259.10 | 22.13 | - | - | - |
| (v) | Subsidiaries/ Joint Ventures | - | - | - | - | - |
| (vi) | Others (Security Receipts, PTC and AIF) | - | - | - | - | - |
| (vii) | Less: Provision held towards depreciation | - | | | | |
| | **Total** | **513.67** | **167.29** | **-** | **-** | **18.44** |

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, 2024 of Non SLR investments**

(₹ in crore)

| Sl 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) | 2.37 | 2.37 | - | - | 2.00 |
| (ii) | FIs | 74.42 | 24.56 | - | - | 0.01 |
| (iii) | Banks | 60.08 | 10.00 | - | - | - |
| (iv) | Private Corporate | 77.84 | 26.34 | - | - | 1.86 |
| (v) | Subsidiaries/ Joint Ventures | - | - | - | - | - |
| (vi) | Others (Security Receipts, PTC and AIF) | 135.39 | 135.39 | - | - | 135.39 |
| (vii) | Less: Provision held towards depreciation | 135.39 | | | | |
| | **Total** | **214.71** | **198.66** | **-** | **-** | **139.26** |

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.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.3.5 Repo Transactions

Details of securities sold/purchased in face value and market value terms during the year ended March 31, 2025 under repos/ reverse repos:

(₹ in crore)

| | Face Value | | | | Market Value | | | |
|---|---|---|---|---|---|---|---|---|
| | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on 31.March 31, 2025 | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on March 31, 2025 |
| **i) Securities sold under repo** | | | | | | | | |
| i. Government Securities | 1.04 | 3,017.27 | 240.80 | 806.33 | 1.00 | 2,940.84 | 235.46 | 799.42 |
| ii Corporate debt securities | - | - | - | - | - | - | - | - |
| iii Any other securities | - | - | - | - | - | - | - | - |
| **ii) Securities purchased under reverse repo** | | | | | | | | |
| i. Government Securities | 5.00 | 1,553.89 | 172.73 | - | 5.03 | 1,500.00 | 170.04 | - |
| ii Corporate debt securities | - | - | - | - | - | - | - | - |
| iii Any other securities | - | - | - | - | - | - | - | - |

Details of securities sold/purchased in face value and market value terms during the year ended March 31, 2024 under repos/ reverse repos:

(₹ in crore)

| | Face Value | | | | Market Value | | | |
|---|---|---|---|---|---|---|---|---|
| | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on March 31, 2024 | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on March 31, 2024 |
| **i) Securities sold under repo** | | | | | | | | |
| i. Government Securities | 2.20 | 1,221.10 | 204.83 | - | 2.00 | 1,177.09 | 195.15 | - |
| ii Corporate debt securities | - | - | - | - | - | - | - | - |
| iii Any other securities | - | - | - | - | - | - | - | - |
| **ii) Securities purchased under reverse repo** | | | | | | | | |
| i. Government Securities | 1.00 | 1,626.36 | 37.32 | - | 1.01 | 1,650.18 | 33.97 | - |
| ii Corporate debt securities | - | - | - | - | - | - | - | - |
| iii Any other securities | - | - | - | - | - | - | - | - |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.3.6 Disclosure on Government Security Lending (GSL) Transactions -

During the years ended March 31, 2025 and March 31, 2024, Bank has not participated in GSL transactions.

### 2.3.7 Transition impact

The RBI, vide its master direction dated September 12, 2023, issued revised norms for the classification, valuation and operation of Investment Portfolio of Banks, which became applicable from April 01, 2024. While hitherto, the investment portfolio was classified under the Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) categories. The revised norms bring in a principle-based classification of Investments portfolio and a symmetric treatment of Fair Value gains and losses. In accordance with the revised norms and the Bank's Board approved policy, the Bank has classified its investment portfolio as on April 01, 2024 under the categories of Held to Maturity (HTM), Available for Sale (AFS), and Fair value through Profit and Loss (FVTPL) with Held for Trading (HFT) as a sub-category of FVTPL, and from that date, measures and value the investment Portfolio under the revised framework. On transition to the framework on April 01, 2024, the Bank has recognised fair valuation gain (net of tax) of ₹.1.11 crore (Gross amount ₹ 1.49 crore) to General Reserve and fair valuation gain (net of tax) ₹ 10.47 crore (Gross amount ₹ 14.00 crore) to AFS reserve, in accordance with the said norms. The transition gain of ₹ 1.49 crore and AFS Reserve of ₹ 14.00 crore which has been considered as income and the Tax Payable thereon amounting to ₹ 3.90 crore is taken to other liabilities in the balance sheet as the transition gain amount is directly taken to reserve.

### 2.4. Asset Quality

| Ratios | March 31, 2025 | March 31, 2024 |
|---|---|---|
| (I) Gross NPA to Gross Advances (%) | 1.57 | 1.47 |
| (ii) Net NPA to Net Advances (%) | 0.52 | 0.51 |
| (iii) Provision coverage ratio(%)* | 83.71 | 86.44 |

*Including Technical Write off

### 2.4.1 Classification of advances and provisions held as on March 31, 2025.

(₹ in crore)

| Particulars | Standard | Non-Performing Advances (NPAs) | | | | Total |
|---|---|---|---|---|---|---|
| | Total Standard Advances | Sub-standard | Doubtful | Loss* | Total NPAs | |
| **a) Gross Standard Advances and NPAs** | | | | | | |
| Opening Balance | 24,210.68 | 166.37 | 182.03 | 12.67 | 361.07 | 24,571.75 |
| Add: Additions during the year | | | | | 228.75 | |
| Less: Reductions in Gross NPAs due to: | | | | | | |
| i) Upgradation | | | | | 10.09 | |
| ii) Recoveries (excluding recoveries from upgraded accounts) | | | | | 58.61 | |
| iii) Technical/ Prudential Write-offs | | | | | - | |
| iv) Write-offs other than those under (iii) above | | | | | 22.66 | |
| **Closing balance** | **31,343.52** | **199.18** | **258.45** | **40.83** | **498.46** | **31,841.98** |
| **b) Provisions (excluding Floating Provisions)** | | | | | | |
| Opening balance of provisions held | 204.90 | 56.02 | 166.53 | 10.42 | 232.97 | 437.87 |
| Add: Fresh provisions made during the year | | | | | 157.50 | |
| Less: Excess provision reversed/ Write-off loans | | | | | 58.74 | |
| **Closing balance of provisions held** | **231.53** | **80.44** | **212.80** | **38.49** | **331.73** | **563.26** |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Particulars | Standard | Non-Performing Advances (NPAs) | | | | Total |
|---|---|---|---|---|---|---|
| | Total Standard Advances | Sub-standard | Doubtful | Loss* | Total NPAs | |
| **c) Net NPAs** | | | | | | |
| Opening Balance | | 110.35 | 14.55 | - | 124.90 | |
| Add: Fresh additions during the year | | | | | 71.24 | |
| Less: Reductions during the year | | | | | 32.61 | |
| **Closing Balance** | | **118.75** | **44.69** | **0.09** | **163.53** | |
| **d) Floating Provisions** | | | | | | |
| Opening Balance | | | | | | - |
| Add: Additional provisions made during the year | | | | | | - |
| Less: Amount drawn down during the year | | | | | | - |
| **Closing balance of floating provisions** | | | | | | **-** |
| **e) Technical write-offs and the recoveries made thereon** | | | | | | |
| Opening balance of Technical/ Prudential written-off accounts | | | | | | 559.75 |
| Add: Technical/ Prudential write-offs during the year | | | | | | - |
| Less: Recoveries / Actual write off made from previously technical/ prudential written-off accounts during the year | | | | | | 54.13 |
| **Closing balance** | | | | | | **505.62** |

*An amount of ₹2.25 crore is held by the Bank as on March 31, 2025 towards ECGC claim received on loss accounts. Movement is taken on yearly basis.

**Classification of advances and provisions held as on March 31, 2024.**

(₹ in crore)

| Particulars | Standard | Non-Performing Advances (NPAs) | | | | Total |
|---|---|---|---|---|---|---|
| | Total Standard Advances | Sub-standard | Doubtful | Loss* | Total NPAs | |
| **a) Gross Standard Advances and NPAs** | | | | | | |
| Opening Balance | 20,579.10 | 80.96 | 175.72 | 5.88 | 262.56 | 20,841.66 |
| Add: Additions during the year | | | | | 175.72 | |
| Less: Reductions in Gross NPAs due to: | | | | | | |
| i) Upgradation | | | | | 15. 94 | |
| ii) Recoveries (excluding recoveries from upgraded accounts) | | | | | 55.19 | |
| iii) Technical/ Prudential Write-offs | | | | | - | |
| iv) Write-offs other than those under (iii) above | | | | | 6.08 | |
| **Closing balance** | **24,210.68** | **166.37** | **182.03** | **12.67** | **361.07** | **24,571.75** |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Particulars | Standard | Non-Performing Advances (NPAs) | | | | Total |
|---|---|---|---|---|---|---|
| | Total Standard Advances | Sub-standard | Doubtful | Loss* | Total NPAs | |
| **b) Provisions (excluding Floating Provisions)** | | | | | | |
| **Opening balance of provisions held** | **191.60** | **27.34** | **156.38** | **3.64** | **187.36** | **378.96** |
| Add: Fresh provisions made during the year | | | | | 87.25 | |
| Less: Excess provision reversed/ Write-off loans | | | | | 41.64 | |
| **Closing balance of provisions held** | **204.90** | **56.02** | **166.53** | **10.42** | **232.97** | **437.87** |
| **c) Net NPAs** | | | | | | |
| Opening Balance | | 53.48 | 18.34 | - | 71.82 | |
| Add: Fresh additions during the year | | | | | 88.65 | |
| Less: Reductions during the year | | | | | 35.57 | |
| **Closing Balance** | | **110.35** | **14.55** | **-** | **124.90** | |
| **d) Floating Provisions** | | | | | | |
| Opening Balance | | | | | | - |
| Add: Additional provisions made during the year | | | | | | - |
| Less: Amount drawn down during the year | | | | | | - |
| **Closing balance of floating provisions** | | | | | | **-** |
| **e) Technical write-offs and the recoveries made thereon** | | | | | | |
| Opening balance of Technical/ Prudential written-off accounts | | | | | | 647.43 |
| Add: Technical/ Prudential write-offs during the year | | | | | | - |
| Less: Recoveries / Actual write off made from previously technical/ prudential written-off accounts during the year | | | | | | 87.68 |
| **Closing balance** | | | | | | **559.75** |

*An amount of ₹2.25 crore is held by the Bank as on March 31, 2024 towards ECGC claim received on loss accounts. Movement is taken on yearly basis.

### 2.4.2 Sector-wise advances and Gross NPAs

(₹ in crore)

| Sector | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | 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 | 13,495.49 | 109.51 | 0.81% | 10,838.19 | 51.92 | 0.48% |
| Of which | | | | | | |
| Dairy | 11,149.57 | 16.56 | 0.15% | 7,963.58 | 12.05 | 0.15% |
| Crop Loan | 735.39 | 33.07 | 4.50% | 1,211.34 | 23.37 | 1.93% |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Sector | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | 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 |
| (ii) Advances to industries sector eligible as priority sector lending | 1,964.94 | 20.71 | 1.05% | 1,219.38 | 12.33 | 1.01% |
| Of which | | | | | | |
| Textiles | 638.66 | 9.68 | 1.52% | 481.03 | 3.90 | 0.81% |
| Engineering | 212.54 | 0.03 | 0.01% | 160.55 | 0.03 | 0.02% |
| Metal and Metal Products | 192.66 | 2.79 | 1.45% | 130.24 | 3.08 | 2.36% |
| Food processing | 214.19 | 0.41 | 0.19% | 87.28 | 1.65 | 1.89% |
| Infrastructure | 202.09 | - | - | 56.37 | - | - |
| (iii) Services | 1,366.07 | 22.36 | 1.64% | 955.47 | 23.70 | 2.48% |
| Of which | | | | | | |
| Retail trade | 279.86 | 9.09 | 3.25% | 217.09 | 6.40 | 2.95% |
| Wholesale Trade | 368.26 | 3.65 | 0.99% | 188.70 | 3.67 | 1.95% |
| Transport operators | 149.92 | 3.55 | 2.37% | 80.58 | 6.02 | 7.47% |
| (iv) Personal loans | 106.06 | 17.70 | 16.69% | 68.51 | 10.80 | 15.76% |
| Of which | | | | | | |
| Housing | 45.61 | 2.30 | 5.04% | 56.63 | 3.27 | 5.77% |
| Education | 8.34 | 4.05 | 48.56% | 11.88 | 4.68 | 39.39% |
| (v) Others | 2.15 | - | - | 130.16 | - | - |
| Of which | | | | | | |
| Renewable energy | 0.57 | - | - | 41.78 | - | - |
| **Sub-total (A)** | **16,934.71** | **170.28** | | **13,211.71** | **98.75** | |
| **B. Non Priority Sector** | | | | | | |
| (i) Agriculture and allied activities | 65.56 | 3.83 | 5.84% | 49.31 | 4.81 | 9.75% |
| Of which | | | | | | |
| Poultry | 51.67 | 0.09 | 0.17% | 21.38 | 0.09 | 0.40% |
| Crop Loan | 5.08 | 1.94 | 38.19% | 13.94 | 2.36 | 16.91% |
| Fisheries | 7.04 | 0.03 | 0.43% | 6.77 | 0.35 | 5.12% |
| (ii) Industry | 3,241.88 | 133.30 | 4.11% | 1,146.66 | 93.79 | 8.18% |
| Of which | | | | | | |
| Textiles | 190.79 | 12.30 | 6.45% | 242.69 | 3.86 | 1.59% |
| Food Processing | 301.87 | 109.46 | 36.26% | 287.79 | 77.06 | 26.78% |
| Beverages | 70.63 | 0.37 | 0.52% | 126.76 | 0.42 | 0.33% |
| Chemicals and Chemical Products | 477.65 | 0.08 | 0.02% | 127.53 | 0.13 | 0.10% |
| Infrastructure | 972.24 | - | - | 0.94 | - | - |
| Metal and Metal Products | 418.68 | 0.66 | 0.16% | 68.97 | 0.78 | 1.13% |
| (iii) Services | 8,254.84 | 31.67 | 0.38% | 4,521.73 | 46.65 | 1.03% |
| Of which | | | | | | |
| NBFCs | 3,751.24 | - | - | 3,541.18 | - | - |
| (iv) Personal loans | 3,253.15 | 104.29 | 3.21% | 3,167.34 | 85.07 | 2.69% |
| Of which | | | | | | |
| Credit Card | 486.06 | 20.24 | 4.16% | 357.22 | 10.48 | 2.93% |
| (v) Others | 91.84 | 55.09 | 59.98% | 2,475.00 | 32.00 | 1.29% |
| **Sub-total (B)** | **14,907.27** | **328.18** | | **11,360.04** | **262.32** | |
| **Total (A+B)** | **31,841.98** | **498.46** | **1.57%** | **24,571.75** | **361.07** | **1.47%** |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.4.3 Overseas Assets, NPAs and Revenue

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total Assets | 91.66 | 49.41 |
| Total NPAs | - | - |
| Total Revenues | 2.76 | 0.51 |

### 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, 2025 | | RPs Successfully implemented during the year ended March 31, 2025 | | RPs under implementation during the year ended March 31, 2025$ | |
|---|---|---|---|---|---|
| Balance Outstanding (₹ in crore) | No. of cases | Balance Outstanding (₹ in crore) | No. of cases | Balance Outstanding (₹ in crore) | No. of cases |
| 76.17 | 3 | 3.88 | 1 | 72.29* | 2 |

*Provision of ₹ 37.23 crore provided against the outstanding balance of 2 cases.

$For an account amounting to ₹ 0.08 crore, NCLT Chennai had admitted CIRP and as on March 31, 2025, 934 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, 2025". The balance in the account is fully provided as on March 31, 2025.

| Cases eligible for RPs during the year ended March 31, 2024 | | RPs Successfully implemented during the year ended March 31, 2024 | | RPs under implementation during the year ended March 31, 2024$ | |
|---|---|---|---|---|---|
| Balance Outstanding (₹ in crore) | No. of cases | Balance Outstanding (₹ in crore) | No. of cases | Balance Outstanding (₹ in crore) | No. of cases |
| 11.99 | 4 | 6.98 | 1 | 5.01# | 3 |

#All the three cases amounting to ₹ 5.01 crore have been fully provided as on March 31, 2024.

$For an account amounting to ₹ 0.08 crore, NCLT Chennai had admitted CIRP and as on March 31, 2024, 569 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, 2024". The balance in the account is fully provided as on March 31, 2023.

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.

(₹ in crore)

| Asset status | As on March 31, 2025 | | As on March 31, 2024 | |
|---|---|---|---|---|
| | No of accounts | Amount | No of accounts | Amount |
| Standard | 3 | 1.85 | 5 | 10.59 |
| Substandard | - | - | 2 | 2.50 |
| Doubtful | 3 | 3.29 | 7 | 10.54 |
| **Total** | **6** | **5.14** | **14** | **23.63** |

### 2.4.5 Divergence in Asset Classification and Provisioning

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The threshold for provisioning is 5 per cent (Previous year: 10 per cent) of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 5 per cent (Previous year: 10 per cent) of the published incremental Gross NPAs for the reference period.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

Based on the above, there was no reportable divergence in asset classification and provisioning for NPAs for the years ended March 31, 2024.

### 2.4.6 Disclosure of transfer of loan exposures

Details of loans transferred / acquired during the year ended March 31, 2025 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, 2025 | March 31, 2024 |
|---|---|---|
| Aggregate amount of loans acquired (₹ in crore) | - | 1,041.56 |
| Weighted average residual maturity (in months) | - | 16.25 |
| Weighted average holding period by originator (in months) | - | 3.50 |
| Retention of beneficial economic interest by the originator | - | 10% |
| Tangible security coverage | - | 100% |

#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;

**For the year ended March 31, 2025**

(₹ in crore)

| Rating | Rating Agency | Category of Recovery rating | Gross Book Value | Provision held | Net Book Value |
|---|---|---|---|---|---|
| Unrated | NA | 0-25% | - | - | - |
| | | **Total** | | | **-** |

For the year ended March 31, 2024

(₹ in crore)

| Rating | Rating Agency | Category of Recovery rating | Gross Book Value | Provision held | Net Book Value |
|---|---|---|---|---|---|
| ICRA [RR-4] | ICRA | 25-50% | 19.42 | 19.42 | - |
| Acuite [RR 5] | Acuite | 0-25% | 7.68 | 7.68 | - |
| Unrated | NA | 0-25% | 108.29 | 108.29 | - |
| | | **Total** | **135.39** | **135.39** | **-** |

### 2.4.7 Disclosure for frauds

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| No of frauds reported during the year$ | 237 | 450 |
| Amount involved in such frauds | 11.17 | 21.17 |
| Balance outstanding as on year end | 8.88 | 15.43 |
| Amount of provision made for such frauds | 8.88 | 15.43 |
| Amount of Unamortised provision debited from other reserves' as at the end of the year | - | - |

$Pursuant to RBI circular RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/2024- 25 dated July 15,2024 and email intimation from RBI dated September 06, 2024, the Bank has not considered digital frauds on account of customer negligence post September 06, 2024 in above disclosure for current financial year.



## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.4.8 Disclosure on the Resolution Framework for the Covid -19 related stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are given below:

**For the year ended March 31, 2025**

(₹ 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 half year |
|---|---|---|---|---|---|
| Personal Loans | 1.43 | - | - | 0.20 | 1.31 |
| Corporate Persons | - | - | - | - | - |
| Of which, MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | 1.43 | - | - | 0.20 | 1.31 |

**For the year ended March 31, 2024**

(₹ 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 | 1.12 | - | - | 0.08 | 0.70 |
| Corporate Persons | - | - | - | - | - |
| Of which,MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | 1.12 | - | - | 0.08 | 0.70 |

### 2.5 Exposures

### 2.5.1 Exposure to Real Estate Sector

(₹ in crore)

| Category | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **a) Direct exposure** | | |
| (i) Residential Mortgages | | |
| a) Priority sector | 45.86 | 57.63 |
| b) Non priority sector | 180.41 | 118.97 |
| (Of which staff housing loans) | (82.78) | (23.23) |
| **Total** | **226.27** | **176.60** |
| (ii) Commercial Real Estate | 295.01 | 341.25 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – | | |
| a) Residential, | - | - |
| b) Commercial Real Estate. | - | - |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Category | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **b) Indirect Exposure** | | |
| Fund based and non-fund based exposures to National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 1,136.20 | 1,179.89 |
| **Total Exposure to Real Estate Sector** | **1,657.48** | **1,697.74** |

### 2.5.2 Exposure to Capital Market

(₹ in crore)

| Sl No | Items | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| 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 | 39.15 | 2.32 |
| 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 | 0.01 |
| 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 | - | - |
| 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 | 563.36 | 1.46 |
| 5 | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers | - | - |
| 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 | - | - |
| 7 | Bridge loans to companies against expected equity flows/issues | - | - |
| 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 | - | - |
| 9 | Financing to stock brokers for margin trading | | - |
| 10 | All exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| | **Total Exposure to Capital Market** | **602.52** | **3.79** |

### 2.5.3 Risk category wise country exposure *

(₹ in crore)

| Risk Category | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Exposure (Net) | Provision held | Exposure (Net) | Provision held |
| Insignificant | 131.36 | - | 96.68 | - |
| Low | 78.44 | - | 41.15 | - |
| Moderately Low | - | - | 3.34 | - |
| Moderate | 4.98 | - | - | - |
| Moderately High | - | - | 2.92 | - |
| High | - | - | - | - |
| Very High | - | - | - | - |
| **Total** | **214.8** | **-** | **144.09** | **-** |

* Based on categorisation followed by Export Credit Guarantee Corporation of India Ltd



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.5.4 Unsecured Gross Advances

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total unsecured gross advances of the Bank | 2,417.06 | 1,829.54 |
| Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken | - | - |
| Estimated value of such intangible securities | - | - |

### 2.5.5 Factoring Exposure

Financing of factoring units under TREDS 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, 2025 is ₹ 90.43 crore (Previous year ₹ 10.45 crore).

### 2.5.6 Intra-Group Exposures

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total amount of intra-group exposures | - | - |
| Total amount of top 20 intra-group exposures | - | - |
| Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers | Nil | Nil |
| Details of breach of limits on intra group exposures and regulatory action thereon, if any. | Nil | Nil |

### 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 maximise 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, 2025 | March 31, 2024 |
|---|---|---|
| Incremental provision maintained for Unhedged Foreign Currency Exposure | 0.67 | 2.19 |
| Additional Capital maintained for Unhedged Foreign Currency Exposure | 0.19 | 8.48 |

## 2.6 Concentration of Deposits, Advances, Exposures and NPAs

### 2.6.1 Concentration of Deposits

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total Deposits of twenty largest depositors | 7,371.29 | 6,245.60 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 20.00% | 21.02% |

Note: Excludes holders of certificate of deposits which are tradable instruments.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.6.2 Concentration of Advances*

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total Credit exposures of twenty largest borrowers | 2,553.13 | 2,345.94 |
| Percentage of Credit exposures to twenty largest borrowers to Total Advances of the Bank | 8.02% | 8.67% |

*Advances are computed based on credit exposure i.e. funded and non-funded limits.

### 2.6.3 Concentration of Exposures

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total Exposures to twenty largest borrowers/customers | 2,553.13 | 2,345.94 |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers | 7.04% | 8.57% |

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 01, 2015.

### 2.6.4 Concentration of NPAs

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Total Exposures to top twenty NPA Borrowers | 172.14 | 123.08 |
| Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs. | 34.58% | 34.12% |

## 2.7. Derivatives:

### 2.7.1 Forward Rate Agreement/ Interest Rate Swap:

(₹ in crore)

| Particulars | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| The notional principal of swap agreements | 1880 | - |
| Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | - | - |
| Collateral required by the Bank upon entering into swaps | 1.10 | - |
| Concentration of credit risk arising from the swaps | - | - |
| The fair value of the swap book | (0.40) | - |

The nature and terms of Rupee IRS outstanding as at March 31, 2025 are set out below:

(₹ in crore)

| Nature | Nos. | Notional principal | Benchmark | Terms |
|---|---|---|---|---|
| Trading | 45 | 940 | MIBOR | Fixed Payable v/s Floating Receivable |
| Trading | 50 | 940 | MIBOR | Fixed Receivable v/s Floating Payable |

The nature and terms of Rupee IRS outstanding as at March 31, 2024 are set out below:

(₹ in crore)

| Nature | Nos. | Notional principal | Benchmark | Terms |
|---|---|---|---|---|
| Nil | Nil | Nil | Nil | Nil |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.7.2 Exchange Traded Currency and Interest Rate Derivatives:

(₹ in crore)

| Particulars | As at | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise) | - | - |
| Notional principal amount of exchange traded interest rate derivatives outstanding (instrument wise) | - | - |
| Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise) | - | - |
| Mark to market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise) | - | - |

### 2.7.3 Disclosures on risk exposure in derivatives:

**Qualitative disclosures:**

Derivatives are financial instruments whose characteristics are derived from underlying parameter's like interest rates, exchange rates or indices. Bank offers derivative products to the customers to enable them to hedge their exposure within the prevalent regulatory guidelines. The Bank also undertakes transactions in Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks primarily credit, market, operational, legal and reputational. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions. The derivative transactions are governed by the Policy for Investment, Forex and Derivative Activities and Market Risk Management Policy of the Bank as well as by the extant RBI guidelines. Various operational/risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. Value at Risk (VaR), Net loss, deal size and Price Value of a Basis Point (PVBP). Actual positions are monitored against these limits on a daily basis and breaches if any are reported promptly. Risk assessment of the portfolio is undertaken periodically. The Treasury front office enters into derivative transaction with customers and interBank counterparties. The Bank has an independent back office and mid office as per regulatory guidelines. The MTM position of the derivative portfolio is monitored on a regular basis. The impact on derivative portfolio on account of the probable market movements are assessed on regular basis.

The Bank deals in derivatives for hedging foreign currency assets/liabilities subject to the prevailing regulatory guidelines. Transactions for hedging and trading are recorded separately. For hedge transactions the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Transactions related to foreign exchange forward / Interest rate Swaps , are marked to market daily and the MTM is accounted in the books. Bank has provided sufficient collateral to central counter parties and exchanges wherever applicable. In the Interbank Space the Bank deals with other major Banks and the default risk is perceived as low in this segment.

**Quantitative Disclosures:**

(₹ in crore)

| Sr No | Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|---|
| | | Currency Derivatives | Interest rate Derivatives | Currency Derivatives | Interest rate Derivatives |
| 1 | Derivatives (Notional Principal Amount) | | | | |
| | a) For hedging | 4,506.39 | - | - | - |
| | b) For trading | 526.73 | 1,880.00 | 1,659.70 | - |
| 2 | Marked to Market Positions | | | | |
| | a) Asset (+) | 33.78 | 4.67 | 3.68 | - |
| | b) Liability (-) | (16.77) | (5.08) | (2.55) | - |
| 3 | Credit Exposure | 91.64 | 16.65 | 33.70 | - |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Sr No | Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|---|
| | | Currency Derivatives | Interest rate Derivatives | Currency Derivatives | Interest rate Derivatives |
| 4 | Likely impact of one percentage change in interest rate (100*PV01) | | | | |
| | a) On hedging derivatives | 24.47 | - | - | - |
| | b) On trading derivatives | 0.02 | - | 3.14 | - |
| 5 | Maximum of 100*PV01 observed during the year | | | | |
| | a) On hedging derivatives | 24.47 | - | - | - |
| | b) On trading derivatives | 3.88 | 2.57 | 3.14 | - |
| 6 | Minimum of 100*PV01 observed during the year | | | | |
| | a) On hedging derivatives | 2.42 | - | - | - |
| | b) On trading derivatives | 0.01 | - | 0.05 | - |

**2.7.4 Credit Default Swaps: The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the years ended March 31, 2025 and March 31, 2024.**

**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 :** 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:

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Opening balance of amounts transferred to DEAF | 78.05 | 71.58 |
| Add : Amounts transferred to DEAF during the year | 8.90 | 9.55 |
| Less : Amounts reimbursed by DEAF towards claims | 1.40 | 3.08 |
| Closing balance of amounts transferred to DEAF | 85.55 | 78.05 |

**2.11 Disclosure of complaints**

a) Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman (OBOs).

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Complaints received by the Bank from its customers** | | |
| 1. No. of complaints pending at the beginning of the year | 43 | 45 |
| 2. No. of complaints received during the year | 20,787 | 20,854 |
| 3. No. of complaints disposed during the year | 20,781 | 20,856 |
| 3.1 Of which, number of complaints rejected by the Bank | 1,543 | 571 |
| 4. No. of complaints pending at the end of the year | 49 | 43 |
| **Maintainable complaints received by the Bank from Office of Ombudsman** | | |
| 5. No of maintainable complaints received by the Bank from Offices of Ombudsman | 187 | 105 |
| 5.1 No of Complaints resolved in favour of the Bank by Offices of Ombudsman | 91 | 39 |
| 5.2 No of Complaints resolved through conciliation/ mediation/ advisories issued by the Offices of Ombudsman | 96 | 66 |
| 5.3 No of Complaints resolved after passing of awards by Offices of Ombudsman against the Bank | - | - |
| 6. No of Awards unimplemented within the stipulated time (other than those appealed) | - | - |

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, 2025** | | | | | |
| Ground – 1 – Internet/Mobile/ Electronic Banking | 3 | 9,917 | 49.70% | 12 | - |
| Ground – 2 Account opening/ difficulty in operation of accounts | 19 | 4,769 | (23.30)% | 17 | 5 |
| Ground – 3 ATM/Debit Cards | 2 | 1,554 | (15.82)% | - | - |
| Ground – 4 Loans and Advances | 7 | 1,259 | 352.88% | 9 | 2 |
| Ground -5 Levy of charges without prior notice/ excessive charges/ foreclosure charges | - | 1,142 | 164.35% | - | - |
| Others | 12 | 2,146 | (62.80)% | 11 | 5 |
| **Total** | **43** | **20,787** | | **49** | **12** |
| **March 31, 2024** | | | | | |
| Ground – 1 – ATM/ Debit Cards | 6 | 1,846 | (48.79)% | 2 | - |
| Ground – 2 Internet /Mobile/ Electronic Banking | 13 | 6,625 | 16.15% | 3 | - |
| Ground – 3 Account opening/ difficulty in operation of accounts | 19 | 6,218 | 283.35% | 19 | 2 |
| Ground – 4 Loans and Advances | - | 278 | (32.03)% | 7 | 2 |
| Ground -5 Staff Behaviour | - | 119 | 120.37% | - | - |
| Others | 7 | 5,768 | 370.09% | 12 | - |
| **Total** | **45** | **20,854** | | **43** | **4** |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.12 Disclosure of Penalties imposed by RBI

The RBI had imposed an aggregate penalty during the year on account of the instances mentioned below:

(₹ in actuals)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| a) Penalty imposed on currency chest | | |
| No of instances of Default | 2 | 4 |
| Quantum of Penalty imposed | ₹ 10,400.00 | ₹ 16,550.00 |
| b) Penalty imposed in deficiency in regulatory compliances | | |
| No of instances of Default | 1 | 3 |
| Quantum of Penalty imposed | ₹ 1,86,80,000.00 | ₹ 30,000.00 |

### 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 five members. All members of the committee are non-executive directors; of which four members are independent directors. Four members of the committee are currently 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. Sumit Maheshwari | Member | Non-Executive Director |
| Mr. Sudhin Choksey | Member | Independent Director |
| Ms. Renu Kohli | Member | Independent Director |
| Mr. D N Narasimha Raju | 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.

(iii) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

During the financial year ended 31st March, 2025, the Bank engaged AON Consulting Private Limited for market benchmarking of compensation and benefits, including executive compensation and salary increase in the Bank.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(iv) A description of the scope of the bank's remuneration policy (eg. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The policy covers all employees of the Bank working across in the country. The Bank does not have any foreign subsidiaries or branches. Nomination and Remuneration Committee of the Board monitors implementation of policy in the Bank on behalf of the Board.

(v) A description of the type of employees covered and number of such employees.

Employees are categorised into following five categories from remuneration structure and administration standpoint:

| | | |
|---|---|---|
| Category 1 | MD & CEO and WTDs. | 2 |
| Category 2 | Material Risk Takers | 13 |
| Category 3 | Risk Control and Compliance Function | 6695 |
| Category 4 | Senior Executives /Officers -Non-IBA Scheme | |
| Category 5 | Other Officers and Staff -IBA scheme | 906 |

**(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 programme 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, analyse and categorise 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 organisation.

(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.

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

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.

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 organisation.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

The Policy aims to:

- Ensure that compensation is aligned to individual performance as well as to the organisational 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.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

- 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 behaviour 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.

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.,

(iv) Key features

- 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

The compensation structure may be fixed shall align with prudent risk taking, after ensuring the following: -

- 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.

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 judgemental elements.

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.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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 including ESOPs 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 / even beyond the exercise period or such other period as stated above, irrespective of separation of Key Employees/employees due to any reason, including without restricted to the cases of resignation, retirement, early retirement or termination from the Bank, provided such period is capped at five years from the date of resignation, retirement, early retirement or termination, as the case may be.

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. The 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 organisation 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.

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 organisation wise performance as applicable.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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 organisation 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 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.
- 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 favour 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.

(viii) An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is given on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(ix) A discussion of the ways in which these measures affect remuneration

The relevant risk measures are included in the scorecards of MD & CEO, WTD and Others. Inclusion of the above-mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

(x) A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration.

The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.

**(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, 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 organisational 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 organisation 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, 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 organisational 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 THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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 organisational 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 utilise 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.



## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**(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, 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 lakh, 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.

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 04, 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 04, 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.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises 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, 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, 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 organisational 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 organisation 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 THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### (B) Quantitative Disclosures

(1) Whole Time Directors and Material Risk Takers.

The quantitative disclosures for the financial year ended March 31, 2025 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 04, 2019.

| | Particulars | | | March 31, 2025 | March 31, 2024 |
|---|---|---|---|---|---|
| Quantitative Disclosures | (g) | i) | Number of meetings held by the Nomination & Remuneration Committee during the financial year | 11 | 14 |
| | | ii) | and remuneration paid to its members. | ₹ 14,35,000.00 | ₹ 15,25,000.00 |
| | (h) | i) | Number of employees having received a variable remuneration award during the financial year | 15 | 16 |
| | | ii) | Number and total amount of sign-on/ joining bonus made during the financial year. | - | - |
| | | iii) | Details of guaranteed bonus, if any, paid as joining/ sign on bonus | - | - |
| | | iv) | Details of severance pay, in addition to accrued benefits, if any. | - | - |
| | (i) | i) | Total amount of outstanding deferred remuneration, split into | | |
| | | | a) Cash | ₹ 2,04,95,493.00 | ₹ 2,60,36,657.00 |
| | | | b) Shares | - | - |
| | | | c) Share-linked instruments (number of unvested stock options outstanding as on 31 March and fair value of the same) | 10,06,408 options with a fair value of ₹ 17,66,66,533.00 | 11,44,211 options with a fair value of ₹ 19,80,45,253 .00 |
| | | | d) Other Forms | - | - |
| | | ii) | Total amount of deferred remuneration paid out in the financial year. | | |
| | | | a) Cash | ₹ 1,99,62,399.00 | ₹ 1,17,06,278.00 |
| | | | b) Share-linked instruments (number of vested stock options outstanding as on 31 March and fair value of the same) | 3,24,213 options with a fair value of ₹ 3,56,73,693.00 | 1,40,293 options with a fair value of ₹ 1,52,92,060.00 |
| | | | c) Share-linked instruments (number of vested and exercised stock options as on 31 March and fair value of the same) | 2,16,025 options with a fair value of ₹ 3,07,60,369.00 | 5,85,318 options with a fair value of ₹ 9,40,70,165.00 |
| | (j) | | Breakdown of amount of remuneration awards for the financial year | | |
| | | (i) | Fixed | ₹ 19,91,40,503.00 | ₹ 15,19,95,014.00 |
| | | (ii) | Variable Pay- Cash Component | | |
| | | | - Upfront payment | ₹ 3,91,13,449.00 | ₹ 3,03,39,552.00 |
| | | | - Deferred payment | ₹ 1,90,62,867.00 | ₹ 1,71,20,094.00 |
| | | (iii) | Variable Pay- Non Cash Component | | |
| | | | - Share linked Instruments- Deferred | 5,16,143 options with a fair value of ₹ 6,64,69,526.00 | 3,44,157 options with a fair value of ₹ 4,19,48,018.00 |
| | (k) | (i) | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. | - | - |
| | | (ii) | Total amount of reductions during the financial year due to ex- post explicit adjustments. | - | - |
| | | (iii) | Total amount of reductions during the financial year due to ex- post implicit adjustments. | - | - |
| | (l) | | Number of MRTs identified | 15 | 14 |
| | (m) | i) | Number of cases where malus has been exercised | - | - |
| | | ii) | Number of cases where clawback has been exercised | - | - |
| | | iii) | Number of cases where both malus and clawback have been exercised | - | - |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

| | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| General Quantitative Disclosure | (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 | ₹ 5,81,589.18 | ₹ 4,56,496.43 |
| | ii) Deviation of the pay of each of its WTDs from the mean payoff the Bank | | |
| | - MD & CEO | 60.01 | 74.18 |
| | - Executive Director | 17.64 | 0.55^ |

^Mr. B.K. Divakara has been appointed as Whole Time Director with effect from March 15, 2024; hence, deviation was calculated with effect from that date only.

(2) Remuneration paid to the non-executive directors

| Disclosure for compensation of Non-executive Directors | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| | a) Amount of remuneration (sitting fee) paid to the non-executive directors excluding Part-time Chairman | ₹ 1,26,60,000.00 | ₹ 1,22,20,000.00 |
| | b) Amount of remuneration and sitting fee paid to Part-time Chairperson (from April 01, 2024 to September 29, 2024) | | |
| | I Remuneration | ₹ 8,90,000.00 | ₹ 18,00,000.00 |
| | II Sitting fee | ₹ 14,55,000.00 | ₹ 28,15,000.00 |
| | **c). Total (a+b)** | **₹ 1,50,05,000.00** | **₹ 1,68,35,000.00** |

**Notes pertaining to financial year ended March 31, 2025**

1. Fixed remuneration includes salary, consolidated benefit allowance, gratuity, residential accommodation and Bank's contributions towards National Pension Scheme/Provident Fund etc. The value of perquisite is calculated as cost to the Bank. The salaries of separated MRTs have been considered for the period they were in service with the Bank.
2. Employees received variable pay includes MD & CEO (past and present), WTDs and other Material Risk Takers (MRTs) based on the revised criteria given by RBI in its guidelines dated November 04, 2019 and variable pay includes cash bonus paid and stock options granted/ vested/ exercised during the year. Deferred remuneration (both cash and stock options) reported here includes deferred remuneration paid out in the financial year/ outstanding at the end of the financial year in the case of cash bonus and vested/unvested/exercised in the case of stock options w.r.t. the said MRTs.

   As per the Compensation policy of the Bank read with the guidelines, MRTS who had resigned are not eligible for deferred remuneration (cash bonus and unvested stock options) but are eligible to exercise vested options within prescribed time as per CSB Employee Stock Option Scheme 2019. Hence, the deferred remuneration reported (outstanding/ paid out) in the financial year did not include the deferred remuneration of resigned MRTs but include vested options exercised by them within the prescribed time as per CSB Employee Stock Option Scheme 2019. The unvested options of resigned MRTs stands lapsed as per the scheme, hence excluded from the unvested/vested options reported.
3. Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
4. i. The Bank, on October 22, 2024, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,42,00,000 p.a. to ₹ 2,54,00,000 p.a., with effect from April 01, 2024.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

4. ii. The Bank, on October 22, 2024, 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 ₹ 2,42,00,000 to Mr. Pralay Mondal, Managing Director & CEO, for the performance period from April 01, 2023 to March 31, 2024, out of which ₹ 1,62,14,000/- shall be in non-cash form (stock options) and the balance in cash.
5. Payments of deferred portion of variable pay (Cash) made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2024–2025 were also included as part of the total payments made to WTDs/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) and vested/exercised in the year.
6. No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.
7. Payment of sitting fee to Non-Executive Independent Directors was made 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.
8. Remuneration paid to Mr. B K Divakara, Executive Director, also includes the arrears paid to him for the period from March 15, 2024 4 to March 31, 2024 for the said position.

**Notes pertaining to financial year ended March 31, 2024**

1. Fixed remuneration includes salary, consolidated benefit allowance, gratuity, residential accommodation and Bank's contributions towards National Pension Scheme/Provident Fund etc. The value of perquisite is calculated as cost to the Bank. The salaries of separated MRTs have been considered for the period they were in service with the Bank. The fixed pay also includes arrear payments of MD & CEO for FY 2022-23.
2. Employees received variable pay includes MD & CEO, WTDs and other Material Risk Takers (MRTs) based on the revised criteria given by RBI in its guideline dated November 04, 2019. Further this also includes MD & CEO/MRTs who have retired or transferred other roles who were paid variable pay in the year (both cash and stock option) including the deferred portion of variable pay of previous years and stock options being granted/vested during the year. Variable pay includes cash bonus and stock options (as per RBI guideline dated November 04, 2019) that are paid/ granted/ vested during the year.
3. Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
4. i. The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore per annum to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,30,00,000 p.a. to ₹ 2,42,00,000 p.a., with effect from April 01, 2023.
4. ii. The Bank, on May 4, 2023, 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 ₹ 31,64,384/- to Mr. Pralay Mondal, out of which ₹15,82,192/- shall be in non-cash form (stock options) and the balance in cash, for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022.
4. iii. The Bank, on December 20, 2023, 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 ₹ 1,25,00,000/-to Mr. Pralay Mondal, Managing Director & CEO out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash, for the performance period from September 15, 2022 to March 31, 2023.
5. Remuneration paid to Mr. B.K. Divakara for the financial year 2023–24 and disclosed includes payment of fixed pay and variable pay made to him in the capacity of 'Chief Financial Officer/Head Strategy & Corporate Legal for the period up to March 14, 2024, and thereafter from March 15, 2024 onwards, in the capacity of the Whole Time Director.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

6. Payments of deferred portion of variable pay (Cash) made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2023–2024 were also included as part of the total payments made to WTDs/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) and vested/exercised in the year.
7. No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.
8. 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.

## 2.14 Other Disclosures

### 2.14.1 Business Ratio

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| (i) Interest Income as a percentage to Working Funds* | 9.00 | 9.22 |
| (ii) Non-interest income as a percentage to Working Funds* | 2.43 | 1.84 |
| (iii) Cost of Deposits | 6.15 | 5.35 |
| (iv) Net Interest Margin~ | 4.13 | 5.09 |
| (v) Operating Profit as a percentage to Working Funds* $ | 2.28 | 2.46 |
| (vi) Return on Assets (%)@ | 1.49 | 1.79 |
| (vii) Business (Deposits plus advances) per employee^ (₹ in crore) | 8.38 | 6.56 |
| (viii) Profit per employee (₹ in crore) | 0.08 | 0.07 |

* 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.

~ Net Interest income/Average Earning Assets.

@ Return on Assets = Profit after Tax /Average Working Funds.

^ 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, 2025 | March 31, 2024 |
|---|---|---|
| From Selling Life Insurance Policies | **148.74** | **113.14** |
| i. Traditional | 132.24 | 102.86 |
| ii. Term | 3.31 | 3.05 |
| iii. ULIP | 13.19 | 7.23 |
| From Selling Non-Life Insurance Policies | **1.53** | **0.89** |
| i. Fire | 0.12 | 0.08 |
| ii. Marine | - | - |
| iii. Others | 0.97 | 0.62 |
| iv. Standalone Health | 0.44 | 0.19 |
| Others | - | - |
| **Total** | **150.27** | **114.03** |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 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, 2025 | March 31, 2024 |
|---|---|---|
| From Selling Mutual Fund Products | 0.02 | 0.01 |
| From Atal Pension Yojana (APY) | 0.03 | 0.01 |
| From Credit card business | - | 1.48 |
| From Soverign Gold Bond | - | 0.01 |
| Marketing and Distribution | 39.89 | 49.55 |
| **Total** | **39.94** | **51.06** |

### 2.14.4 Details of Priority Sector Lending Certificate Purchased & Sold during the year

(₹ in crore)

| Sl No. | Type of PSLCs | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|---|
| | | Purchased (Face Value) | Sold (Face Value) | Purchased (Face Value) | Sold (Face Value) |
| 1 | PSLC – General | - | - | - | - |
| 2 | PSLC – Agriculture | - | 19,550 | - | 2,750 |
| 3 | PSLC - Small & Marginal Farmer | 1,850 | - | - | 1,000 |
| 4 | PSLC - Micro Enterprise | 4,500 | - | 1,266 | - |

### 2.14.5 Details of provisions and contingencies debited in Profit and Loss Account during the Year

(₹ in crore)

| | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| A | Provision for NPI | - | - |
| B | Provisions towards NPA/write offs | 81.66 | (4.73) |
| C | Provision for Income tax – Current Tax | 212.40 | 200.74 |
| D | Provision for Income tax – Deferred Tax | (6.67) | (6.12) |
| E | Provision for Standard Assets | 26.62 | 13.31 |
| F | Provision for diminution on Restructured Advances | 0.15 | (0.19) |
| G | Other provisions | 2.28 | 10.09 |
| | **Total** | **316.44** | **213.10** |

### 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.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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.

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 summarised as follows:

- 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.

### 2.14.7 Payment of DICGC Insurance Premium

(₹ in crore)

| Sr No. | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| 1 | Payment of DICGC Insurance Premium | 34.01 | 28.79 |
| 2 | Arrears in payment of DICGC premium | - | - |

### 2.14.8 Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of Bank - Not Applicable

### 2.15 Provisions on Standard Assets

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Opening Balance | 204.91 | 191.60 |
| Additions/adjustments during the year | 26.62 | 13.31 |
| Deductions during the year | - | - |
| Provisions held towards Standard Assets | 231.53 | 204.91 |

The above provision held towards standard assets includes 'Contingency Provision for any Credit Loss Contingencies' of ₹105.92 crore.

### 2.16 Income and Expenses exceeding one percentage of the Total Income

Details of items under "Other expenditure" in Schedule 16 – Operating Expenses & "Miscellaneous income" in Schedule 14 – Operating Income exceeding 1% of total income of the Bank are given below:

(₹ in crore)

| Sr No. | Nature | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|---|
| 1 | Other Expense | Credit Card Partner Fee | 60.74 | 24.76 |
| 2 | Other Expense | MFI Business Correspondent Tie Up Expense | 44.81 | 53.98 |
| 3 | Other Income | Premium Received on PSLC Sale | 132.28 | 13.44 |
| 4 | Other Income | Minimum Balance Charges | 44.15 | 36.88 |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 2.17 Assets and Liabilities exceeding one percentage of the Total Assets

Details of items under "Others (including provisions)" in Schedule 5 – Other Liabilities and provisions & "Others" in Schedule 11 – Other Assets exceeding 1% of total assets of the Bank : Nil

### 2.18 Disclosure on green deposits

During the year 2024-25, the Bank has not raised Green deposits and hence the Portfolio level information on use of funds and reporting on allocation of proceeds of Green deposits to green activities/projects as mentioned in circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023 is not applicable.

### 2.19 Credit exposure to Single Borrower and Group Borrower

During the years ended March 31, 2025 and March 31, 2024, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI. Exposure is computed as per the definition in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

## 3. DISCLOSURES AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF ITEMS FOR 'NOTES TO ACCOUNTS'

### 3.1 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 – March 31, 2024, No revaluation carried during the year ended March 31, 2025.

(b) Whether an independent valuer was involved - Land and building was valued by two independent valuers. Average of the value arrived by the valuers considered 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 March 31, 2025: ₹ 173.83 crore (Previous Year ₹ 175.84 crore)

Change for the period: During the year Bank has not revalued the assets held under the category premises. An amount of ₹ 1.75 crore (Previous Year ₹ 1.15 crore) has been transferred from Revaluation Reserve to General Reserves being depreciation based on the revalued carried amount.

As per para 44 of AS 10 - Property, Plant & Equipment, revaluation surplus of ₹ 0.25 crore (Previous Year ₹ 0.34 crore) is transferred to the General Reserve relating to asset derecognised during the year.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 3.2 Accounting Standard 15 (Revised) –Employee Benefits

#### 3.2.1 Disclosures for Provident Fund & New Pension Scheme

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹ 29.43 crore (Previous Year ₹ 26.07 crore).

#### 3.2.2 Disclosures for Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

**A. Amount recognised in Balance Sheet and Profit & Loss Account**

The amount recognised in the balance sheet is as follows:

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Present Value of Obligations – Closing (A) | 121.93 | 130.93 | 63.89 | 63.16 | 41.79 | 53.74 |
| Fair Value of Plan Assets – Closing (B) | 113.29 | 116.74 | 65.24 | 59.79 | N.A | N.A |
| Funded Status (B) – (A) | 8.64 | 14.19 | (1.35) | 3.37 | 41.79 | 53.74 |
| Net Liability (Asset) recognised in Balance Sheet (Net Asset included in Item No. VII - Others of Schedule11 – Other Asset. Net Liability included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions). | 8.64 | 14.19 | (1.35) | 3.37 | 41.79 | 53.74 |

The amount recognised in the statement of profit and loss account is as follows:

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Current Service Cost | 21.52 | 28.88 | 11.12 | 8.72 | 17.17 | 21.10 |
| Past Service Cost | - | - | - | - | - | - |
| Interest Cost | 5.84 | 5.14 | 4.05 | 3.70 | 3.56 | 2.57 |
| Expected Return on Plan Assets | (7.86) | (10.53) | (4.17) | (4.31) | NA | N.A. |
| Net Actuarial Loss/(Gain) recognised in the year | 50.82 | 56.80 | (4.41) | 5.94 | (27.64) | (1.89) |
| Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses) | 70.32 | 80.29 | 6.59 | 14.05 | (6.89) | 21.78 |

**B. Changes in Fair Value of Plan Assets**

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Fair Value of Plan Assets at the beginning of the year | 116.74 | 146.03 | 59.79 | 59.57 | N.A. | N.A. |
| Expected Return on Plan Assets | 7.86 | 10.53 | 4.17 | 4.31 | N.A. | N.A. |
| Contributions | 75.88 | 64.83 | 11.31 | 8.74 | N.A. | N.A. |
| Benefits Paid | 88.24 | 146.89 | 10.23 | 13.05 | N.A. | N.A. |
| Actuarial (Loss)/Gain | 1.05 | 42.24 | 0.20 | 0.22 | N.A. | N.A. |
| Fair Value of Plan Assets at the end of the year | 113.29 | 116.74 | 65.24 | 59.79 | N.A. | N.A. |

**C. Changes in Present Value of Obligations**

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Present Value of Obligations at the beginning of the year | 130.93 | 144.76 | 63.16 | 57.64 | 53.74 | 39.28 |
| Interest Cost | 5.84 | 5.14 | 4.05 | 3.70 | 3.57 | 2.57 |
| Current Service Cost | 21.52 | 28.88 | 11.12 | 8.72 | 17.17 | 21.10 |
| Past Service Cost | - | - | - | - | - | - |
| Benefits Paid | 88.24 | 146.89 | 10.23 | 13.05 | 5.06 | 7.32 |
| Actuarial Loss/(Gain) | 51.87 | 99.04 | (4.22) | 6.15 | (27.64) | (1.89) |
| Present Value of Obligations at the end of the year | 121.93 | 130.93 | 63.89 | 63.16 | 41.79 | 53.74 |

**D. Movement in Net Liability Recognised in Balance Sheet**

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Net Liability at the beginning of the period | 14.19 | (1.27) | 3.37 | (1.93) | 53.74 | 39.28 |
| Add Expenses Charged to Profit & Loss Account | 70.33 | 80.29 | 6.59 | 14.04 | (6.89) | 21.78 |
| Less Contributions | 75.88 | 64.83 | 11.31 | 8.74 | 5.06 | 7.32 |
| Net Liability (Asset) at the end of the period | 8.64 | 14.19 | (1.35) | 3.37 | 41.79 | 53.74 |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

E. **Actual Return on Plan Assets**

(₹ in crore)

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Expected Return on Plan Assets | 7.86 | 10.53 | 4.17 | 4.31 | N.A. | N.A. |
| Actuarial Gain (Loss) | 1.05 | 42.24 | 0.20 | 0.22 | N.A. | N.A. |
| Actual Return on Plan Assets | 8.91 | 52.77 | 4.37 | 4.53 | N.A. | N.A. |

F. **Actuarial Assumptions**

| Particulars | Pension | | Gratuity | | Long term Compensated Absences (Privilege Leave) | |
|---|---|---|---|---|---|---|
| | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Discount Rate (p.a.) | 6.73% | 7.21% | 6.98% | 7.23% | 6.98% | 7.23% |
| Expected Return on Plan Assets (p.a.) | 6.73% | 7.21% | 6.98% | 7.23% | N.A. | N.A. |
| Future Salary Increases (p.a.) | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Mortality table | IIAM (2012-2015) ULTIMATE | | IIAM (2012-2015) ULTIMATE | | IIAM (2012-2015) ULTIMATE | |

G. **Investment Percentage maintained by Pension & Gratuity Trust**

| Particulars | Pension | | Gratuity | |
|---|---|---|---|---|
| | March 31, 2025 | March 31, 2024 | March 31, 2025 | March 31, 2024 |
| Life Insurance Companies | 100% | 100% | 100% | 100% |
| Central Govt. Securities | -- | -- | -- | -- |
| State Govt. Securities | -- | -- | -- | -- |
| Other Trust Securities (PSU)/Deposits with Banks etc. | -- | -- | -- | -- |
| **Total** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

H. **Experience Adjustments**

(i) **Pension**

(₹ in crore)

| Particulars | Year ended March | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Defined Benefit Obligations | 121.93 | 130.93 | 144.76 | 163.13 | 175.37 |
| Plan Assets | 113.29 | 116.74 | 146.03 | 161.13 | 130.81 |
| Surplus/(Deficit) | (8.64) | (14.19) | 1.27 | (2.00) | (44.56) |
| Experience adjustments on Plan Liabilities | 47.39 | 96.65 | 64.99 | 68.47 | 155.20 |
| Experience Adjustments on Plan Assets | 75.11 | 42.53 | (10.86) | (9.96) | 3.97 |

(ii) **Gratuity**

(₹ in crore)

| Particulars | Year ended March | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Defined Benefit Obligations | 63.89 | 63.16 | 57.64 | 54.75 | 45.00 |
| Plan Assets | 65.24 | 59.79 | 59.57 | 44.51 | 37.92 |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Particulars | Year ended March | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Surplus/(Deficit) | 1.35 | (3.37) | 1.93 | (10.24) | (7.08) |
| Experience adjustments on Plan Liabilities | (5.79) | 4.27 | 8.55 | 19.16 | 26.59 |
| Experience Adjustments on Plan Assets | 0.36 | 0.37 | (3.83) | (2.15) | (3.87) |

I. **Expected Contributions**

Bank's best estimates of contributions to the funds for Financial Year 2025-26 are as follows:

Pension: ₹ 53.41crore

Gratuity: ₹ 5.70 crore

### 3.2.3 Other Compensated Absence

As on March 31, 2025, the Bank holds provision of ₹ 4.22 crore (Previous Year ₹ 6.23 crore) 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:

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Sick leave (₹ in crore) | 1.77 | 3.85 |
| Leave Travel Concession (₹ in crore) | 2.45 | 2.38 |
| **Total actuarial liability** (₹ in crore) | **4.22** | **6.23** |
| **Assumptions** | | |
| Discount Rate (p.a.) | 6.98% | 7.23% |
| Future Salary Increases (p.a.) | 5.00% | 5.00% |
| Attrition Rate | 1.00 | 1.00 |

### 3.2.4 CSB Employee Stock Option Scheme

Pursuant to the requisite approval of the members on May 04, 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 incentivise 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 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.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 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, 2025, 41,67,933 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 2024-25 (Previous year: Nil)

Stock option activity under the scheme during the financial year ended March 31, 2025 and March 31, 2024 is set out below:

| Particulars | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | No of Options | Weighted average exercise price | Weighted average remaining contractual life (Number of years) | No of Options | Weighted average exercise price | Weighted average remaining contractual life (Number of years) |
| Outstanding at the beginning of the year | 23,53,456 | 190.42 | 4.54 | 21,32,474 | 117.30 | 3.90 |
| Granted during the year | 10,51,818 | 343.42 | 5.80 | 8,63,972 | 314.09 | 6.05 |
| Forfeited during the year | - | - | - | - | - | - |
| Options Lapsed | 2,11,733 | 204.59 | - | 45,672 | 204.11 | - |
| Exercised during the year | 2,34,749 | 152.83 | - | 5,97,318 | 107.19 | - |
| Outstanding at the end of the year | 29,58,792 | 246.78 | 4.35 | 23,53,456 | 190.42 | 4.54 |
| Options exercisable at the end of the year | 4,42,802 | 227.05 | 1.97 | 1,87,957 | 184.77 | 2.24 |

The weighted average share price at the date of exercise for stock options exercised during the FY 2024-25 was ₹ 313.93 (Previous year ₹ 358.95)

Out of the 10,51,818 options granted in the financial year 2024-25, 7,06,932 options were granted on July 29, 2024 at an exercise price of ₹ 358.20 per option, 2,01,451 options were granted on September 19, 2024 at an exercise price of ₹ 320.25 per option and 1,43,435 options were granted on October 24, 2024, at an exercise price of ₹ 303.15 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.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

The following table sets forth, the summary of stock options outstanding on March 31, 2025 and March 31, 2024:

| Range of exercise price (₹ per share) | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | 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 | 5,73,875 | 10.00 | 3.94 | 7,02,250 | 10.00 | 4.56 |
| 100 - 200 | 2,76,566 | 196.60 | 2.76 | 3,63,395 | 196.60 | 3.73 |
| 200 - 300 | 7,82,874 | 267.15 | 3.50 | 10,02,152 | 265.12 | 4.11 |
| 300 - 400 | 12,86,354 | 345.92 | 5.41 | 2,46,536 | 357.17 | 7.33 |
| 400 - 500 | 39,123 | 407.50 | 4.28 | 39,123 | 407.50 | 5.28 |

The weighted average fair value, based on Black-Scholes model, of options granted during the financial year ended March 31, 2025, was ₹ 135.74 (Financial year ended March 31, 2024 was ₹ 135.54).

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. For accounting the value of Options granted under the Scheme by using Intrinsic Value Method, the difference between the market price and exercise price is considered as the value of an Employee Stock Option and 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 04, 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, 2024, the impact on reported net profit and EPS in the financial year ended March 31, 2025 would be as follows:

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Net Profit (as reported) (₹ in crore) | 593.80 | 566.82 |
| Add: Stock based employee compensation expense included in net income (₹ in crore) | 9.79 | 7.89 |
| Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crore) | 9.80 | 7.92 |
| Net Profit (Proforma) (₹ in crore) | 593.79 | 566.79 |
| **Earnings per share: Basic (in ₹)** | | |
| As reported | 34.23 | 32.67 |
| Proforma | 34.23 | 32.67 |
| **Earnings per share: Diluted (in ₹)** | | |
| As reported | 34.23 | 32.67 |
| Proforma | 34.23 | 32.67 |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

The fair value of options granted during the period 2024-25 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

| Date of Grant | July 29, 2024 | September 19, 2024 (Grant I) | September 19, 2024 (Grant II) | October 24, 2024 |
|---|---|---|---|---|
| No. of Options | 7,06,932 | 1,48,470 | 52,981 | 1,43,435 |
| Average Dividend Yield | 0% | 0% | 0% | 0% |
| Expected Volatility | 33.81% to 39.24% | 34.33% to 38.93% | 32.81% to 38.93% | 32.62% to 38.66% |
| Risk free interest rate | 6.72% to 6.79% | 6.63% to 6.67% | 6.62% to 6.65% | 6.56% to 6.69% |
| Expected life of options | 2.5 to 5.5 years | 3.5 to 7.5 years | 2.5 to 5.5 years | 2.5 to 5.5 years |
| Expected forfeiture | - | - | - | - |
| Fair Value Range(₹) | 137.26 | 155.96 | 120.23 | 113.04 |
| Exercise Price(₹) | 358.20 | 320.25 | 320.25 | 303.15 |
| Average Fair Value(₹) | 137.26 | 155.96 | 120.23 | 113.04 |

The fair value of options granted during the period 2023-24 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

| Date of Grant | May 10, 2023 | July 20, 2023 | December 14, 2023 | January 08, 2024 | March 15, 2024 |
|---|---|---|---|---|---|
| No. of Options | 13,145 | 5,65,168 | 21,536 | 39,123 | 2,25,000 |
| Average Dividend Yield | - | - | - | - | - |
| Expected Volatility | 37.06% to 42.09% | 36.06% to 41.17% | 33.98% to 40.28% | 33.61% to 39.82% | 35.05% to 39.86% |
| Risk free interest rate | 6.79% to 6.91% | 6.87 % to 6.94% | 7.06% to 7.16% | 6.98% to 7.08% | 6.96% to 6.99% |
| Expected life of options | 2.5 to 5.51 years | 2.5 to 5.51 years | 2.5 to 5.50 years | 2.5 to 5.51 years | 3.51 to 7.51 years |
| Expected forfeiture | - | - | - | - | - |
| Fair Value Range(₹) | 120.36 | 116.88 | 157.87 | 159.75 | 176.94 |
| Exercise Price(₹) | 293.80 | 289.30 | 398.70 | 407.50 | 353.20 |
| Average Fair Value(₹) | 120.36 | 116.88 | 157.87 | 159.75 | 176.94 |

**Assumptions**

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-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 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 a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in Bank's share price.

### 3.3 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/utilised and other allocated overheads.



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**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 ₹ 7.5 crore as defined by RBI. 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 utilised 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 April 07, 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.

(₹ in crore)

| Business Segments | Treasury | | Corporate/Wholesale Banking | | Retail Banking | | Other Banking Business | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Revenue | 763.80 | 498.15 | 1,121.64 | 814.57 | 2,522.69 | 2,075.09 | 161.07 | 124.02 | 4,569.20 | 3,511.83 |
| Result | 100.30 | 57.85 | 131.02 | 154.59 | 510.75 | 511.96 | 59.88 | 46.93 | 801.95 | 771.34 |
| Unallocated expenses | | | | | | | | | - | - |
| Operating profit | | | | | | | | | 801.95 | 771.34 |
| Provisions other than tax | | | | | | | | | (2.42) | (9.89) |
| Provision for Tax | | | | | | | | | (205.73) | (194.62) |
| Extraordinary profit | | | | | | | | | - | - |
| Net profit | | | | | | | | | 593.80 | 566.82 |
| **OTHER INFORMATION** | | | | | | | | | | |
| Segment assets | 13,751.35 | 7,746.34 | 11,443.47 | 9,173.66 | 22,528.27 | 19,047.49 | 46.25 | 28.24 | 47,769.35 | 35,995.73 |
| Unallocated assets | | | | | | | | | 66.93 | 60.26 |
| Total assets | | | | | | | | | 47,836.27 | 36,055.99 |
| Segment liabilities | 3,771.28 | 2,005.72 | 15,795.38 | 11,305.40 | 23,771.88 | 18,935.20 | - | - | 43,338.54 | 32,246.32 |
| Unallocated liabilities | | | | | | | | | - | 6.02 |
| Total liabilities | | | | | | | | | 43,338.54 | 32,252.34 |
| Capital employed | 9,980.07 | 5,740.63 | (4,351.91) | (2,131.75) | (1,243.61) | 112.29 | 46.25 | 28.24 | 4,430.81 | 3,749.41 |
| Unallocated liabilities | | | | | | | | | 66.93 | 54.24 |
| Total liabilities | | | | | | | | | 47,836.27 | 36,055.99 |

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 THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 3.4 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 Capital Services Ltd (Formerly known as "IIFL Securities Limited") | Investee Company of FIHM |
| 4. | IIFL Finance 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 |
| 12. | Global Aluminium Private Limited w.e.f 11.10.2024 | Investee Company of FIHM |

^ IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023

(iv) Key Managerial Personnel

**As on March 31, 2025**

| Name of the Key Managerial Personnel | Relatives of the Key Managerial Personnel |
|---|---|
| Mr. Pralay Mondal, Managing Director & CEO | • Ms. Mahasweta Mondal<br>• Ms. Pritha Mondal<br>• Ms. Trina Mondal<br>• Mr. Biplab Mondal |
| Mr. B K Divakara, Executive Director | • Ms. Sudha K<br>• Mr. B. Dushyanth<br>• Ms. Mrudhula |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

**As on March 31, 2024**

| Name of the Key Managerial Personnel | Relatives of the Key Managerial Personnel |
|---|---|
| Mr. Pralay Mondal, Managing Director & CEO | • Ms. Mahasweta Mondal<br>• Ms. Pritha Mondal<br>• Ms. Trina Mondal<br>• Mr. Biplab Mondal |
| Mr. B K Divakara, Whole Time Director (w.e.f March 15, 2024) | • Ms. Sudha K<br>• Mr. B. Dushyanth<br>• Ms. Mrudhula |

(v) Entities in which Key Managerial Personnel /their relatives are interested

**As on March 31, 2025**

| Name of Key Managerial Personnel/their relatives | Name of the entities in which interested | Nature of the interest |
|---|---|---|
| | NIL | |

**As on March 31, 2024**

| Name of Key Managerial Personnel/their relatives | Name of the entities in which interested | Nature of the interest |
|---|---|---|
| | NIL | |

(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.

(₹ in crore)

| Items | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Interest expenses – paid^** | | |
| Key Managerial Personnel | 0.09 | 0.02 |
| Relatives of Key Management Personnel | -** | -** |
| **Remuneration paid to Wholetime Directors** | | |
| Key Management Personnel | 4.52 | 4.18# |
| No. of employee stock options granted under ESOS (in numbers) | 1,43,435 | 52,268 |
| Value of employee stock options exercised | 0.08 | 0.04 |
| Value of employee stock options charged to P&L | 2.83 | 3.11 |
| **Fee income/brokerage received** | | |
| Entities wherein Promoter has equity investment – IIFL Capital Services Limited (Formerly known as IIFL Securities Ltd) | 0.07 | 0.08 |
| **Interest Income Received - Loans** | | |
| Entities wherein Promoter has equity investment- IIFL Finance Limited$ DA/PTC transactions | - | 62.56 |
| **Service charge / Commission** | | |
| 1. Promoter - FIH Mauritius Investments Ltd<br>@Service charge / Commission received for foreign exchange transactions wherein the Bank acted as an authorised dealer. | 0.02 | |
| 2. Promoter Group entities - FIH Private Investments Ltd<br>@ Service charge / Commission received for foreign exchange transactions wherein the Bank acted as an authorised dealer. | 0.01 | |
| 3. Entities wherein Promoter has equity investment - IIFL Finance Limited<br>Service charge / commission paid under the terms of DA/PTC arrangement. | - | -** |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Items | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Advance** | | |
| Entities wherein Promoter has equity investment - IIFL Finance Limited$ | | |
| 1. DA/PTC transactions | | |
| - Opening balance | | 899.30* |
| - Add: loans acquired during the year | | 753.86 |
| - Less: collections during the year | | 704.96 |
| - Closing balance | | 948.21 |

**A. Notes pertaining financial year ended March 31, 2025**

1. -** represents insignificant amount.
2. Value of the options arrived based on the exercise price of the respective options exercised.
3. ^The transactions pertaining to payment of interest to KMP's and related parties are in the nature of banker and customer relationship only.
4. @The amount reported represents margin amount/service charge collected for the foreign exchange transaction carried out.

**B. Notes pertaining to financial year ended March 31, 2024**

1. -** represents insignificant amount.
2. Value of the options arrived based on the exercise price of the respective options exercised
3. 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.
4. 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, Companies (Accounting Standards) Amendments Rules 2016 and Companies (Accounting Standards ) Rules 2021, Section 188 of the Companies Act, 2013, Regulation 2(zb), 2 (zc) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Master Direction No. DOR.ACC.REC. No.45/21.04.018/2021-22 dated August 30, 2021 on Financial Statements - presentation and disclosures, as amended from time to time.
5. The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore p.a. to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,30,00,000 p.a. to ₹ 2,42,00,000 p.a., with effect from April 01, 2023.
6. The Bank, on May 04, 2023, 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 ₹ 31,64,384/- to Mr. Pralay Mondal for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022, out of which ₹ 15,82,192/- shall be in non-cash form (stock options) and the balance in cash.
7. Further, the Bank, on December 20, 2023, 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 ₹ 1,25,00,000/- to Mr. Pralay Mondal, Managing Director & CEO for the performance period from September 15, 2022 to March 31, 2023, out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash.



## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

8. Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.
9. #Remuneration paid to Mr. B.K. Divakara for the financial year 2023–24 and disclosed includes payment of fixed pay and variable pay made to him in the capacity of Chief Financial Officer/Head Strategy & Corporate Legal for the period up to March 14, 2024, and thereafter from March 15, 2024 onwards, in the capacity of the Whole Time Director. RBI, vide its letter dated March 04, 2024, approved for payment of fixed pay of ₹ 80 lakh per annum to Mr. B.K. Divakara.
10. ^The transactions pertaining to payment of interest to KMP's and related parties are in the nature of Banker and customer relationship.
11. 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 turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
12. $ IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023.
13. Shareholders of the Bank vide postal resolution dated March 06, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar / other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, with FIH Mauritius Investments Ltd, promoter of the Bank. However, no transactions were carried out by the Bank with FIH Mauritius Investments Ltd during the reporting period.
14. Shareholders of the Bank vide postal resolution dated March 06, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, FIH Private Investments Ltd, an entity forming part of the promoter group of the Bank. However, no transactions were carried out by the Bank with FIH Private Investments Ltd during the reporting period.
15. *Pursuant to requisite approvals obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited for a value of transaction/s not exceeding ₹ 1200 crore at any point of time during the period, the Bank continued to acquire gold loan receivables by way of direct assignment transactions/pass through certificates during the financial year 2023-24. During the financial year the Bank had also paid an amount of ₹ 35,400 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.

### (c) Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. 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 turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.

(₹ in crore)

| Items | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Interest Income Received - Loans** | | |
| Entities wherein Promoter has equity investment- IIFL Finance Limited$ | | |
| DA/PTC transactions | - | 62.56 |

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Items | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Service charge / Commission** | | |
| 1. Promoter - FIH Mauritius Investments Ltd | | |
| @Service charge / Commission received for foreign exchange transactions wherein the Bank acted as an authorised dealer. | 0.02 | - |
| 2. Promoter Group entities - FIH Private Investments Ltd | | |
| @ Service charge / Commission received for foreign exchange transactions wherein the Bank acted as an authorised dealer. | 0.01 | |
| 3. Entities wherein Promoter has equity investment- IIFL Finance Limited | | |
| Service charge / Commission paid under the terms of DA/PTC arrangement. | - | -** |
| Advance | | |
| Entities wherein Promoter has equity investment- IIFL Finance Limited$ | | |
| 1. DA/PTC transactions | | |
| - Opening balance | - | 899.30* |
| - Add: loans acquired during the year | - | 753.86 |
| - Less: collections during the year | - | 704.96 |
| - Closing balance | - | 948.21 |

**Notes pertaining to financial year ended March 31, 2025**

1. @The amount reported represents margin amount/service charge collected for the foreign exchange transaction carried out by the Bank.

**Notes pertaining to financial year ended March 31, 2024**

1. **- represents insignificant amount.
2. 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 turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
3. $IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023.
4. Shareholders of the Bank vide postal resolution dated March 06, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, with FIH Mauritius Investments Ltd, promoter of the Bank. However, no transactions were carried out by the Bank with FIH Mauritius Investments Ltd during the reporting period.
5. Shareholders of the Bank vide postal resolution dated March 06, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, FIH Private Investments Ltd, an entity forming part of the promoter group of the Bank. However, no transactions were carried out by the Bank with FIH Private Investments Ltd during the reporting period.
6. *Pursuant to requisite approvals obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited for a value of transaction/s not exceeding ₹ 1200 crore at any point of time during the period, the Bank continued to acquire gold loan receivables by way of direct assignment transactions/pass through certificates during the financial year 2023-24. During the financial year the Bank had also paid an amount of ₹ 35,400 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.



## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### (d) Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balances payable to/receivable from related parties.*

(₹ in crore)

| Item | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Deposit with the Bank | | |
| Key Management Personnel | 2.12 | 2.06^ |
| Relatives of Key Management Personnel | 0.01 | 0.01 |
| Advance | | |
| Entities wherein Promoter has equity investment - IIFL Finance Limited | | |
| 1. DA/PTC transactions | - | 1,186.59 |
| **Rendering of services** | | |
| 1. Promoter - FIH Mauritius Investments Ltd | | |
| Transactions pertaining to permitted foreign exchange transactions wherein the Bank acted as an authorised dealer. | 695.61 | - |
| 2. Promoter Group entities - FIH Private Investments Ltd | | |
| Transactions pertaining to permitted foreign exchange transactions wherein the Bank acted as an authorised dealer. | 696.00 | - |

1. ^Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.
2. *Maximum balances is inclusive of interest received/paid and service charges.

### (e) Related party outstanding balances

The following table sets forth, for the periods indicated, the balances payable to/receivable from related parties.

(₹ in crore)

| Item | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Deposits with the Bank** | | |
| Key Managerial Personnel | 1.27 | 1.34* |
| Relatives of Key Managerial Personnel | 0.01 | 0.01 |
| **Remuneration payable to Wholetime Directors – KMP's** | | |
| No. of options outstanding under ESOS (in numbers) | 7,80,967 | 7,15,907# |
| ESOP Reserve outstanding in the books | 9.08 | 8.02 |
| **Advance** | | |
| Entities wherein Promoter has equity investment- IIFL Finance Limited- DA/PTC transactions | - | 948.21^ |

1. *Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.
2. #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 for the financial year 2023-24.
3. ^IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the outstanding balance reported here is the balance as on December 22, 2023.

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 3.5 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:

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Not later than 1 year | 17.79 | 13.77 |
| Later than 1 year and not later than 5 years | 45.09 | 32.83 |
| Later than 5 years | 0.42 | - |
| Total | 63.30 | 46.60 |

ii. Amount of lease payments recognised in the P&L Account for operating leases is ₹ 102.50 crore (Previous Year ₹ 79.88 crore)

### 3.6 Accounting Standard 20 – Earnings per Share

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Basic** | | |
| Weighted average number of equity shares outstanding | 17,34,85,827 | 17,34,85,827 |
| Net profit after tax (₹ in crore) | 593.80 | 566.82 |
| Basic Earnings per Share (₹) | 34.23 | 32.67 |
| **Diluted** | | |
| Weighted average number of equity shares outstanding | 17,34,85,827 | 17,34,85,827 |
| Net profit after tax (₹ in crore) | 593.80 | 566.82 |
| Diluted Earnings per Share (₹) | 34.23 | 32.67 |
| Nominal value per Equity Share (₹) | 10.00 | 10.00 |

### 3.7 Accounting Standard 21 - Consolidated Financial Statements (CFS) and Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

The Bank does not have any Subsidiary, Associate and Joint venture and hence this disclosure is not applicable.

### 3.8 Accounting Standard 24 - Discontinuing Operations

The Bank has not discontinued operations and hence this disclosure is not applicable.

### 3.9 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on March 31, 2025, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 66.92 crore, which is included in Item No.6 of Schedule 11-Other Assets. Components of Net Deferred Tax Asset as on March 31, 2025 are as follows:

(₹ in crore)

| Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Deferred Tax Asset | | |
| Provision for Employee Benefits | 11.14 | 14.19 |
| Provision for Standard Assets | 58.27 | 51.57 |
| Others | 8.47 | 6.73 |
| **Total Deferred Tax Asset** | **77.88** | **72.49** |
| **Deferred Tax Liability** | | |
| Depreciation on Fixed Assets | (0.09) | 2.30 |
| Special Reserve u/s 36 (1)(viii) | 11.05 | 9.93 |
| **Total Deferred Tax Liability** | **10.96** | **12.23** |
| **Net Deferred Tax Asset** | **66.92** | **60.26** |



SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 3.10 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, 2025 | March 31, 2024 |
|---|---|---|---|
| **a)** | **Acquired Application Software** | | |
| | Opening Balance at cost | 119.14 | 83.21 |
| | Add Additions during the year | 23.07 | 35.93 |
| | Less Disposals/write off during the year | 42.64 | - |
| | Less Amortisation to date | 43.10 | 66.62 |
| | **Net Carrying Amount** | **56.47** | **52.52** |
| **b)** | **Internally Generated Software** | | |
| | Opening Balance at cost | 19.74 | 19.74 |
| | Add Additions during the year | - | - |
| | Less Disposals/write off during the year | 18.53 | - |
| | Less Amortisation to date | 1.16 | 18.36 |
| | **Net Carrying Amount** | **0.05** | **1.38** |
| | **Total Carrying Amount** | **56.52** | **53.90** |

### 3.11 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, 2025 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

### 3.12 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 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 and taxation matters @, 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 capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). |

*#Refer schedule 12 for amounts relating to contingent liability.*

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

## 4. ADDITIONAL DISCLOSURES

### 4.1 Disclosure of Letter of Comforts (LOCs) issued by Bank

Bank has no subsidiaries and hence the Letter of Comforts issued to subsidiaries as on March 31, 2025 is Nil.

### 4.2 Proposed Dividend

The Board of Directors have not recommended any dividend for Financial Year 2025 (Year ended March 31, 2024: 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

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, 2025.

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 2024-25 was ₹ 13.90 crore (Previous year ₹ 10.82 crore), 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 made use of the whole of the CSR budget earmarked, for the purpose of undertaking various CSR activities/projects including an ongoing project, in line with the annual action plan as approved by the CSR Committee and the Board.

**A. The details of the CSR activities undertaken by the Bank are given below:**

(₹ in crore)

| Sl. No. | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| 1 | Total CSR obligation for the financial year | 13.90 | 10.82 |
| 2 | Amount spent for construction/acquisition of any asset during the financial year | - | - |
| 3 | Amount of expenditure/spent incurred other than (2) above | 6.11 | 7.03 |
| 4 | Details of unspent at the end of the financial year | 7.79# | 3.79* |

SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

(₹ in crore)

| Sl. No. | Particulars | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| 5 | Details of unspent CSR amount for the preceding three financial years | **Financial year**: **2023-24**<br>Purpose: Ongoing project - Project Dialysis conducted by Fairfax India Charitable Foundation<br>Amount transferred to unspent CSR account: 3.79 crore<br>Date of transfer of fund: April 15, 2024<br>Amount spent in the current financial from unspent CSR account: September 03, 2024 — 0.81 crore; November 07, 2024 — 2.98 crore; **Total — 3.79 crore**<br>Balance Amount in Unspent CSR Account: Nil<br>Unspent CSR amount for the FY 2022-23: Nil<br>Unspent CSR amount for the FY 2021-22: Nil | - |
| 6 | Nature of CSR activities | i. Eradicating hunger, poverty and malnutrition<br>ii. Promoting healthcare including preventive healthcare & sanitisation.<br>iii. Promoting education<br>iv. Setting up homes and hostels for women and orphans' | i. Promoting healthcare including preventive healthcare & sanitisation.<br>ii. Promoting education<br>iii. Setting up homes and hostels for women and orphans' |
| 7 | 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 | - | - |
| 8 | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision | - | - |

1. # The unspent amount of ₹ 7.79 crore pertains to an ongoing project, viz. Project Dialysis conducted by Fairfax India Charitable Foundation. The unspent amount was transferred to Unspent CSR account on April 17, 2025, which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2026.
2. *Amount pertains to an ongoing project sanctioned by the Bank during the financial year 2023-24.

## SCHEDULE 18 : NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025 (Contd.)

### 4.6 Inter-Bank participation with risk sharing

During the year, the Bank has not entered into any inter-Bank transaction with risk sharing. (Previous year Nil)

### 4.7 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Except as detailed below, 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.

| Particulars | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| The principal amount and the interest due thereon remaining unpaid to any supplier | 1,13,09,299.00 | - | 42,70,512.00 | - |
| The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date | - | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006 | - | - | - | - |
| The amount of interest accrued and remaining unpaid | - | - | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23 | - | - | - | - |

*Reason for delay: As of March 31, 2025, there were three pending invoices. Two of these invoices were paid within the 45-day time frame on April 05, 2025. The third invoice exceeded the 45-day period due to a delay in reconciliation. Later this was also paid on April 5, 2025.

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.

### 4.8 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 unorganised 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, 2025 has not been factored.

### 4.9 Intermediary Transactions

The Bank, as part of its normal Banking business that is conducted ensuring adherence to all regulatory requirements, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons.

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.

### 4.10 Audit Trail

As per the requirements of Rule 3(1) of the Companies (Accounts) Rules 2014 the Bank uses such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has enabled throughout the year and was not tampered with during the year. The Bank has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of March 31, 2025.

**Comparative Figures**

The previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's presentation.

**As per our attached report of even date** | **For and on behalf of the Board of Directors**

**For Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No: 004207S

**Sd/-**
**P. Menakshi Sundaram**
Partner
(Membership No. 217914)

**Sd/-**
**Biswamohan Mahapatra**
Independent Director
DIN:06990345

**Sd/-**
**Pralay Mondal**
Managing Director & CEO
DIN: 00117994

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

**Sd/-**
**Sharmila Abhay Karve**
Chairperson-Audit Committee
DIN: 05018751

**Sd/-**
**B.K. Divakara**
Executive Director
DIN: 06439053

**Sd/-**
**Sudhir N. Pillai**
Partner
(Membership No 105782)

**Sd/-**
**Madhavan Menon**
Director
DIN: 00008542

**Sd/-**
**Sijo Varghese**
Company Secretary

Date : April 28, 2025
Place : Mumbai

Date : April 28, 2025
Place : Thrissur

**Sd/-**
**Satish Gundewar**
Chief Financial Officer

# BASEL III PILLAR 3 DISCLOSURES

## 1. SCOPE OF APPLICATION

CSB Bank Ltd is a commercial bank formed on November 26, 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 (CET1) of 5.5% (8% including CCB).

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 March 31, 2025 | As on March 31, 2024 |
|---|---|---|
| Tier 1 Capital | | |
| Paid up Share capital | 1,735.38 | 1,735.38 |
| Share Premium | 18,042.45 | 18,010.26 |
| Employee Stock Options Outstanding | 238.33 | 172.96 |
| Statutory Reserves | 7,461.56 | 5,977.06 |
| AFS Reserve | 729.64 | |
| Capital Reserves | 2,095.41 | 2,095.41 |
| Special Reserve (36 (i) (viii)) | 438.98 | 394.98 |
| Other eligible reserves | 1,066.87 | 1,035.41 |
| Revaluation Reserves after discounting | 776.23 | 784.11 |
| Credit balance in P&L Account | 9,562.89 | 6,225.70 |
| **Total Tier 1 Capital (Gross)** | **42,147.74** | **36431.27** |
| Less: Deferred Tax Assets ,illiquid investments and Other Intangible Assets | (86.66) | (52.50) |
| **Total Tier 1 Capital (Net) [A]** | **42,061.08** | **36,378.78** |
| Tier 2 Capital | | |
| General provisions | 2,113.62 | 1557.19 |
| Investment Fluctuation Reserve | 1,703.24 | 590.77 |
| **Total Tier 2 Capital (Net) [B]** | **3,816.86** | **2,147.96** |
| **Total Eligible capital [A] + [B]** | **45,877.94** | **38,526.74** |

## 3. CAPITAL ADEQUACY

### Qualitative Disclosures:

In accordance with the guidelines of RBI, the Bank has adopted standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk for computing capital adequacy. 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 2024.

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 jeopardise the Bank's existence are avoided.

### Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardised Approach

(₹ in million)

| Portfolios | Gross Exposure March 31, 2025 | Gross Exposure March 31, 2024 | Capital Requirement March 31, 2025 | Capital Requirement March 31, 2024 |
|---|---|---|---|---|
| On Balance Sheet | | | | |
| Cash & Balance with RBI | 31,872.83 | 30,896.48 | 0.00 | 0.00 |
| Inter Bank Deposits | 4,048.96 | 652.39 | 110.00 | 32.05 |
| Market repo(CROMS) | 0.00 | 0.00 | 0.00 | 0.00 |
| Investments (HTM) | 1,11,042.16 | 60,217.35 | 330.45 | 0.00 |
| Advances | 3,15,070.48 | 2,43,355.76 | 15,209.78 | 11,821.04 |
| Fixed Assets & Other Assets | 26,219.65 | 21,496.94 | 1,431.10 | 1,064.74 |
| **Total** | **4,88,254.09** | **3,56,618.92** | **17,081.33** | **12,917.84** |
| **Off Balance Sheet** | | | | |
| Letter of Credit & Guarantees | 19,229.68 | 10,406.23 | 984.94 | 627.48 |
| Undrawn Credit Commitments | 44,502.94 | 26,253.25 | 1,339.51 | 774.00 |
| Forward Exchange Contracts | 4,850.09 | 1,974.88 | 39.52 | 6.80 |
| Total | 68,582.71 | 38,634.36 | 2,363.97 | 1,408.28 |
| Total On & Off Balance Sheet | 5,56,836.81 | 3,95,253.28 | 19,445.30 | 14,326.11 |

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in million)

| Type of Market Risk | Gross Exposure March 31, 2025 | Gross Exposure March 31, 2024 | Capital Requirement March 31, 2025 | Capital Requirement March 31, 2024 |
|---|---|---|---|---|
| Interest Rate Risk | 21,503.73 | 15,114.53 | 38.73 | 421.71 |
| Foreign Exchange Risk | 1,750.00 | 500.00 | 173.25 | 45.00 |
| Equity Risk | 147.49 | 182.41 | 59.73 | 41.04 |
| Total | 23,401.21 | 15,796.94 | 271.71 | 507.75 |

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

| | As on March 31,2025 |
|---|---|
| Capital Requirement | 2,544.49 |
| Equivalent Risk Weighted Assets | 31,806.17 |

d) Total Capital Requirement

(₹ in million)

| Type of Risk | Capital Requirement March 31, 2025 | Capital Requirement March 31, 2024 | Risk Weighted Assets March 31, 2025 | Risk Weighted Assets March 31, 2024 |
|---|---|---|---|---|
| Credit Risk | 19,445.30 | 14,326.11 | 1,69,089.55 | 1,24,574.90 |
| Market Risk | 271.71 | 507.75 | 3,396.36 | 6,346.92 |
| Operational Risk | 2,544.49 | 2,122.29 | 31,806.17 | 26,528.68 |
| **Total** | **22,261.50** | **16,956.15** | **2,04,292.08** | **1,57,450.51** |

BASEL III PILLAR 3 DISCLOSURES

(₹ in million)

| Type of Risk | Capital Requirement March 31, 2025 | Capital Requirement March 31, 2024 | Risk Weighted Assets March 31, 2025 | Risk Weighted Assets March 31, 2024 |
|---|---|---|---|---|
| Total Net Tier 1 Capital | | | 42,061.08 | 36,378.78 |
| Tier 1 Capital Ratio | | | 20.59% | 23.10% |
| Tier 2 Capital Ratio | | | 1.87% | 1.36% |
| **Total CRAR** | | | **22.46%** | **24.47%** |

## 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):

i) Interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts

ii) 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.

iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted

iv) The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.

v) 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 authorised 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 ₹ 1 crore, both funded and non-funded exposure taken together, as well as retail loans beyond a certain threshold 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 lakh 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 lakh will be reviewed by Large Advance Committee on a quarterly basis. Besides this, all credit exposures above ₹ 2500 lakh shall be subjected to detailed review by FMG Committee on a monthly basis.

Bank has subscribed to CRISIL Quantix and Industry Risk Scores which is utilised 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 has also procured RAM platform from CRISIL to host its internal rating models. 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

(₹ in million)

| | Loans March 31, 2025 | Loans March 31, 2024 | Investments March 31, 2025 | Investments March 31, 2024 |
|---|---|---|---|---|
| Fund Based | 3,52,424.78 | 2,63,149.66 | 1,11,042.16 | 60,217.35 |
| Non-Fund Based | 26,378.33 | 16,865.58 | - | - |
| **Total** | **3,78,803.11** | **2,80,015.24** | **1,11,042.16** | **60,217.35** |

#### b) Industry type distribution – Banking Book as on March 31, 2025

(₹ in million)

| Industry Name | Funded Exposure | Total Non Funded Exposure | Total Credit Exposure (Funded and Non-Funded) | Investment Exposure |
|---|---|---|---|---|
| **(A)** | | | (B) | (C) |
| **A. Mining and Quarrying** | **1,435.31** | **303.10** | **1,738.41** | **0.00** |
| A.1 Coal | 423.53 | 300.00 | 723.53 | 0.00 |
| A.2 Others | 1,011.79 | 3.10 | 1,014.88 | 0.00 |
| **B. Food Processing** | **5,833.47** | **2,154.77** | **7,988.24** | **0.00** |
| B.1 Sugar | 5.92 | 0.00 | 5.92 | 0.00 |
| B.2 Edible Oils and Vanaspati | 1,507.37 | 1,940.50 | 3,447.87 | 0.00 |
| B.3 Tea | 18.00 | 0.00 | 18.00 | 0.00 |
| B.4 Coffee | 1.73 | 0.00 | 1.73 | 0.00 |
| B.5 Others | 4,300.45 | 214.27 | 4,514.72 | 0.00 |
| **C. Beverages (excluding Tea & Coffee) and Tobacco** | **1,099.54** | **1.22** | **1,100.76** | **0.00** |
| C.1 Tobacco and tobacco products | 149.25 | 0.00 | 149.25 | 0.00 |
| C.2 Others | 950.29 | 1.22 | 951.51 | 0.00 |
| **D. Textiles** | **9,373.35** | **376.19** | **9,749.54** | **249.85** |
| D.1 Cotton | 5,826.57 | 307.35 | 6,133.92 | 0.00 |
| D.2 Jute | 22.84 | 0.00 | 22.84 | 0.00 |
| D.3 Man-made | 32.99 | 0.00 | 32.99 | 0.00 |
| D.4 Others | 3,490.94 | 68.84 | 3,559.78 | 249.85 |
| Out of D (i.e., Total Textiles) to Spinning Mills | 5,859.56 | 307.35 | 6,166.91 | 0.00 |
| **E. Leather and Leather products** | **17.20** | **5.65** | **22.85** | **0.00** |
| **F. Wood and Wood Products** | **327.41** | **1.14** | **328.55** | **0.00** |
| **G. Paper and Paper Products** | **1,111.50** | **35.00** | **1,146.50** | **0.00** |
| **H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels** | **84.52** | **0.00** | **84.52** | **0.00** |
| **I. Chemicals and Chemical Products (Dyes, Paints, etc.)** | **10,221.63** | **622.84** | **10,844.47** | **0.00** |
| I.1 Fertilisers | 166.56 | 0.00 | 166.56 | 0.00 |
| I.2 Drugs and Pharmaceuticals | 6,867.28 | 508.34 | 7,375.62 | 0.00 |
| I.3 Petro-chemicals (excluding under Infrastructure) | 0.00 | 0.00 | 0.00 | 0.00 |
| I.4 Others | 3,187.79 | 114.50 | 3,302.29 | 0.00 |

BASEL III PILLAR 3 DISCLOSURES

(₹ in million)

| Industry Name | Funded Exposure | Total Non Funded Exposure | Total Credit Exposure (Funded and Non-Funded) | Investment Exposure |
|---|---|---|---|---|
| **J. Rubber, Plastic and their Products** | **624.50** | **41.27** | **665.77** | **0.00** |
| **K. Glass & Glassware** | **801.95** | **0.00** | **801.95** | **0.00** |
| **L. Cement and Cement Products** | **194.58** | **0.00** | **194.58** | **0.00** |
| **M. Basic Metal and Metal Products** | **7,640.71** | **657.17** | **8,297.87** | **750.30** |
| M.1 Iron and Steel | 2,825.97 | 8.00 | 2,833.97 | 0.00 |
| M.2 Other Metal and Metal Products | 4,814.74 | 649.17 | 5,463.90 | 750.30 |
| **N. All Engineering** | **5,286.06** | **1,570.15** | **6,856.22** | **252.50** |
| N.1 Electronics | 128.90 | 300.96 | 429.86 | 0.00 |
| N.2 Others | 5,157.17 | 1,269.19 | 6,426.36 | 252.50 |
| **O. Vehicles, Vehicle Parts and Transport Equipment** | **2,233.43** | **827.00** | **3,060.43** | **259.04** |
| **P. Gems and Jewellery** | **111.33** | **0.00** | **111.33** | **0.00** |
| **Q. Construction** | **2,152.80** | **3,841.88** | **5,994.68** | **15.71** |
| **R. Infrastructure** | **13,181.36** | **10,883.29** | **24,064.65** | **1,019.71** |
| R.a Transport (a.1 to a.6) | 6,500.44 | 4,802.20 | 11,302.64 | 0.00 |
| R.a.1 Roads and Bridges | 6,500.44 | 4,802.20 | 11,302.64 | 0.00 |
| R.a.2 Ports | 0.00 | 0.00 | 0.00 | 0.00 |
| R.a.3 Inland Waterways | 0.00 | 0.00 | 0.00 | 0.00 |
| R.a.4 Airport | 0.00 | 0.00 | 0.00 | 0.00 |
| R.a.5 Railway Track, tunnels, viaducts, bridges | 0.00 | 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 | 0.00 | 0.00 |
| R.b. Energy (b.1 to b.6) | 4,836.39 | 3,923.53 | 8,759.92 | 0.00 |
| R.b.1 Electricity Generation | 4,836.39 | 3,923.38 | 8,759.77 | 0.00 |
| R.b.1.1 Central Govt PSUs | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.1.2 State Govt PSUs (incl. SEBs) | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.1.3 Private Sector | 4,836.39 | 3,923.38 | 8,759.77 | 0.00 |
| R.b.2 Electricity Transmission | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.2.1 Central Govt PSUs | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.2.2 State Govt PSUs (incl. SEBs) | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.2.3 Private Sector | 0.00 | 0.00 | 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 | 0.00 | 0.00 |
| R.b.3.2 State Govt PSUs (incl. SEBs) | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.3.3 Private Sector | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.4 Oil pipelines | 0.00 | 0.00 | 0.00 | 0.00 |
| R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility | 0.00 | 0.00 | 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) | 1,331.92 | 2,157.56 | 3,489.48 | 0.00 |
| R.c.1 Solid Waste Management | | | | |
| R.c.2 Water supply pipelines | 0.52 | 0.00 | 0.52 | 0.00 |
| R.c.3 Water treatment plants | 0.00 | 7.34 | 7.34 | 0.00 |
| R.c.4 Sewage collection, treatment and disposal system | 0.00 | 0.00 | 0.00 | 0.00 |

(₹ in million)

| Industry Name | Funded Exposure | Total Non Funded Exposure | Total Credit Exposure (Funded and Non-Funded) | Investment Exposure |
|---|---|---|---|---|
| R.c.5 Irrigation (dams, channels, embankments etc) | 1,331.40 | 2,150.22 | 3,481.62 | 0.00 |
| R.c.6 Storm Water Drainage System | 0.00 | 0.00 | 0.00 | 0.00 |
| R.c.7 Slurry Pipelines | 0.00 | 0.00 | 0.00 | 0.00 |
| R.d. Communication (d.1 to d.3) | 512.62 | 0.00 | 512.62 | 0.00 |
| R.d.1 Telecommunication (Fixed network) | 512.62 | 0.00 | 512.62 | 0.00 |
| R.d.2 Telecommunication towers | 0.00 | 0.00 | 0.00 | 0.00 |
| R.d.3 Telecommunication and Telecom Services | 0.00 | 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 | 0.00 | 0.00 |
| R.e.2 Hospitals (capital stock) | 0.00 | 0.00 | 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 | 0.00 | 0.00 |
| R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets | 0.00 | 0.00 | 0.00 | 0.00 |
| R.e.5 Fertiliser (Capital investment) | 0.00 | 0.00 | 0.00 | 0.00 |
| R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage | 0.00 | 0.00 | 0.00 | 0.00 |
| R.e.7 Terminal markets | 0.00 | 0.00 | 0.00 | 0.00 |
| R.e.8 Soil-testing laboratories | 0.00 | 0.00 | 0.00 | 0.00 |
| R.e.9 Cold Chain | 0.00 | 0.00 | 0.00 | 0.00 |
| R.f. Others, if any, please specify | 0.00 | 0.00 | 0.00 | 1,019.71 |
| OTHERS - Treasury Exposure | 0.00 | 0.00 | 0.00 | 1,019.71 |
| **S. Other Industries, pl. specify** | **960.80** | **1.20** | **962.01** | **11.44** |
| OTHERS | 0.00 | 0.00 | 0.00 | 0.00 |
| All Industries (A to S) | 62,691.44 | 21,321.87 | 84,013.31 | 2,558.55 |

c) **Residual Contractual Maturity breakdown of Assets as on March 31, 2025**

(₹ in million)

| | Cash &balance with RBI | Balance with Banks and money at call and short notice | Advances | Investments | Fixed assets and other assets |
|---|---|---|---|---|---|
| Next Day | 18627.35 | 623.47 | 729.87 | 41494.04 | 0.00 |
| 2-7 days | 280.74 | 2997.17 | 2929.24 | 1422.62 | 309.75 |
| 8-14 days | 805.52 | 0.00 | 2916.30 | 1685.99 | 244.19 |
| 15-30 days | 836.45 | 0.00 | 6807.78 | 4047.49 | 290.68 |
| 31days-<2M | 934.67 | 427.38 | 15624.02 | 4414.97 | 467.42 |
| 2M<3M | 932.37 | 0.00 | 16970.39 | 4816.49 | 373.30 |
| 3M-<6M | 1954.01 | 0.00 | 41358.90 | 7265.92 | 493.15 |
| 6M-<1Y | 2772.04 | 0.00 | 71667.15 | 5460.54 | 101.07 |
| 1-<3Y | 4614.83 | 0.70 | 91939.29 | 19180.83 | 256.11 |
| 3-<5 Y | 59.02 | 0.00 | 44329.46 | 2947.09 | 424.94 |
| > 5 Yr | 55.82 | 0.25 | 19798.08 | 21019.33 | 10516.45 |
| **Total** | **31872.83** | **4048.96** | **315070.48** | **113755.30** | **13477.07** |

BASEL III PILLAR 3 DISCLOSURES

c) Disclosures regarding Non-Performing Assets

(in million)

| | As on March 31, 2025 | As on March 31, 2024 |
|---|---|---|
| **Amount of NPAs (Gross)** | | |
| Substandard | 1,991.85 | 1,663.79 |
| Doubtful 1 | 1,175.60 | 386.26 |
| Doubtful 2 | 525.47 | 775.16 |
| Doubtful 3 | 883.40 | 658.85 |
| Loss | 408.27 | 126.67 |
| Total Gross NPAs | 4,984.60 | 3,610.72 |
| Net NPAs | 1,635.31 | 1,249.00 |
| NPA Ratios | | |
| Gross NPAs to Gross Advances | 1.57% | 1.47% |
| Net NPAs to Net Advances | 0.52% | 0.51% |
| **Movement of provisions for NPAs** | | |
| Opening balance (April 01, 2023) | 2,329.70 | 1,873.63 |
| Provisions made during the period | 1,575.00 | 872.49 |
| Write-off | 0.00 | 0.00 |
| Write back of excess provisions | 587.44 | 416.42 |
| Closing balance | 3,317.26 | 2,329.70 |
| Write-offs that have been booked directly to the income statement | 35.73 | 11.96 |
| Recoveries that have been booked directly to the income statement | 457.22 | 589.26 |

**Major Industry breakup of NPA**

| Industry | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Gross NPA | Specific Provision | Gross NPA | Specific Provision |
| NPA in top 5 Industries | 1,555.24 | 823.53 | 1,071.60 | 437.04 |

| Geography | March 31, 2025 | | March 31, 2024 | |
|---|---|---|---|---|
| | Gross NPA | Specific Provision | Gross NPA | Specific Provision |
| Domestic | 4,984.60 | 3,317.26 | 3610.72 | 2329.70 |
| Overseas | 0 | 0 | 0 | 0 |

## 5. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

### Qualitative Disclosures

In accordance with RBI guidelines, the Bank has adopted standardised approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA, ACUITE (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) |
| | March 31, 2025 | March 31, 2024 | March 31, 2025 | March 31, 2024 | March 31, 2025 | March 31, 2024 |
| **Advances, Letter of Credit & Guarantees** | | | | | | |
| Below 100% risk weight | 2,32,120.31 | 1,87,072.31 | 0.00 | 0.00 | 2,32,120.31 | 1,87,072.31 |
| 100% risk weight | 58,309.60 | 54,050.37 | 0.00 | 0.00 | 58,309.60 | 54,050.37 |
| More than 100% risk weight | 88,373.20 | 38,892.56 | 0.00 | 0.00 | 88,373.20 | 38,892.56 |
| **Total** | **3,78,803.11** | **2,80,015.24** | **0.00** | **0.00** | **3,78,803.11** | **2,80,015.24** |
| **Investments** | | | | | | |
| Below 100% risk weight | 1,10,110.52 | 60,217.35 | 0.00 | 0.00 | 1,10,110.52 | 60,217.35 |
| 100% risk weight | 253.58 | | 0.00 | 0.00 | 253.58 | |
| More than 100% risk weight | 678.07 | - | 0.00 | 0.00 | 678.07 | - |
| **Total** | **1,11,042.16** | **60,217.35** | **0.00** | **0.00** | **1,11,042.16** | **60,217.35** |

## 6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED 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:

a) Deposits with specific lien to the facility

b) Subsidies received (for priority sector advances)

c) 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 recognised 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

**Quantitative Disclosures**

a) **Exposures Covered by Eligible Financial Collateral (After Haircuts)**

(₹ in million)

| | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Corporate | 9,600.48 | 4,794.49 |
| Regulatory Retail | 1,45,157.77 | 1,17,372.65 |
| Personal Loans | 16,172.76 | 8,815.50 |
| Total | 1,70,931.01 | 1,30,982.65 |

b) **Exposures Covered by Guarantee**

(₹ in million)

| Covered by Guarantee | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Corporate | 594.02 | 336.25 |
| Regulatory Retail | 720.90 | 1,358.48 |
| Total | 1,314.93 | 1,694.73 |

## 7. SECURITISATION

No exposure of the Bank has been securitised.

## 8. MARKET RISK IN THE TRADING BOOK

**Qualitative Exposures**

(1) The Bank follows Standardised Duration Method for computing capital requirement for Market Risk.

(2) 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.

(3) MRMD is responsible for identification, assessment, monitoring and reporting of market risk associated with Treasury Operations.

(4) The following Board approved policies with defined Market Risk Management parameters for each asset class are in place:

(a) Market Risk Management Policy comprising various Market Risk Limits

(b) Investment Policy

(c) Forex Policy

(d) Stress Test Policy

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9). 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 March 31, 2025 | Gross Exposure March 31, 2024 | Capital Requirement March 31, 2025 | Capital Requirement March 31, 2024 |
|---|---|---|---|---|
| Interest Rate Risk | 21,503.73 | 15,114.53 | 38.73 | 424.74 |
| Foreign Exchange Risk | 1,750.00 | 500.00 | 59.73 | 45.00 |
| Equity Risk | 147.49 | 182.41 | 173.25 | 41.04 |
| **Total** | **23,401.21** | **15,796.94** | **271.71** | **510.79** |

## 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, 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 February 17, 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 organisation

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 recognising 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:

a) Bulk of the advance portfolio to re-price within 12 months.

b) Maturity of term deposits considered after adjusting empirically observed premature closure rates.

c) Savings Bank Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived basis on behavioral analysis.

d) Current Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived from behavioral analysis in duration gap approach

e) 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 March 31, 2025 | Impact as on March 31, 2024 |
|---|---|---|
| +200 basis points | 154.15 | 1004.34 |
| -200 basis points | (154.15) | (1004.34) |

Interest Rate Risk – Economic Value Perspective

(₹ in million)

| 1 Year Change in Market Rates (Parallel Shift) | Impact as on March 31, 2025 | Impact as on March 31, 2024 |
|---|---|---|
| +200 basis points | (6,772.43) | (1,199.90) |
| -200 basis points | 6,772.43 | 1,199.90 |

## 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 Standardised Approach. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognise bilateral netting for capital computation.

(₹ in million)

| | Notional Amount March 31, 2025 | Credit Equivalent March 31, 2025 | Notional Amount March 31, 2024 | Credit Equivalent March 31, 2024 |
|---|---|---|---|---|
| Forward Exchange Contracts and IRS swap | ₹ 69,653.88 | 467.90 | 16,596.97 | 373.73 |

### Leverage Ratio framework

#### 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

### Leverage Ratio =Capital Measure/ Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 01, 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 01, 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 | 4,78,362.72 |
| 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) | 23,807.93 |
| 7 | Other adjustments | |
| 8 | Leverage ratio exposure | 5,02,170.65 |

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) | 4,78,362.72 |
| 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) | 4,78,362.72 |
| | **Derivative exposures** | |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 85.74 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | 382.16 |
| 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) | 467.90 |
| | **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 | 63,732.63 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | 40,392.60 |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 23,340.02 |

| Item | | Leverage ratio framework |
|---|---|---|
| | **Capital and total exposures** | |
| 20 | Tier 1 capital | 42,061.08 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) | 5,02,170.65 |
| | **Leverage ratio** | |
| 22 | Basel III leverage ratio | 8.38% |

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 01, 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) | 20,016.16 | | a1+a2 |
| 2 | Retained earnings | 21,355.35 | | b1+b2+b3+ b4+b6+b7a |
| 3 | Accumulated other comprehensive income (and other reserves) | 776.23 | | 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 | 42147.74 | | |
| | **Common Equity Tier 1 Capital: regulatory adjustments** | | | |
| 7 | Prudential valuation adjustments | | | |
| 8 | Goodwill (net of related tax liability) | | | |
| 9 | Intangibles | 86.66 | | 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 rights4 (amount above 10% threshold) | | | |

## BASEL III PILLAR 3 DISCLOSURES

| | | | Amounts Subject to Pre-Basel III Treatment | Ref No |
|---|---|---|---|---|
| 21 | Deferred tax assets arising from temporary differences5 (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 adjustments7 (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] | | | |
| 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 | 86.66 | | |
| 29 | Common Equity Tier 1 capital (CET1) | 42,061.08 | | |
| | **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 | | | |

| | | | Amounts Subject to Pre-Basel III Treatment | Ref No |
|---|---|---|---|---|
| 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) | 42,061.08 | | |
| | **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 | 3,816.86 | | c1+c3+c4 |
| 51 | Tier 2 capital before regulatory adjustments | 3,816.86 | | |
| | **Tier 2 capital:Regulatory Adjustments** | | | |
| 52 | Investments in own Tier 2 instruments | | | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | 0.00 | | |
| 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) | | | |

## BASEL III PILLAR 3 DISCLOSURES

| | | | Amounts Subject to Pre-Basel III Treatment | Ref No |
|---|---|---|---|---|
| 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) | 3,816.86 | | |
| 58a | Tier 2 capital reckoned for capital adequacy | 3,816.86 | | |
| 58b | Excess Additional Tier 1 capital reckoned as Tier 2 capital | 0 | | |
| 58c | Total Tier 2 capital admissible for capital adequacy (58a + 58b) | 3,816.86 | | |
| 59 | Total capital (TC = T1 + T2) (45 + 58c) | 45,877.94 | | |
| | 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) | 2,04,292.08 | | |
| 60a | of which: total credit risk weighted assets | 1,69,089.55 | | |
| 60b | of which: total market risk weighted assets | 3,396.36 | | |
| 60c | of which: total operational risk weighted assets | 31,806.17 | | |
| | **Capital Ratios** | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 20.59% | | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 20.59% | | |
| 63 | Total capital (as a percentage of risk weighted assets) | 22.46% | | |
| 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) | 14.46% | | |
| | **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 Subject to Pre-Basel III Treatment | Ref No |
|---|---|---|---|---|
| | **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) | | | |
| 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 | 2,113.62 | | |
| 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 | | | |
| 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 | |

## BASEL III PILLAR 3 DISCLOSURES

| Row No. of the template | Particular | (₹ in million) |
|---|---|---|
| 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 | 2,113.62 |
| | Eligible Investment Fluctuation Reserves included in Tier 2 capital | 1,703.24 |
| | Total of row 50 | 3,816.86 |
| 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

₹ in million

| | | Balance sheet as in financial statements | 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 | |
| | of which: Amount eligible for CET1 | 1,735.38 | |
| | of which: Amount eligible for AT1 | - | |
| | Employee's Stock Options Outstanding | 238.33 | |
| | Reserves & Surplus | 43,003.60 | |
| | Minority Interest | - | |
| | Total Capital | 44,977.32 | |
| ii | Deposits | 3,68,614.88 | |
| | of which: Deposits from banks | 45,803.72 | |
| | of which: Customer deposits | 3,22,811.16 | |
| | of which: Other deposits (pl. specify) | - | |
| iii | Borrowings | 55,462.84 | |
| | of which: From RBI | 3,000.00 | |
| | of which: From banks | 0.00 | |
| | of which: From other institutions & agencies | 17,845.46 | |
| | of which: Others (pl. specify) | 34,617.38 | |
| | of which: Capital instruments | - | |
| iv | Other liabilities & provisions | 9,307.68 | |
| | of which: DTLs related to goodwill | - | |
| | of which: DTLs related to intangible assets | - | |
| | Total Capital & Liabilities | 4,78,362.72 | |
| **B** | **Assets** | | |
| i | Cash and balances with Reserve Bank of India | 31,872.83 | |
| | Balance with banks and money at call and short notice | 4,048.96 | |
| ii | Investments | 1,13,893.38 | |
| | of which: Government securities | 1,08,756.56 | |

₹ in million

| | | Balance sheet as in financial statements | Balance Sheet under regulatory scope of consolidation |
|---|---|---|---|
| | | As on reporting date | As on reporting date |
| | of which: Other approved securities | - | |
| | of which: Shares | 541.66 | |
| | of which: Debentures & Bonds | 3,822.79 | |
| | of which: Subsidiaries / Joint Ventures / Associates | - | |
| | of which: Others (Commercial Papers, Mutual Funds etc.) | 772.37 | |
| iii | Loans & Advances | 3,15,070.48 | |
| | of which: Loans and advances to banks | - | |
| | of which: Loans and advances to customers | 3,15,070.48 | |
| iv | Fixed assets | 6,286.84 | |
| v | Other Assets | 7,190.23 | |
| | of which: Goodwill and intangible assets | 755.22 | |
| | Out of which: | | |
| | Goodwill | - | |
| | Other intangibles (excluding MSRs) | 755.22 | |
| | of which: Deferred tax assets | 669.24 | |
| vi | Goodwill on consolidation | - | |
| vii | Debit balance in Profit & Loss account | - | |
| | **Total Assets** | **4,78,362.72** | |

Composition of Capital: Reconciliation Requirements Step 2

₹ in million

| | | Balance sheet as in financial statements | Balance Sheet under regulatory scope of consolidation | Ref No |
|---|---|---|---|---|
| | | As on reporting date | As on reporting date | |
| **A** | **Capital & Liabilities** | | | |
| i | Paid-up Capital | 1,735.38 | | a1 |
| | Employee's Stock Options Outstanding | 238.33 | | |
| | Reserves & Surplus | 43,003.60 | | |
| | of which: | | | |
| | Share premium | 18,042.45 | | a2 |
| | Statutory Reserves | 7,461.56 | | b1 |
| | Capital Reserves | 2,095.41 | | b2 |
| | General Reserves | 1,066.37 | | b3 |
| | AFS Reserve | 893.88 | | b4 |
| | Investment Fluctuation Reserve | 1,703.24 | | b5 |
| | Special Reserve (Tax): After Tax Portion | 438.98 | | b6 |
| | Special Reserve (Tax): Tax Element (not considered as part of capital funds) | - | | b7 |
| | Contingency Reserves | 0.50 | | b8 |
| | Add: Credit balance in Profit and Loss account | 9,562.89 | | b9a |
| | Current Period profits not reckoned for capital adequacy purpose | 0.00 | | b9b |
| | Revaluation Reserve reckoned as Tier I Capital | 776.23 | | c1 |

BASEL III PILLAR 3 DISCLOSURES

₹ in million

| | | Balance sheet as in financial statements | Balance Sheet under regulatory scope of consolidation | Ref No |
|---|---|---|---|---|
| | | As on reporting date | As on reporting date | |
| | Revaluation Reserve not reckoned as Tier I Capital (55% discount) | 962.09 | | c2 |
| | Investment Reserve | | | c3 |
| | Minority Interest | - | | |
| | Total Capital | 44,977.32 | | |
| ii | Deposits | 3,68,614.88 | | |
| | of which: Deposits from banks | 45,803.72 | | |
| | of which: Customer deposits | 3,22,811.16 | | |
| | of which: Other deposits (pl. specify) | - | | |
| iii | Borrowings | 55,462.84 | | |
| | of which: From RBI | 3,000.00 | | |
| | of which: From banks | 0.00 | | |
| | of which: From other institutions & agencies | 17,845.46 | | |
| | of which: Others (pl. specify) | 34,617.38 | | |
| | of which: Capital instruments: Tier II Bonds | - | | |
| iv | of which Eligible Amount after discounting | - | | d |
| | Other liabilities & provisions | 9,307.68 | | |
| | of which: Provision for Standard assets | - | | c4 |
| | **Total Capital & Liabilities** | **4,78,362.72** | | |
| **B** | **Assets** | | | |
| i | Cash and balances with Reserve Bank of India | 31,872.83 | | |
| ii | Balance with banks and money at call and short notice | 4,048.96 | | |
| | Investments | 1,13,893.38 | | |
| | of which: Government securities | 1,08,756.56 | | |
| | of which: Other approved securities | - | | |
| | of which: Shares | 541.66 | | |
| | of which: Debentures & Bonds | 3,822.79 | | |
| | of which: Subsidiaries / Joint Ventures / Associates | - | | |
| iii | of which: Others (Commercial Papers, Mutual Funds etc.) | 772.37 | | |
| | Loans & Advances | 3,15,070.48 | | |
| | of which: Loans and advances to banks | - | | |
| iv | of which: Loans and advances to customers | 3,15,070.48 | | |
| v | Fixed assets | 6,286.84 | | |
| | Other Assets | 7,190.23 | | |
| | of which: Goodwill and intangible assets | 755.22 | | |
| | Out of which: | | | |
| | Goodwill | - | | |
| | Other intangibles (excluding MSRs) | 755.22 | | e1 |
| vi | of which: Deferred tax assets | 669.24 | | e2 |
| vii | Goodwill on consolidation | - | | |
| | Debit balance in Profit & Loss account | - | | |
| | **Total Assets** | **4,78,362.72** | | |

# NOTES

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## CSB BANK LIMITED

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