

Board's Report

Dear Shareholders,

Your Directors have great pleasure in presenting you the 101st Annual Report of 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, 2022.

FINANCIAL SUMMARY AND STATE OF AFFAIRS

The financial performance of the Bank for the fiscal 2021-22 is as given below:

(₹ In Cr)

Particulars	March 31, 2022	March 31, 2021
Deposits	20,188.30	19,140.04
Borrowings-Tier II Bonds	Nil	Nil
Net Advances	15,814.68	14,438.12
Total Assets/Liabilities	25,356.27	23,337.35
Interest Income	2,038.31	1,872.29
Net Interest Income (NII)	1,153.30	941.39
Non-Interest Income	246.80	303.13
Operating Profit/ (Loss)	613.72	515.52
Provisions and Contingencies (Other than tax)	(0.51)	222.97
Profit /(Loss) before Tax	614.23	292.55
Provision for taxes	155.74	74.15
Net Profit /(Loss)	458.49	218.40
Add: Surplus/(Deficit) brought forward from last year	(509.49)	(513.96)
Profit & Loss Account balance before appropriations	(51.00)	(295.56)
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	114.62	54.60
Capital Reserve	9.83	117.67
Special Reserve	4.30	1.66
Investment Fluctuation Reserve	19.08	40.00
Balance carried over to Balance Sheet	(198.83)	(509.49)

Particulars	March 31, 2022	March 31, 2021
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – III	25.90	21.37
Earnings per share (in ₹)	26.43	12.59
Book value per share (in ₹)	152.83	125.67
Net Interest Margin%	5.27	4.81
Cost-Income Ratio%	56.17	58.58
Return On Assets (ROA)%	1.90	0.99
Return On Equity (ROE)%	21.28	12.48
Gross NPA %	1.81	2.68
Net NPA %	0.68	1.17

COVID-19 UPDATES

In the initial months of FY 22, the COVID – 19 pandemic which broke out towards the end of FY 21 continued to pose a stiff challenge creating nationwide disruption. The second wave which started in March 2021 peaked during April-May overpowering the various medical facilities and infrastructure throughout the country. There were shortages for medical beds and oxygen stock due to massive demand-supply mismatch. The death toll shook the entire country to alarming levels. The state wide and regional lockdowns where the Bank has significant presence affected the daily working of branches and other offices. Many employees were forcefully restricted to be at their home/living spaces. Your Bank could extend timely support to the employees by facilitating work from home without discomfort to customers, ensuring minimal workforce at branches through staggered work shifts. Medical support was extended wherever possible, ensuring employee's and their families' safety. Across all branches and offices, the employee response to safety guidelines were monitored. Vaccination drive was initiated for all employees of the Bank.

PERFORMANCE OVERVIEW

The performance of the Bank during the year under review was exceedingly well, despite the break out of COVID 19 pandemic all over the country especially in southern states of Kerala, Tamil Nadu and Karnataka where the Bank has significant presence, which was followed by stringent lockdown measures enforced locally and widely. The Bank

was able to sustain the tempo of growth albeit slowdown in growth momentum in the gold loan portfolio.

In the Financial year 2021-22, the total income increased by ₹109.69 crore to ₹2,285.11 crore from ₹2,175.42 crore in the corresponding previous financial year. In the same period, Interest income increased by ₹166.02 crore to ₹2,038.31 crore from ₹1,872.29 crore and Non-Treasury Other Income increased by ₹34.13 Crore to ₹235.30 Crore from ₹201.17 Crore in the corresponding previous financial year. In the same period, Net Treasury Income decreased by ₹94.46 crore to ₹11.50 Crore from ₹101.96 Crore in the corresponding previous financial year.

In the same period, the total Operating Profit of the Bank increased by ₹98.20 crore to ₹613.72 crore from ₹515.52 crore and Net Profit increased by ₹240.09 crore to ₹458.49 crore from ₹218.40 crore in the corresponding previous financial year.

In the same period, your Bank reported a record net profit of ₹458.49 crore in the financial year 2021-22 compared to ₹218.40 crore in the corresponding previous financial year. The profit came in the backdrop of a strong growth in net interest income (NII) supported by increased yield on advance and decrease in the cost of deposits. Non-interest income was backed by recovery in written off accounts, processing fee, commissions on selling third party products and PSLC (priority sector lending certificate) income.

In the same period, the Bank's total advances grew by ₹1,355.43 crore to ₹16,742.39 crore led by 7.2% growth in gold loans to ₹6,570 crore, from ₹6,131 crore and 87.5% growth in Agriculture and MFI loans to ₹1,065 crore from ₹568 crore and Deposits grew by ₹1,048.26 crore to ₹20,188.30 Crore from ₹19,140.04 crore in the corresponding previous financial year.

Gross non-performing assets (GNPAs) decreased by ₹103.98 crore to ₹289.51 crore as on March 31, 2022 from ₹393.49 crore as on March 31, 2021. Net non-performing assets (Net NPAs) decreased by ₹61.62 crore to ₹106.99 crore as on March 31, 2022 from ₹168.61 crore as on March 31, 2021. The gross NPA as percentage of advances fell by 87 basis points to 1.81% as on March 31, 2022 as against 2.68% as on March 31, 2021. Net NPAs also fell to 0.68% as of March 31, 2022 from 1.17% as on March 31, 2021. Provision coverage ratio improved to 89.65% at the end of the financial year from 84.89% in the corresponding previous financial year.

Total Assets have increased by ₹2,018.92 crore and stood at ₹25,356.27 crore as on March 31, 2022 as against ₹23,337.35 crore as on March 31, 2021. Net Advances have increased by ₹1,376.56 crore and stood at ₹15,814.68 crore as on March 31, 2022 as against ₹14,438.12 crore as on March 31, 2021.

TOTAL BUSINESS

Total business of the Bank stood at ₹36,930.68 crore as on March 31, 2022, as against ₹34,528 crore a year before, registering a y-o-y growth of 6.96%.

CASA DEPOSITS

Total CASA deposits grew by ₹633.37 crore to ₹6,795.17 crore as on March 31, 2022 from ₹6,161.80 crore as on March 31, 2021. Total Term Deposits grew by ₹414.89 crore to ₹13,393.13 crore in the same period from ₹12,978.24 crore of the corresponding previous financial year. Total Non-Resident Deposits grew by ₹216.97 crore to ₹4,525.47 crore in the same period from ₹4,308.50 crore of corresponding previous year.

ADVANCES

Total advances of the Bank stood at ₹16,742.39 crore as on March 31, 2022 as against ₹15,388 crore as on March 31, 2021, registering a y-o-y growth of 8.81 %. The gross CD Ratio of the Bank as on March 31, 2022 stood at 82.93 % as against 80.40 % in the corresponding previous financial year.

Gold loan portfolio grew by 7.2% to ₹6,570 crore as on March 31, 2022 from ₹6,131 crore as on March 31, 2021, whereas Direct Assignment and Agri & MFI portfolio grew by 47.9% and 87.5% respectively in the same period.

PRIORITY SECTOR LENDING

Priority Sector Advance extended by the Bank grew by ₹3,061.03 crore to ₹7,991.62 crore from ₹4,930.59 crore of corresponding previous financial year, registering a y-o-y growth of 62.08%.

ASSETS QUALITY

Asset quality of Indian banks have showed signs of improvement amid the Covid-19 pandemic, cushioned by policy and regulatory support in the just concluded fiscal. Balance Sheets of banks remain strong and capital and liquidity buffers are being bolstered to mitigate future shocks. By and large, the Indian banks have remained resilient recording an improved asset quality and a decline in the ratio of non-performing assets.

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

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

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

The initiatives taken by the Bank have helped in containing the SMA portfolio at all-time lows. During the period under review, your Bank could achieve cash recovery / up-gradation of NPAs to the tune of ₹127.75 Crore. The recovery from the PWO portfolio and interest cash recovery amounted to ₹77.14 Crore and ₹18.13 Crore, respectively.

The Gross NPA of the Bank as on March 31, 2022 stood at a level of ₹289.51 Crore as compared to ₹393.49 Crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 1.81% and 0.68% respectively as against 2.68% and 1.17% respectively in the previous financial year. The provision coverage ratio as on March 31, 2022 improved to 89.65% from the level of 84.89% in the previous financial year.

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

FINANCIAL PERFORMANCE

Net Interest Income (NII) increased to ₹1,153.30 Crore in FY 2021-22 as against ₹941.39 Crore in FY 2020-21. Non-Treasury Other Income increased to ₹235.30 Crore in FY 2021-22 from ₹201.17 Crore in FY 2020-21. Net Treasury Income decreased to ₹11.50 Crore in FY 2021-22 from ₹101.96 Crore in FY 2020-21.

Provision other than taxes decreased by ₹223.48 crore from ₹222.97 crore to ₹(0.51) crore. The Operating Profit for the financial year 2021-22 was ₹613.72 crore before taxes and provisions as against ₹515.52 crore in the financial year 2020-21 mainly on account of increased net interest income and other income excluding treasury profits.

The Net Profit for the financial year 2021-22 was ₹458.49 crore as compared to a Net Profit of ₹218.40 crore in the financial year 2020-21.

DIVIDEND

The Board of Directors of the Bank have expressed their inability to recommend dividend for the financial year ended March 31, 2022 in view of the restrictions under Section 123 (1) of the Companies Act, 2013 that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year and also inadequacy of profits available for dividend after the mandatory appropriations to the reserves.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") 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 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, 2022 and the date of the Directors' Report i.e. June 28, 2022.

PAID-UP CAPITAL AND RESERVES

As on March 31, 2022, the Paid-up Equity Capital of the Bank stood at ₹173.48 crore comprising 17,34,85,827 fully paid-up Equity Shares of ₹10/- each.

The free reserves and surplus after adjusting debit balance in Profit and Loss Account stood at ₹1,901.97 crore as on March 31, 2022 as against ₹1,580.21 crore as on March 31, 2021.

The Bank's Net owned funds grew to ₹2,416.51 crore from ₹1,892.23 crore as of the previous financial year and the Market Capitalization of the Bank stood at ₹3,663.15 crore as on March 31, 2022.

CAPITAL ADEQUACY

As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on March 31, 2022, is 25.90%. This is much higher than the minimum CRAR of 11.5% stipulated by the Reserve Bank of India.

The Tier I and Common Equity CRAR stood at 24.35% as on March 31, 2022, well above the minimum of 7% and 5.5% respectively.

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, 2022, 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 2021-22 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, 2022 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.

ALLOTMENT OF SHARES

The Bank has not allotted any shares during the financial year 2021-22, and as a result, the paid up capital of the Bank remains unchanged, i.e., ₹1,73,48,58,270/-.

PROMOTER HOLDING – FIH MAURITIUS INVESTMENTS LTD

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

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.

QUALITY INITIATIVES

Bank focuses on maintaining highest standards of quality through innovative technology platforms thereby ensuring superior services to customers and other stakeholders. Bank is having ISO 27001:2013 certification for IT, IS and data-centers and the rating awarded for Bank's information security system is 'very good' by rating agency, STORMS.

CSB Institute of Learning & Development (CSBILD) has undergone a radical redesign in the FY 21-22 and continued its focus on enhancing the individual and collective leadership capabilities. CSBILD has achieved its highest coverage of employees during the year, through online virtual classes and e-learning methodology. Learning Department consistently look-out for innovation and technological improvements and has retained its ISO 9001:2015 certification obtained during the previous year, 2020-21.

CREDIT RATINGS

CRISIL, vide letter dated May 30, 2022, has reaffirmed the rating 'CRISIL A1+' to the ₹ 2,000 crore Certificate of Deposits Programme and ₹ 2,000 crore Short Term Fixed Deposits Programme of the Bank.

CRISIL, vide letter dated May 30, 2022 has reaffirmed 'CRISIL A /Stable' rating to the proposed ₹500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank.

India Ratings and Research, vide letter dated August 19, 2021 has assigned 'IND A /Stable' rating 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.

DEPOSITS ISSUANCE PROGRAMME

Bank under the Certificate of Deposits Programme, raised ₹520.22 crore from various Mutual funds during the period under review and the same amount of ₹520.22 Crore was outstanding as on 31.03.2022.

Bank has not raised deposits under the Short Term Fixed Deposits Programme.

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, has formulated 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 was effective from May 4, 2019. The scheme is intended to enable the employees, present and future, to get a share in the value that they help to create for the organization over a period of time, aligning the objectives of an individual with those of the Bank as well as to attract and retain critical senior talents with Employee Stock Options as a compensation tool. The Scheme shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹10/- per share.

Under the trust route, the Bank allots shares to the ESOS Trust and the ESOS 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. In case of trust route of issuance of stock options, the ESOS Trust on its own will not have funds to be able to acquire the shares from the Bank as the ESOS Trust is not a business trust and is specifically created with the objective of issuance of stock options to the employees. ESOS 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.

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 provided 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 ESOS Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained. No options were granted prior to the amendment/ratification of the scheme/listing of shares of the Bank.

The first amendment was made in the Scheme at the Annual General meeting of the Bank held on July 20, 2020,

inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

The second amendment was made in the Scheme at the Annual General meeting of the Bank held on August 12, 2021, permitting vesting of unvested employee stock options after the date of retirement/early retirement as per original Vesting schedule as specified in the Grant Letter, subject to the provision of the applicable laws and at the discretion of the Nomination and Remuneration Committee of the Board.

None of the amendments made were detrimental to the interests of any existing option grantees, at the respective times.

Under the Scheme, 6,18,286 stock options were granted in the financial year 2021-22. Out of these, 2,50,000 options that carry an exercise price of ₹ 10/- (at face value) were granted to Mr. Pralay Mondal on April 28, 2021 in the capacity as 'President- Retail, SME, Technology and Operations', 40,000 options that carry an exercise price of ₹ 10/- (at face value) to Mr. Rajesh Choudhary, Chief Technology Officer on August 30, 2021 and 3,28,286 options that carry an exercise price of ₹261.65/- (at market price) were granted to Mr. C. VR. Rajendran, Managing Director & CEO on December 17, 2021. Options granted to Managing Director & CEO were pursuant to receipt of the approval of Reserve Bank of India dated November 24, 2021.

All the options granted have 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 respective grant and the Scheme.

Amendment proposed in the CSB Employees Stock Option Scheme 2019.

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

CSB Employees Stock Option Scheme – Statutory Compliance

A Certificate of Secretarial Auditors 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 disclosures as required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 in respect of the stock options granted by the Bank under the schemes forms part of this report as **Annexure-I**.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Business Responsibility and Sustainability Report (BRSR) of the Bank for the FY 2021-22, 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 Bank has provided BRSR, in lieu of the Business Responsibility Report (BRR) which indicates the Bank's performance against the nine principles of the 'National Guidelines on Responsible Business Conduct'. Reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis.

The same has also been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations>General meetings>Annual General Meeting - 2022>.

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.

REDEMPTION OF CSBL BONDS

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

DEPOSITS

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.

SUBSIDIARY COMPANY

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.

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

RISK MANAGEMENT POLICY

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Bank has put in place a Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures of our Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. Whistle Blower Policy is published in the website of the Bank and thereby awareness is given to all the stakeholders about the same so as to make the said Policy and the Scheme an effective tool in the reporting and prevention of frauds. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures. The Audit Committee of the Board will oversee the vigil mechanism through the Committee processes. The Policy /Mechanism provides reassurance of protection to the whistle bower from victimisation, discrimination or reprisals for having blown the whistle in the interest of the Bank with good faith. The Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns. The Bank affirms that no employee has been denied access

to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank. The investigations on whistle blower complaints shall be completed within three months from the date of receipt of the complaint and the report should be placed to Audit Committee of the Board.

A topic on Whistle Blower Policy available in the Bank, and Ethics & Code of conduct has been included in every session of the training programme conducted at the Bank's staff Training College for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees. Bank is ensuring that the systems and procedures are scrupulously followed by all the employees of the Bank. Bank is taking stringent actions against employees who do not comply the instructions of the Bank. A reference to the Whistle Blower Policy/Vigil Mechanism is made in every caution note issued by the Vigilance Department.

Bank, based on RBI directions, has put in place a Fraud Risk Management Policy that covers the various controlling, monitoring and surveillance mechanism of the Bank to prevent frauds and to manage the risk of loss in the event of a fraud. As a part of Vigilance all the cases of frauds reported in the Bank are investigated in detail.

Lacunae if any, observed during the course of investigation are plugged and cases where systemic corrections are required, are placed before the Audit Committee for corrective measures / necessary directions. Fraud Risk Management Policy is reviewed every year by the Board and suitably amended, if required.

Apart from investigation of fraud, Vigilance Department also conducts Preventive Vigilance Audits to ensure the effectiveness of fraud prevention mechanism in the Bank. This will promote a culture of compliance among the employees. Wherever deficiencies are observed, the branches are suitably cautioned so that such deficiencies do not recur and incidents of frauds can be minimized. Vigilance Department also issues caution advises on a regular basis that disseminates various modus operandi of frauds in the banking industry including that has happened in our Bank. This will enable the Branches / Offices to prevent similar kind of fraudulent attempts in future.

Bank has taken all efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems and procedures to update and alert the employees. Bank has a well-organized Inspection Department which conducts regular and comprehensive inspections (RBIA) of branches and offices at specified intervals and also oversees all other Audits and Inspections of the Bank. Over the last few years, the Bank has taken several measures to plug the gaps in the areas of appraisal, monitoring, internal systems, etc., to strengthen the overall control system on loan assets. The Bank had strengthened the internal

audit system, functions of vigilance department and put in place appropriate mechanism, information systems and required infrastructure to prevent recurrence, early detection of frauds on an ongoing basis.

Bank's Anti-Bribery and Anti-Corruption Policy is to ensure that neither the Bank nor any of its employees (whether full-time or contractual employees and including trainees and interns), directors, agents, associates, vendors, consultants, advisors, representatives or intermediaries indulge in any acts of 'Bribery' or 'Corruption' in discharge of their official duties towards the Bank, either in their own name or in the name of the Bank.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the SEBI Listing Regulations is presented in a separate section forming part of this Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Bank has designed and implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. Bank is operating in a fully computerized environment with Core Banking System supported by diverse application platforms for handling special business such as treasury, trade finance, retail loans, etc. The process of recording of transactions in each application platform is subject to various forms of control such as in-built system checks, maker – checker authorisations and independent post transaction reviews, etc. 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 the year ended March 31, 2022, the Board is of the opinion that the Bank has sound Internal Financial Controls to commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses exist.

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.

CORPORATE GOVERNANCE

The Bank continues its endeavour to adopt the best prevalent Corporate Governance Practices. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and Companies Act, 2013 and the rules made thereunder are enclosed as part of Annual 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.

Your Bank is gearing itself to bring the necessary systems in place to facilitate submission of the Proforma IND AS financial statements to RBI. With respect to the various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the Bank has taken following action in this connection:

- Bank has set up a Steering Committee comprising members from cross-functional areas of the Bank to initiate the implementation process.
- Bank is in the process of implementing changes as required in existing IT architecture and other processes to enable smooth transition to Ind AS.
- As directed by the RBI, the Bank is submitting quarterly 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.

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.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties in the ordinary course of business and on arm's length basis requires approval of the Audit Committee of the Board. Omnibus approval is required from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodical basis.

As per the Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, Audit

Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Bank pursuant to each of the omnibus approval given and such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

As per the 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, review of the same by the Board and further all the material related party transactions and subsequent material modifications as defined by the Audit Committee shall require the prior approval of the members of the Bank. Accordingly, your Bank has obtained prior approvals of the Audit Committee, the Board, and the members of the Bank via postal ballot resolutions for all the related party transactions/material related party transactions as per the said amendments, with effect from April 1, 2022.

There were no materially significant related party transactions with the Bank's Directors, Management or their relatives, which could have had a potential conflict with the interests of the Bank.

None of the transactions with related parties fall under the scope of Section 188(1) of the Companies Act, 2013 for the period under review. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, in Form AOC-2 is not applicable to the Bank for FY 2022 and hence does not form part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank recognizes the society as one of its chief stakeholders, and has always been eager to serve and contribute towards the well-being of the society in which it operates. The Bank, in terms of the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, has set up a Corporate Social Responsibility (CSR) Committee to supervise the CSR initiatives of the Bank. The CSR Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Section 135 of the Companies Act, 2013 and further in accordance with Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR programme of the Bank; (c) monitor the corporate social responsibility policy of the Bank from time to time and (d) formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

The main objective of CSR policy of the Bank is to make CSR a key business process for sustainable development of the society. The CSR Policy will serve as a guiding document to help identify, execute and monitor CSR projects in accordance with the spirit of the statute.

The CSR policy of the Bank aims to identify and support all projects/programs undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of the Companies Act, 2013, as amended, Schedule VII of the said Act, as amended and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time.

During the financial year 2021-22, your Bank has spent the requisite amount in terms of Section 135 of the Companies Act, 2013 towards CSR activities as per annual action plan approved, spread across areas like promoting healthcare including preventive healthcare and COVID-19 vaccination programmes/drives, promotion of education, disaster management, including relief and rehabilitation, setting up homes and hostels for women and orphans, etc., among which the area of health was given top priority for the financial year, and accordingly, the major portion of the CSR spend during the financial year was towards healthcare. As a responsible citizen, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

The Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year 2021-22 has been provided in **Annexure - III** to this report.

AUDITORS

a) Statutory Auditors

In terms of Reserve Bank of India Guidelines No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, regarding "Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) in Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" read with FAQ dated June 11, 2021, the statutory audit of the entities with asset size of ₹15,000 crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms and accordingly the Bank decided to engage two audit firms from financial year 2021-22 onwards as per the guidelines. Accordingly, the members of the Bank in the 100th Annual General Meeting held on August 12, 2021 approved the appointment of B S R & CO. LLP, Chartered Accountants, Mumbai- 400011, Firm Regn. Number: 101248W/W- 100022 for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, Mumbai – 400057, Firm Registration Number : 106655W for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100th Annual General Meeting till the conclusion of the

102nd and 103rd Annual General Meetings of the Bank respectively, subject to the specific approval of Reserve Bank of India for each year during their tenure in terms of Section 30(1A) of the Banking Regulation Act, 1949.

Bank in terms of Section 30(1A) of the Banking Regulation Act, 1949, seeks approval of Reserve Bank of India for appointment of B S R & CO. LLP, Chartered Accountants Mumbai, Firm Regn. Number: 101248W/W-100022 and Mukund M. Chitale & Co, Chartered Accountants, Mumbai Firm Regn. Number: 106655W as the Joint Statutory Central Auditors of the Bank for the financial year 2022-23 for their third year and second year, respectively.

Pursuant to the amendment made to Rule 3 of the Companies (Audit and Auditors) Rules, 2014 via the Companies (Audit and Auditors) Amendment Rules, 2018, effective from May 07, 2018, the requirement of seeking ratification of the members for the re-appointment of the Statutory Auditors has been withdrawn from the Statute. Hence, ratification of the members for re-appointment of B S R & Co. LLP, Chartered Accountants, Mumbai and Mukund M. Chitale & Co. Chartered Accountants, Mumbai as the Joint Statutory Auditors of the Bank at the ensuing AGM is not being sought for.

However, the Bank will seek approval of the shareholders for payment of audit fees/remuneration for the financial year 2022-23 in the ensuing Annual General Meeting as the Bank sought approval for payment of audit fees for FY 2021-22 only while seeking approval of the shareholders for their appointment for a period of two and three years as the case may be in the Annual General meeting held on August 12, 2021.

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

B S R & CO. LLP, Chartered Accountants, Mumbai and Mukund M. Chitale & Co, Chartered Accountants, Mumbai, Joint Statutory Auditors of the Bank, have audited the accounts of the Bank for the FY 2021-22 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 Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2021-22.

c) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed SVJS & Associates, Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the Financial Year 2021-22. The Bank produced all necessary records to the Secretarial Auditors for the smooth conduct of their Audit.

The Report of Secretarial Auditor for the said period is annexed to this report as **Annexure -IV**. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2021-22.

d) 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, 2022, from the Practicing Company Secretaries viz. SVJS & Associates, Company Secretaries, Kochi, 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 on May 24, 2022.

COMPLIANCE TO SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and the General Meeting have been complied with by the Bank. 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.

In compliance with above, the Bank on November 11, 2021, transferred ₹10,38,330/- to the above Fund, being the unclaimed dividend for the financial year 2013-14.

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.

To comply with the above, the Bank had on November 23, 2021, transferred 2,50,989 shares, in respect of which dividend was not claimed for consecutive 7 years from the date of transfer to unpaid dividend account of the Bank for the respective year(s) to Investor Education and Protection Fund Authority through M/s. Central Depository Services (India) Limited (CDSL).

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 a Compensation Policy which deals with the compensation and benefits of all the employees of the Bank and Directors including Part-time Chairman, Managing Director & CEO, Executive and Non-Executive Directors.

The Policy formulates the criteria for determining the remuneration of directors, key managerial personnel, senior management and other employees of the Bank. The details of the policy have been included in the Report on Corporate Governance, which forms part of this Report. The Policy was reviewed by the Nomination and Remuneration committee and the Board in their respective meetings held on February 24, 2022.

NOMINATION POLICY

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

The Nomination Policy was reviewed by the Nomination and Remuneration Committee and the Board in their respective meetings held on December 17, 2021 and the same is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/NominationPolicy.pdf>

PARTICULARS OF EMPLOYEES

The Bank had 4663 employees as on March 31, 2022. The disclosure under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended are given below:

1. Disclosure as per rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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 2021-22	Part-time Chairman (Non-Executive Independent) Mr. Madhavan Aravamuthan	6.65 x
		Managing Director & CEO Mr. C. VR. Rajendran*	100.31 x
		Deputy Managing Director Mr. Pralay Mondal [#]	NA
2	The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2021-22	Part-time Chairman (Non-Executive Independent) Mr. Madhavan Aravamuthan [^]	NA
		Managing Director & CEO Mr. C. VR. Rajendran [@]	(10.46) %
		Deputy Managing Director Mr. Pralay Mondal ^{\$}	NA
		Chief Financial Officer Mr. B K Divakara ^{##}	(17.53) %
		Company Secretary Mr. Sijo Varghese	12.50 %
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2021-22	Median remuneration of the employees in the financial year was decreased by 16.35% as compared to corresponding previous financial year 2020-21.	
4	The number of permanent employees on the rolls of the Bank as on March 31, 2022	Bank has 4663 permanent employees as on March 31, 2022.	
5	Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2021-22 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 the employees other than the managerial personnel in the financial year 2021-22 has been increased by 20.51% due to increase in head count during the said financial year and hiring at senior management level. The average percentage of the salaries of the managerial personnel (Managing Director & CEO, Chief Financial Officer and Company Secretary) in the FY 2021-22 has been increased by 2.96 % and increase is due to arrears of the previous period was paid in the Financial Year 2021-22. There are no exceptional circumstances for increase in the managerial remuneration.	
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	The Bank has Board approved Compensation Policy, which is in line with the RBI guidelines. We affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank.	

* Took early retirement from the post of Managing Director & CEO and relieved him from the services on the close of office hours on March 31, 2022.

[#] Appointed as Deputy Managing Director of the Bank with effect from February 17, 2022.

[^] Shri. Madhavan Aravamuthan was appointed as the Part-time Chairman of the Bank with effect from August 10, 2020. Since his remuneration in the capacity as Chairman is only for a part of the year in the FY 21 and there is no change in the pay scale in the financial year 2022, the percentage increase in remuneration is NIL as far as Mr. Madhavan Aravamuthan is concerned in the FY 2022.

@ The decrease in remuneration for financial year 2021-22 than the previous financial year 2020-21 is due to the arrears salary and Variable pay- Cash Bonus of the previous years were paid in FY20-21 on receipt of approval of Reserve Bank of India.

Pursuant to the approval of Reserve Bank of India, Nomination and Remuneration Committee of the Board on December 17, 2021, granted 3,28,286 stock options @ ₹261.65 per option which was at a market price, to Shri. C. VR. Rajendran, Managing Director & CEO of the Bank as performance grant for the FY 2020-21 under CSB Employee Stock Option Scheme 2019.

Reserve Bank of India, vide letter dated May 30, 2022, accorded its approval for payment of variable pay of ₹2,10,00,000, all in the form of cash, to Shri. C. VR. Rajendran Managing Director & CEO of the Bank for the financial year 2021-22 and the same was not factored in the remuneration disclosed above as the approval was received after March 31, 2022.

* Remuneration paid to Mr. Pralay Mondal was in the capacity as 'President – Retail, SME, Technology and Operations' and approval of RBI is awaited on the terms and conditions of his appointment as Deputy Managing Director, hence disclosure was made as NA

##The decrease in salary for financial year 2021-22 than the previous financial year 2020-21 is due to the arrears salary for the previous financial years was paid in FY20-21 and the Bank consistently follows the practice of payment of remuneration in any form to whole time directors on approval basis only

Note:

The remuneration for the purpose of this table includes Gross Salary only excluding exceptional items in the nature of LFC, etc., and Stock Options.

'X' denotes the median remuneration of the employees in the Financial Year.

The details of the remuneration disclosed in the table are on payment basis since the approval of Reserve Bank of India is required for payment of remuneration to the Whole Time Directors and Part-time Chairman. Hence, for the sake of uniformity across, all remuneration was disclosed on payment basis.

The sitting fees paid to Independent Directors is not considered for calculation of median remuneration.

No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.

2. 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 and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank.

BOARD OF DIRECTORS

The composition of the Board of Directors is governed by 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 in corporate governance adopted by the Bank.

As on the date of this report, the Board comprises of Nine (9) Directors. The Directors possess rich experience and specialized knowledge in various areas of relevance to the Bank.

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 July 5, 2021 and up to the date of the Report is as given under:

RE-APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Director Mr. Madhavan Menon (DIN: 00008542), liable to retire by rotation, was re-appointed at the Annual General Meeting dated August 12, 2021.

APPOINTMENT OF INDEPENDENT DIRECTORS

Mrs. Sharmila Abhay Karve (DIN: 05018751) was appointed as an Additional Director (Non- Executive, Independent category) of the Bank for a tenure of 3 (three) years with effect from July 20, 2020 (i.e., from July 20, 2020 to July 19, 2023), pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank in terms of the provisions of Section 149 and 161 of the Companies Act, 2013 and Rules made thereunder. The approval of the shareholders was obtained in the 100th Annual General Meeting of the Bank on August 12, 2021 for the appointment of Mrs. Sharmila Abhay Karve as Independent Director with effect from July 20, 2020. Mrs. Sharmila Abhay Karve is representing 'Majority Sector –Accountancy and Finance' on the Board.

Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) was appointed as an Additional Director (Non-executive, Independent category) of the Bank for a period from March 30, 2021 to January 30, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank in terms of the provisions of Section 149 and 161

of the Companies Act, 2013 and Rules made thereunder. The approval of the shareholders was obtained in the 100th Annual General Meeting of Bank on August 12, 2021 for the appointment of Mr. Sudhin Bhagwandas Choksey as Independent Director with effect from March 30, 2021. Mr. Sudhin Bhagwandas Choksey is representing 'Minority Sector –Accountancy, Finance and Banking' on the Board.

Mr. Sunil Srivastav (DIN: 00237561) was appointed as an Additional Director (Non-executive, Independent category) of the Bank for a tenure of 3 (three) years with effect from June 8, 2021 (i.e., from June 8, 2021 to June 7, 2024), pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank in terms of the provisions of Section 149 and 161 of the Companies Act, 2013 and Rules made thereunder. The approval of the shareholders was obtained in the 100th Annual General Meeting of Bank on August 12, 2021 for the appointment of Mr. Sunil Srivastav as Independent Director with effect from June 8, 2021. Mr. Sunil Srivastav is representing 'Majority Sector –Agriculture, Rural Economy, Business Management and Banking' on the Board.

Mr. Sharad Kumar Saxena (DIN: 08238872) was appointed as an Additional Director (Non-executive, Independent category) of the Bank for a tenure of 3 (three) years with effect from February 19, 2022 (i.e., from February 19, 2022 to February 18, 2025), pursuant to the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Shareholders of the Bank in terms of the provisions of Section 149 and 161 of the Companies Act, 2013 and Rules made thereunder. The approval of the shareholders was obtained for the appointment of Mr. Sharad Kumar Saxena as Independent Director with effect from February 19, 2022 by postal ballot resolution dated March 30, 2022. Mr. Sharad Kumar Saxena is representing 'Majority Sector –Banking, Information Technology, Payment and Settlement System' on the Board.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

Mr. Madhavan Aravamuthan (DIN: 01865555) was re-appointed as a Non-Executive Independent Director of the Bank, for the second term, at the Annual General Meeting of the Bank held on August 12, 2021, for a period of three consecutive years with effect from June 29, 2022 to June 28, 2025, not liable to retire by rotation. His first term as Non-Executive Independent Director of the Bank ends on June 28, 2022. Mr. Madhavan Aravamuthan is representing 'Majority Sector –Banking, Economics, Finance, Information Technology, Payment and Settlement System' on the Board.

Mrs. Bhama Krishnamurthy (DIN: 02196839) was re-appointed as a Non-Executive Independent Director of the Bank, for the second term, at the annual general meeting of the Bank held on August 12, 2021, for a period of three consecutive years with effect from September 29, 2021 to September 28, 2024, not liable to retire by

rotation. Her first term as Non-Executive Independent Director of the Bank ended on September 28, 2021. Mrs. Bhama Krishnamurthy is representing 'Majority Sector – Banking, Small Scale Industry, Human Resources and Risk Management' on the Board.

APPOINTMENT OF MR. PRALAY MONDAL AS DEPUTY MANAGING DIRECTOR

Pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, the Board at its meeting held on June 8, 2021, approved the appointment of Mr. Pralay Mondal (DIN: 00117994) as a Director and the Deputy Managing Director of the Bank, for a period of 5 (five) years, with effect from the date of approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949. Reserve Bank of India vide letter dated February 17, 2022, conveyed their approval in terms of Section 35 B of the Banking Regulation Act, 1949, to the appointment of Mr. Pralay Mondal as the Deputy Managing Director of the Bank, for a period of three years from the date of approval letter cited above as against recommendation made for five years.

The approval of the shareholders was obtained in the 100th Annual General Meeting of the Bank on August 12, 2021 for the appointment of Mr. Pralay Mondal as Deputy Managing Director with effect from the date of approval of Reserve Bank of India. The approval of the shareholders of the Bank was also obtained in the same meeting for the appointment of Mr. Pralay Mondal as director of the Bank, liable to retire by rotation for the period which is co-terminus with his term of appointment as Deputy Managing Director of the Bank.

EARLY RETIREMENT OF MR. C. VR. RAJENDRAN, MANAGING DIRECTOR & CEO

Mr. C. VR. Rajendran (DIN: 00460061), Managing Director & CEO, took early retirement from the position of Managing Director & CEO from the close of office hours on March 31, 2022 on health grounds.

Mr. Rajendran has been holding the position of Managing Director & CEO since December 9, 2016 and was re-appointed for the position since December 9, 2019 and up to December 8, 2022. Mr. Rajendran was instrumental in turning around the Bank. Under his leadership, the Bank registered an impressive performance and returned back to the path of profitability in Q1 – FY20, after incurring losses for many consecutive quarters. The Bank showed overall excellence especially in terms of improved profitability, balance sheet/risk management, NPA reduction, building provisioning buffers and expanding its markets, especially in niche areas and select locales during his tenure.

Mr. Rajendran was instrumental in bringing ₹ 1,208 crore of equity capital in the Bank from FIH Mauritius Investments Ltd (a subsidiary of Fairfax India Holdings

Corporation). He was also the key driver in spearheading the Bank through a successful initial public offering which was oversubscribed by 87 times and listing of shares on December 4, 2019.

The Board places on record all the good works done and valuable contributions made by Mr. C. VR. Rajendran, which had helped the Bank to turn around and reach the present strong position, on all parameters. The Board is very much confident that the Bank will build on the good work done by Mr. Rajendran.

The Bank has submitted a panel of names to Reserve Bank of India on March 29, 2022, for appointing the next Managing Director & CEO of the Bank and is awaiting the approval of the Reserve Bank of India in this regard.

INTERIM ARRANGEMENT- APPOINTMENT OF MR. PRALAY MONDAL, DEPUTY MANAGING DIRECTOR AS MANAGING DIRECTOR & CEO - INTERIM

Pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, the Board at its meeting held on March 8, 2022, approved the appointment of Mr. Pralay Mondal (DIN: 00117994), Deputy Managing Director as interim Managing Director & CEO of the Bank as per the requirements of Section 10 B (9) of the Banking Regulation Act, 1949 read with Section 35 B of the said act for carrying out the duties of the Managing Director & CEO in the Bank and to look after the day-to-day affairs, with effect from April 1, 2022, for a period of four months or till the date of appointment of the next Managing Director & CEO in the Bank, whichever is earlier.

Reserve Bank of India, vide letter dated March 23, 2022, conveyed their approval for the appointment of Mr. Pralay Mondal, Deputy Managing Director as interim Managing Director & CEO of the Bank, for a period of three months with effect from April 1, 2022, or till the appointment of a regular Managing Director & CEO in the Bank, whichever is earlier.

Since the term of Mr. Pralay Mondal as interim Managing Director & CEO of the Bank is up to June 30, 2022 and the proposal of the Bank for appointment of the next Managing Director & CEO in the Bank is under consideration of Reserve Bank of India, the Bank as an abundant caution, approached RBI for extension of term of Mr. Pralay Mondal as interim Managing Director & CEO for a further period of three months with effect from July 1, 2022, or till the appointment of a regular Managing Director & CEO in the Bank, whichever is earlier, for a continued interim arrangement. The Bank is awaiting further communication from RBI in the matter.

PART-TIME CHAIRMAN

Mr. Madhavan Aravamuthan's (DIN: 01865555) tenure of appointment as Part-Time Chairman of the Bank shall end

at the close of office hours on June 28, 2022, as per the terms of approval by RBI.

The Board places on record its appreciation of the valuable contributions, advises and services of Mr. Madhavan Aravamuthan during his tenure as the Part-time Chairman of the Bank.

As part of the succession planning process of the Bank, the Board of Directors of the Bank in their meeting held on June 24, 2022, pursuant to the recommendation of Nomination and Remuneration Committee of the Bank, considered and approved the appointment of Mrs. Bhama Krishnamurthy, Non-Executive Independent Director, as the Non-Executive Independent (Part-time) Chairperson of the Bank, for a period with effect from the date of approval of Reserve Bank of India in terms of Section 10B (1A) (i) of the Banking Regulation Act, 1949, up to September 28, 2024 (both days inclusive) which is coterminous with her term of appointment as Independent Director of the Bank, for a second term.

WOMAN DIRECTOR

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

DIRECTORS RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, Non-Executive Director, Mr. Sumit Maheshwari (DIN: 06920646) shall retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

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

Mr. Sumit Maheshwari was reappointed as director to retire by rotation at the 98th Annual General Meeting held on June 29, 2019 in terms of Section 152 of the Companies Act, 2013. He was again reappointed as director to retire by rotation at the 99th Annual General Meeting held on July 20, 2020 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. Sumit Maheshwari as Non-Executive, Non-Independent Director of the Bank. The detailed profile of Mr. Sumit Maheshwari 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 in connection with the appointment of Independent Directors and the following are the Independent Directors of the Bank as on the date of this report.

Sl. No	Name of the Independent Director	Term	Term of appointment is up to
1	Mrs. Bhama Krishnamurthy (DIN: 02196839)	Second	September 28, 2024
2	Mr. Madhavan Aravamuthan (DIN: 01865555)	Second	June 28, 2025
3	Mrs. Sharmila Abhay Karve (DIN: 05018751)	First	July 19, 2023
4	Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	First	January 30, 2024
5	Mr. Sunil Srivastav (DIN: 00237561)	First	June 7, 2024
6	Mr. Sharad Kumar Saxena (DIN: 08238872)	First	February 18, 2025

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.

Pursuant to Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, all Independent directors of the Bank have registered 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, as amended.

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 that they meet the

criteria of independence laid down thereunder. Further, they have also complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management. There has been no change in the circumstances affecting their status as independent directors of the Bank.

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

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

FAMILIARIZATION PROGRAMMES OF INDEPENDENT DIRECTORS

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

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

APPOINTMENT/ CHANGES IN KEY MANAGERIAL PERSONNEL

Mr. Pralay Mondal who was appointed as Deputy Managing Director of the Bank with effect from February 17, 2022 for a period of three years has been designated as Key Managerial Personnel with effect from the said date.

Mr. C. VR. Rajendran, Managing Director & CEO, ceased to be Key Managerial Personnel post early retirement from the position of Managing Director & CEO of the Bank, after office hours on March 31, 2022.

Mr. B. K. Divakara, Chief Financial Officer and Mr. Sijo Varghese, Company Secretary continue to be the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

BOARD AND ITS COMMITTEES

Board and Number of Meetings

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

The Board met Sixteen (16) times during the FY 2021-22 on the following dates: April 28, 2021; May 08, 2021; June 08, 2021; July 05, 2021; July 22, 2021; September 22, 2021; October 25, 2021; December 17, 2021; December 27, 2021; January 08, 2022; January 21, 2022; February 24, 2022; March 08, 2022; March 24, 2022; March 28, 2022 and March 29, 2022 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant regulations.

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 various sub-committees of the Board as given below, 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 the regulatory prescriptions.

1. Audit Committee.
2. Nomination & Remuneration Committee.
3. Corporate Social Responsibility Committee.
4. Risk Management Committee.
5. IT Strategy Committee.
6. Stakeholders' Relationship Committee.
7. Customer Service Committee.
8. Management Committee.
9. NPA Management Committee.
10. Committee for Monitoring Large Value Frauds (CMF)

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

Constitution of Audit Committee in the Bank is 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 consists of four members as on date of the Report. The Committee is chaired by Mrs. Sharmila Abhay Karve, Independent Director, who is a Chartered Accountant. The other members of the Committee are Mr. Madhavan Menon (Non-Executive, Non-Independent), Mrs. Bhama Krishnamurthy (Non-executive, Independent) and Mr. Sharad Kumar Saxena (Non-Executive, Independent).

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, which held 11 meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

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, 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 Board evaluation policy is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/PolicyonEvaluationoftheBoard.pdf>

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

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

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

a) Conservation of Energy

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

b) Technology Absorption

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

c) Foreign Exchange Earnings and Outgo

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

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.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

During the year under report, there were no instances of frauds reported / reportable by the Auditors, to the Audit Committee, the Board of Directors or the Central Government under Section 143(12) of the Companies Act, 2013.

CEO & CFO CERTIFICATION

Compliance Certificate issued by Mr. Pralay Mondal, Managing Director & CEO (Interim) and Mr. B.K. Divakara, Chief Financial Officer of the Bank, for the financial year ended March 31, 2022, was placed before the Board at its meeting held on May 6, 2022, in terms of Regulation 17(8) of the SEBI Listing Regulations.

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

The Bank has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during the financial year 2021-22 is disclosed in the Report on Corporate Governance, which forms part of the Annual report.

STRICTURES AND PENALTIES

During the last 3 years, there were no penalties or strictures 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.

DISCLOSURE ON MATERIALLY SIGNIFICANT TRANSACTION

The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its directors, management and /or their relatives, etc., other than the transactions carried out in the normal course of business.

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.

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, 2022 will be displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2022.

ACKNOWLEDGEMENTS AND APPRECIATIONS

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

The Board also expresses its deep sense of appreciation and heartfelt thanks to every member of the CSB family for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led the Bank towards reinforcing its customer

centric image and making commendable progress in today's challenging environment. The Board looks forward to their continued, dedicated and sincere services to take the Bank to greater heights.

Your Directors would like to convey their heartfelt condolences to the families of those staff members, who lost their lives due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their lives and served the Bank during this pandemic.

The Board also expresses its solidarity and gratitude towards medical professionals, bankers, police, armed forces, and other frontline covid warriors who have cemented their position as the foremost champions of humanity. We salute their courage, valour and selflessness in serving the society.

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

By Order of the Board

Sd/-

Madhavan Aravamuthan

Chairman

(DIN: 01865555)

Place: Thrissur

Date : June 28, 2022

Annexure-I

DISCLOSURES UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AND/OR THE COMPANIES ACT, 2013

A. SUMMARY OF STATUS OF ESOS GRANTED

The position of the existing scheme is summarized as under:

Particulars		CSB Employee Stock Option Scheme 2019/ ESOS 2019
1	Date of Shareholders' Approval	May 4, 2019
2	Total Number of Options approved under ESOS	Total options reserve stood at 1,66,72,791 options and sourcing of corresponding number of shares shall be from (i) fresh issue of up to 80,00,000 equity shares to the ESOS Trust and (ii) secondary acquisition of up to 86,72,791 shares by the Trust.
3	Vesting Requirements	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.
4	Exercise Price or Pricing Formula	The Exercise Price per Option shall be determined by the Nomination and Remuneration Committee which shall not be lesser than the face value of Shares as on date of Grant.
5	Maximum Term of Options Granted	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. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
6	Source of Shares (primary, secondary or combination)	Primary and Secondary
7	Variation in terms of options	<p>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 if the scheme 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, and the same was obtained. The ESOS 2019 as well as the Trust as originally introduced were in conformity with the SEBI SBEB Regulations. No options were granted prior to the amendment/ratification of the scheme/listing of shares of the Bank.</p> <p>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.</p>

		<p>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 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.</p> <p>None of the amendments made were detrimental to the interests of any existing option grantees, at the respective times.</p>
8	Method used to account for ESOS – Intrinsic or fair value	Intrinsic Value Method till March 31, 2021 and thereafter Fair Value Method by using Black-Scholes Model.

Note :

- (i). 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 Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations")
- (ii). Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently two per cent of the paid up equity capital as at the end of the previous financial year, prescribed in 'SEBI SBEB & SE Regulations' as amended from time to time. 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.

9(1)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	<div>Grant of stock options made up to and including March 31, 2021</div> <table><tr><th>Grant</th><th>Intrinsic Value (₹)</th><th>Fair Value (₹)</th><th>Difference</th><th>No. of Options</th><th>Total Difference (₹)</th></tr><tr><td>Grant – I</td><td>215.10</td><td>218.86</td><td>3.76</td><td>3,55,000</td><td>13,35,483.24</td></tr><tr><td>Grant – II</td><td>210.35</td><td>214.10</td><td>3.75</td><td>1,00,000</td><td>3,75,185.37</td></tr><tr><td>Grant – III</td><td>163.35</td><td>176.73</td><td>13.38</td><td>4,33,150</td><td>57,94,253.47</td></tr></table> <div>Grant of stock options made after March 31, 2021 : NA</div> <div>Bank, in terms of Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, dated November 4, 2019, fair valued the stock options on the date of grant, using Black-Scholes model and further in terms of clarification dated August 30, 2021 on the Guidelines, recognised and expensed the fair value thus arrived on the options granted, beginning with the accounting period for which approval has been granted.</div>	Grant	Intrinsic Value (₹)	Fair Value (₹)	Difference	No. of Options	Total Difference (₹)	Grant – I	215.10	218.86	3.76	3,55,000	13,35,483.24	Grant – II	210.35	214.10	3.75	1,00,000	3,75,185.37	Grant – III	163.35	176.73	13.38	4,33,150	57,94,253.47
Grant	Intrinsic Value (₹)	Fair Value (₹)	Difference	No. of Options	Total Difference (₹)																					
Grant – I	215.10	218.86	3.76	3,55,000	13,35,483.24																					
Grant – II	210.35	214.10	3.75	1,00,000	3,75,185.37																					
Grant – III	163.35	176.73	13.38	4,33,150	57,94,253.47																					
9(2)	The impact of this difference on profits and on EPS of the Bank shall also be disclosed.	<div>Grant of stock options made up to and including March 31, 2021</div> <div>The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2021 to March 31, 2022 before tax is ₹ 8.97 Crore. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2021 to March 31, 2022 before tax would be ₹9.58 Crore. The effect of adopting the fair value method on the net income and earnings per share is presented below:</div> <table><tr><th>Particulars</th><th>March 31,2022</th></tr><tr><td>Net Profit (as reported) (₹ in crores)</td><td>458.49</td></tr><tr><td>Add: Stock based employee compensation expense included in net income (₹ in crores)</td><td>8.97</td></tr><tr><td>Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)</td><td>9.58</td></tr><tr><td>Net Profit (Proforma) (₹ in crores)</td><td>457.88</td></tr><tr><td>Earnings per share: Basic (in ₹)</td><td></td></tr><tr><td>As reported</td><td>26.43</td></tr><tr><td>Proforma</td><td>26.39</td></tr><tr><td>Earnings per share: Diluted (in ₹)</td><td></td></tr><tr><td>As reported</td><td>26.43</td></tr><tr><td>Proforma</td><td>26.39</td></tr></table>	Particulars	March 31,2022	Net Profit (as reported) (₹ in crores)	458.49	Add: Stock based employee compensation expense included in net income (₹ in crores)	8.97	Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	9.58	Net Profit (Proforma) (₹ in crores)	457.88	Earnings per share: Basic (in ₹)		As reported	26.43	Proforma	26.39	Earnings per share: Diluted (in ₹)		As reported	26.43	Proforma	26.39		
Particulars	March 31,2022																									
Net Profit (as reported) (₹ in crores)	458.49																									
Add: Stock based employee compensation expense included in net income (₹ in crores)	8.97																									
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	9.58																									
Net Profit (Proforma) (₹ in crores)	457.88																									
Earnings per share: Basic (in ₹)																										
As reported	26.43																									
Proforma	26.39																									
Earnings per share: Diluted (in ₹)																										
As reported	26.43																									
Proforma	26.39																									

	Grant made after March 31, 2021 : NA
	Not applicable as the Bank follows Fair Value Method by using Black-Scholes model for valuation as well as for expensing of the options granted, in line with Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, dated November 4, 2019 and clarification thereon dated August 30, 2021. In line with clarification, the fair value thus arrived at should be recognised as expense beginning with the accounting period for which approval has been granted.

B. OPTION MOVEMENT DURING THE FINANCIAL YEAR 2021-22

Sr. No	Particulars	Options details	Weighted Avg. Exercise Price (₹)
1	Number of Options Outstanding at the Beginning of the period	8,88,150	41.70
2	Number of Options Granted during the Year	6,18,286	143.62
3	Number of Options Forfeited during the Year	0	NA
4	Number of Options Vested during the Year	1,44,369	75
5	Number of Options Exercised during the Year	0	NA
6	Number of Options Lapsed during the Year	0	NA
7	Number of Shares arising as a result of Exercise of Options	0	NA
8	Money realised by Exercise of Options (INR), if scheme is implemented directly by the Bank	NA	NA
9	Loan repaid by the Trust during the year from exercise price received	Not applicable for the FY 22	Not applicable for the FY 22
10	Number of Options Outstanding at the End of the Year	15,06,436	83.53
11	Number of Options Exercisable at the End of the Year	1,44,369	75

C. THE WEIGHTED AVERAGE MARKET PRICES OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR: NA

D. WEIGHTED AVERAGE EXERCISE PRICES OF OPTIONS GRANTED DURING FINANCIAL YEAR 2021-22 WHOSE

(Amount in ₹)

(a)	Exercise price equals market price (₹) of the share	261.65
(b)	Exercise price is greater than market price of the share	NA
(c)	Exercise price is less than market price of the share	10

E. WEIGHTED AVERAGE FAIR VALUES OF OPTIONS GRANTED DURING FINANCIAL YEAR 2021-22 WHOSE

(Amount in ₹)

(a)	Exercise price equals market price (₹) of the share	74.63
(b)	Exercise price is greater than market price of the share	NA
(c)	Exercise price is less than market price of the share	252.88

F. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2021-22 TO:

(i) Senior Managerial Personnel

		No. of options granted during the financial year	Exercise Price (₹)	% to total options granted during the financial year
Mr. C. VR. Rajendran	Managing Director & CEO*	3,28,286	261.65	53.10%
Mr. Pralay Mondal	Deputy Managing Director^	2,50,000	10	40.43%
Mr. Rajesh Choudhary	Chief Technology Officer	40,000	10	6.47%

* Took early retirement from the position of Managing Director & CEO of the Bank, after office hours on March 31, 2022.

^Options were granted to Mr. Pralay Mondal on April 28, 2021 in the capacity as 'President – Retail, SME, Technology and Operations'

(ii) Any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year;

Name	Designation	No. of Options Granted during the financial year	Exercise Price (₹)	% to total options granted during the financial year
NIL				

(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.

Name	Designation	No. of options granted during the financial year	Exercise Price (₹)	% to total options granted during the financial year
NIL				

G. A DESCRIPTION OF THE METHOD AND SIGNIFICANT ASSUMPTIONS USED DURING THE YEAR TO ESTIMATE THE FAIR VALUE OF OPTIONS:

The fair value has been calculated by using the Black- Scholes Option Pricing model. The fair value of options granted under the ESOS 2019 during the financial year 2021-22 has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Variables	Date of grant (April 28, 2021)	Date of grant (August 30, 2021)	Date of grant (December 17, 2021)
No. of Options	2,50,000	40,000	3,28,286
Average Dividend Yield	0%	0%	0 %
Expected Volatility	48.65 %	47.45%	36.15 to 44.97 %
Risk free interest rate	5.11 % to 6.60 %	4.96% to 6.61%	3.90% to 5.01%
Expected option life	5-9 years	5-9 years	1.25 – 3.25 years
Expected forfeiture	NIL	NIL	NIL
Stock Price	₹ 253.05	₹ 296.65	₹ 261.65

H. ASSUMPTIONS

Weighted average value of share price/ Stock Price	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
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Expected Volatility/ Determination of expected volatility, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in Bank's share price.
Risk-free Interest Rate	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.
Exercise Price	Exercise Price of each specific grant has been considered.
Time to Maturity/Expected life of options	Time to Maturity / 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	0 %
Any other features of the option granted, if incorporated into the measurement of fair value, such as a market condition/how such features were incorporated	Not applicable
Method used and assumptions made to incorporate effects of expected early exercise	Bank doesn't anticipate an early exercise of options granted. Bank expects the options granted to be exercised by the grantee within the Exercise Period as per the terms of grant and as per para 8.2 (b) of ESOS 2019.

I. DISCLOSURES IN COMPLIANCE WITH THE GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE

SHARE BASED PAYMENTS AS ON 31ST MARCH 2022:

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 as per the requirements in terms of Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, dated November 4, 2019 and clarification thereon dated August 30, 2021. Further details, refer to the para 3.4 of the Notes forming part of the financial statement for the year ended March 31, 2022, of the Annual Report. (Disclosures are provided in accordance with para 42 of the guidance note (GN (A) 18 (Issued 2005), Guidance Note on Accounting for Employee Share-based Payments) read with the Indian Accounting Standard (Ind AS) 102 on Share based payment.

(i) Description of the ESOS

Particulars	
Vesting requirements	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.
Maximum term of options granted	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. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
Method of Settlement	Equity Settled.

(ii) Number and Weighted Average Exercise price of options

(a) Option Movement during the financial year 2021-22

Sr. No	Particulars	Options details	Weighted Avg. Exercise Price (₹)
1	Number of Options Outstanding at the Beginning of the period	8,88,150	41.70
2	Number of Options Granted during the Year	6,18,286	143.62
3	Number of Options Forfeited during the Year	0	NA
4	Number of Options Vested during the Year	1,44,369	75
5	Number of Options Exercised during the Year	0	NA
6	Number of Options Lapsed during the Year	0	NA
7	Number of Shares arising as a result of Exercise of Options	0	NA
8	Money realised by Exercise of Options (INR), if scheme is implemented directly by the Bank	NA	NA
9	Loan repaid by the Trust during the year from exercise price received	Not applicable for the FY 22	Not applicable for the FY 22
10	Number of Options Outstanding at the End of the Year	15,06,436	83.53
11	Number of Options Exercisable at the End of the Year	1,44,369	75
12	Weighted Average share price of Options exercised during the year	NA	NA

(b) Range of Exercise price and weighted average remaining contractual life of Outstanding Options

Scheme	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (₹)	Range of Exercise Price (₹)
ESOS 2019	1506436	4.16	83.53	10-261.65

J. DETAILS RELATED TO TRUST

(i) General information on all schemes

The CSB ESOS Scheme 2019 shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust, set up in May 2019 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. Accordingly, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10 /- per share.

The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve from 50,00,000 equity shares by an additional quantum of 1,16,72,791. The sourcing of corresponding number of additional shares shall be from (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.

Under the trust route, the Bank allots shares to the trust and the 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 of the Board. The details of the CSB ESOS Trust as required under Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is furnished below:

SI No.	Particulars	Details
1.	Name of the Trust	CSB ESOS Trust
2.	Details of the Trustee(s)	1. Mr. S.S. Narayanan, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020 , Kerala, India. 2. Mr. Ragesh M, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020 , Kerala, India.
3.	Amount of loan disbursed by Bank / any company in the group, during the year	Nil [^]
4.	Amount of loan outstanding (repayable to Bank / any company in the group) as at the end of the year	Nil [^]
5.	Amount of loan, if any, taken from any other source for which Bank / any company in the group has provided any security or guarantee*	Nil [^]
6.	Any other contribution made to the Trust during the year	NIL Initial contribution in the form of Corpus funding of ₹ 1,00,000/- was made in the financial year 2019-20

* CSB ESOS Trust has borrowed ₹ 5,80,81,631/- from M/s IIFL Finance Limited on July 29, 2020 -to close the loan, equal to the borrowed amount, initially availed from M/s Edelweiss Finvest Pvt Ltd for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited and in this connection, 8,20,000 equity shares out of 50,00,000 allotted to the trust were pledged with M/s IIFL Finance Limited.

[^] In terms of Reserve Bank of India Master circular- Loans and Advances- Statutory and other Restrictions dated July 1, 2015, the banks are not allowed to extend advances to employees trusts set up by them for the purpose of purchasing their own shares under ESOS/ESOP / from the secondary market.

(ii) Brief details of transactions in shares by the Trust

SI No.	Particulars	Details		
1.	Number of shares held at the beginning of the year (April 1, 2021) ;	50,00,000		
2.	Number of shares acquired during the year		Primary Issuance	Secondary Acquisition
		Number of shares acquired during the year	NIL	NIL
		Number of shares acquired during the year as a percentage of paid up equity capital as at the end of the previous financial year	NA	NA
		Weighted average cost of acquisition per share	NA	NA
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil		
4.	Number of shares held at the end of the year(March 31, 2022)	50,00,000		

(iii) In case of secondary acquisition of shares by the Trust:

The quantum of secondary acquisition is capped at 86,72,791 shares which constitute 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is in tune with the statutory ceiling prescribed under 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 (*"SEBI SBEB & SE Regulations"*).

Secondary Acquisition of shares by the Trust in any financial year shall not exceed two percent of the paid up equity capital as at the end of the previous financial year as per SEBI SBEB & SE Regulations as amended from time to time.

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	Nil
Acquired during the year	Nil
Sold during the year	Nil
Transferred to the employees during the year	Nil
Held at the end of the year	Nil

By Order of the Board

Sd/-

Madhavan Aravamuthan

Chairman

(DIN: 01865555)

Place: Thrissur

Date : June 28, 2022

Annexure-III

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 will serve 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 will undertake activities in the areas or subjects in line with Schedule VII of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and the CSR policy adopted by the Bank.

Bank as part of CSR Policy, is committed to continued focus towards sustainable development and responsible banking with a clear understanding that Bank has a key role of job and wealth creation in the society. CSR is generally understood to be the way an organization achieves a balance between economic, environmental and social imperatives while addressing the expectations of shareholders and stakeholders.

2. Composition of CSR Committee:

Constitution of the Corporate Social Responsibility Committee (CSR Committee) in the Bank is in line with Section 135 of the Companies Act, 2013 and rules made thereunder. The Committee is empowered to monitor the CSR activities as per the policy and plan and the 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 2021-22 was as follows:

Sl No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Bhama Krishnamurthy [^] , Independent Director	Chairperson	2	2
2.	Mr. C. VR. Rajendran [§] , Managing Director & CEO	Member	3	3
3.	Mr. Sumit Maheshwari, Non-Executive Director	Member	3	3
4.	Mr. Sudhin Choksey [*] Independent Director	Member	3	3
5.	Mr. Madhavan Menon [#] , Non-Executive Director	Member	1	1
6.	Mr. Syed Nagoor Ali Jinnah [@] , Independent Director	Chairperson	0	0

[^] Inducted as a Member and appointed Chairperson of the Committee with effect from July 6, 2021.

[§] Ceased to be member of the Committee due to early retirement from the position of Managing Director & CEO of the Bank, after office hours on March 31, 2022.

^{*} Inducted as a Member and appointed Chairperson of the Committee with effect from April 29, 2021; ceased to be the Chairperson of the Committee and continued as a member with effect from July 6, 2021.

[#] Ceased to be a member of the Committee with effect from July 6, 2021.

[@] Ceased to be the Chairperson of the Committee due to resignation as an independent director on April 19, 2021.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank	Composition of CSR committee	:	https://www.csb.co.in/pdf/Committee-List-w.e.f-July-2022.pdf	
	CSR Policy	:	https://www.csb.co.in/pdf/CSR%20Policy_Final_-30032022.pdf	
	CSR projects approved by the Board	:	https://www.csb.co.in/csr	
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)	Not Applicable			
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.	Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
	-----Not applicable-----			
6. Average net profit/(loss) of the Bank as per section 135(5):	Financial Year 2018-19		:	₹ (300.09) Crore
	Financial Year 2019-20		:	₹ 133.99 Crore
	Financial Year 2020-21		:	₹ 292.55 Crore
	Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years		:	₹ 42.15 Crore
7.				
a) Two percent of average net profit of the Bank as per section 135(5)	₹ 0.84 Crore			
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	NIL			
c) Amount required to be set off for the financial year, if any	NIL			
d) Total CSR obligation for the financial year (7a+7b-7c).	₹ 0.84 Crore			

8.

a) 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 section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 84,30,375.78	-----Nil-----				

b) Details of CSR amount spent against ongoing projects for the financial year:

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
SI No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency
				State District						Name CSR Registration Number
-----Nil-----										

c) Details of CSR amount spent against other than ongoing projects for the financial year:

1.	2.	3.	4.	5.	6.	7.	8.
SI No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State District			Name CSR Registration Number.
1	Ambulance to Govt. Primary Health Centre, Oddanchathram, Dindigul Dist. Tamil Nadu	Preventive health care	Yes	Tamil Nadu Dindigul	13,15,000.00	Yes	NA NA
2	COVID -19 Vaccination Drive in Thrissur District, Kerala	Covid-19 Vaccination programme/ drive - preventive health care	Yes	Kerala Thrissur	7,99,400.00	Yes	NA NA
3	Supply of relief / essential materials to Flood Relief Camp in Kalkulam, Kanyakumari through Kanyakumari District Collector	Disaster management, including relief and rehabilitation	Yes	Tamil Nadu Kanyakumari	1,11,980.00	Yes	NA NA
4	Financial aid to Santhwanam, Apostolate, Thrissur, Kerala	Setting up homes and hostels for women and orphans	Yes	Kerala Thrissur	10,00,000.00	No	Santhwanam (Social Apostolate Centre), Archdiocese of Trichur CSR00016016
5	Education Support to Sree Durga Vilasam Higher Secondary School, Peramanagalam, Thrissur District, Kerala	Promotion of education	Yes	Kerala Thrissur	4,75,000.00	Yes	NA NA
6	Project Dialysis- Fairfax India Charitable Foundation, Mumbai	Promoting health care including preventive health care	Yes	Maharashtra Mumbai	47,28,995.78	No	Fairfax India Charitable Foundation, Mumbai CSR00005441
Total					84,30,375.78		

d)	Amount spent in Administrative Overheads	:	Nil
e)	Amount spent on Impact Assessment, if applicable	:	Not Applicable
f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	:	₹ 0.84 Crore
g)	Excess amount for set off, if any	:	Nil
Sl. No.	Particular		Amount (in ₹)
(i)	Two percent of average net profit of the Bank as per Section 135(5)		Not applicable
(ii)	Total amount spent for the Financial Year		Not applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]		Not applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any		Not applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]		Not applicable

9.

a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
-----Not applicable-----							

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1.	2.	3.	4.	5.	6.	7.	8.	9.
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount Allocated for the Project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of Reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year	:	a)	Date of creation or acquisition of the capital asset(s)	:	Nil
	:	b)	Amount of CSR spent for creation or acquisition of capital asset.	:	NA
	:	c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.	:	NA
	:	d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	:	NA
11. Specify the reason(s), if the Bank has failed to spend two per cent of the average net profit as per section 135(5).	:	Not applicable.			
		The Bank has successfully utilized the whole of the CSR budget earmarked, for the purpose of undertaking various CSR activities in line with the annual action plan as approved by the CSR Committee and the Board within the framework of the Companies Act, 2013 and Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time.			

Sd/-

Pralay MondalManaging Director & CEO (Interim)
(DIN: 00117994)

Sd/-

Bhama KrishnamurthyChairperson - CSR Committee
(DIN: 02196839)

Sd/-

Madhavan AravamuthanChairman
(DIN: 01865555)

Place: Thrissur

Date: June 28, 2022

Annexure-IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2022

[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
Head Office, "CSB Bhavan",
Post Box No.502, St. Mary's College Road,
Thrissur -680020

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CSB Bank Limited [CIN: L65191KL1920PLC000175]** (hereinafter called the Company). 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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2022 complied with the statutory provisions listed hereunder and also that the Company 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 **CSB Bank Limited** ("the Company") for the financial year ended on 31.03.2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) As informed to us, the following other laws are specifically applicable to the Company.
 1. The Banking Regulation Act, 1949 and the Banking Regulation (Companies) Rules, 1949
 2. Reserve Bank of India Act, 1934
 3. Banking Ombudsman Scheme 2006
 4. The Bankers' Books Evidence Act, 1891
 5. The Banking Companies (Period of Preservation of Records) Rules, 1985
 6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002
 7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005

8. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
9. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993
10. Credit Information Companies (Regulation) Act, 2005.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and at shorter notice in certain cases in accordance with the provisions of the Act and Secretarial Standards 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.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of public /rights/preferential issue of shares or issue of debentures/sweat equity or redemption/buy back of securities, major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, Merger / amalgamation / reconstruction, or Foreign technical collaborations other than as listed below.

During the period, the Bank has obtained approval of shareholders for the following:

Sl. No.	Subject	Mode of Approval	Date of Approval	Particulars of approval
1	To approve amendment in 'CSB Employee Stock Option Scheme 2019'	Shareholders' approval by way of Special resolution in the Annual General Meeting	12.08.2021	Approval of shareholders for amendment in 'CSB Employee Stock Option Scheme 2019'
2	To approve . Material related party transactions	Shareholders' approval by way of ordinary resolution through Postal Ballot	30.03.2022	To approve Material related party transactions pertaining to acquisition of gold loan receivables by way of Direct Assignment Transactions /Pass Through Certificates by the Bank with IIFL Finance Limited
3	To approve Material related party transactions	Shareholders' approval by way of ordinary resolution through Postal Ballot	30.03.2022	To approve Material related party transactions pertaining to engagement of IIFL Finance Limited as Business Correspondent of the Bank
4	To approve Material related party transactions	Shareholders' approval by way of ordinary resolution through Postal Ballot	30.03.2022	To approve Material related party transactions pertaining to investment in Non-Convertible Debentures of IIFL Finance Limited.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

Peer Review Certificate No.648 /2019
For SVJS & Associates
 Company Secretaries

Place: Kochi
 Date: June 28, 2022

Sd/-
CS Vincent P.D.
 Managing Partner
 CP No.: 7940, FCS: 3067
UDIN: F003067D000537370

Annexure A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members,

CSB BANK LIMITED

Head Office, "CSB Bhavan",

Post Box No.502, St. Mary's College Road,

Thrissur -680020

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, 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 process 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 company.
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 etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2022 but before the issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.
8. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Peer Review Certificate No.648 /2019
For SVJS & Associates
Company Secretaries

Sd/-

CS Vincent P.D.

Managing Partner

CP No.: 7940, FCS: 3067

UDIN: F003067D000537370

Place: Kochi

Date: June 28, 2022