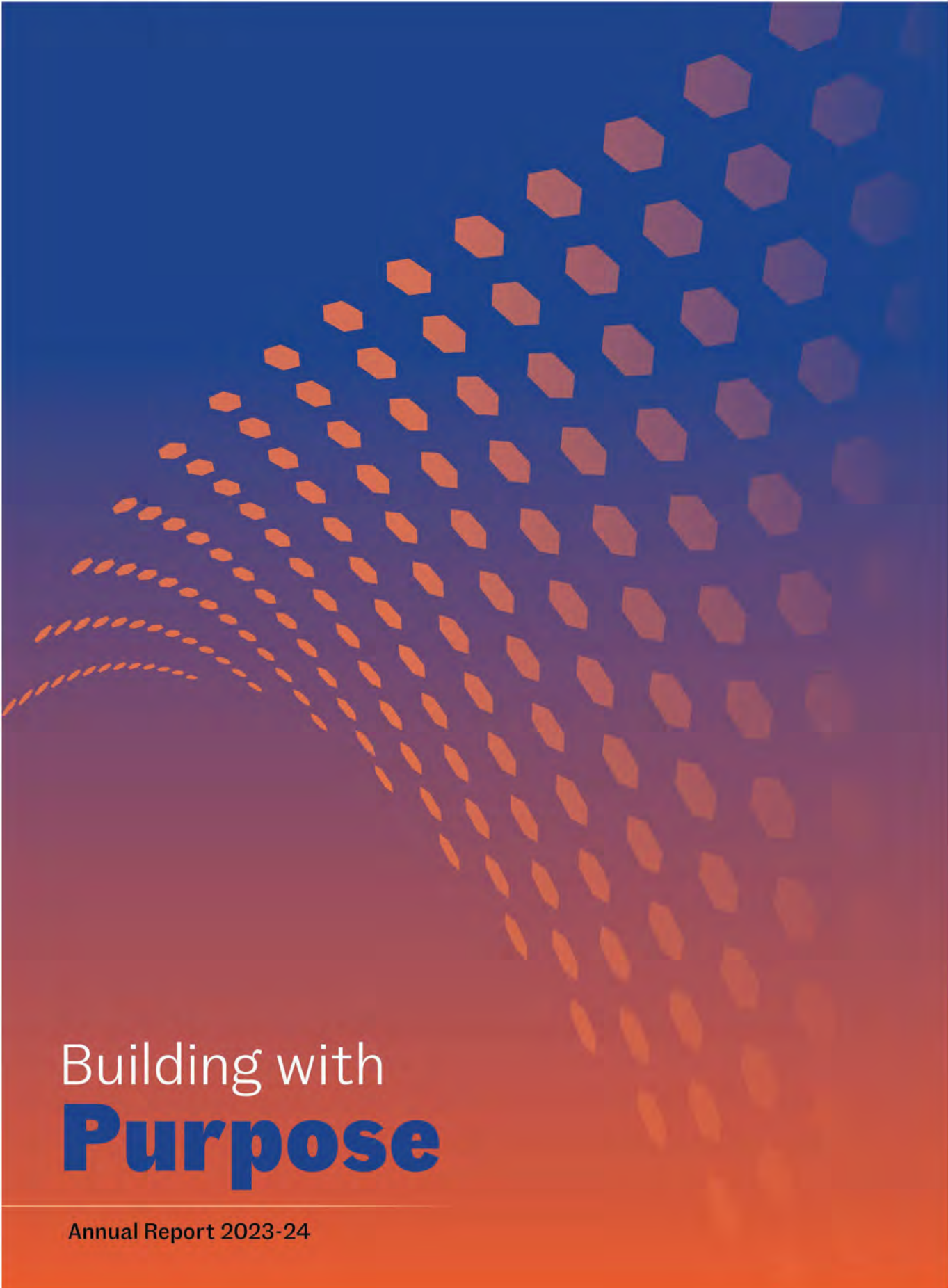


CSB BANK LIMITED



Building with **Purpose**

Annual Report 2023-24

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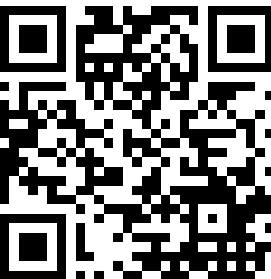
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For more investor-related information, please visit

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

Or Simply Scan the QR code



Market Cap (as on March 31, 2024)
₹ 6,15,007.26 lakh

CIN
L65191KL1920PLC000175

BSE Code
542867

NSE Symbol
CSBBANK

Bloomberg Code
CSBBANK IN

AGM Date
August 23, 2024

AGM Mode
Video Conferencing ("VC")/
Other Audio Visual Means ("OAVM")

Disclaimer

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

Building with Purpose

Organisations with purpose, invest in their communities, prioritise ethical practices, and seek to address global challenges through innovation and collaboration. By aligning their goals with a greater cause, they not only drive long-term success but also inspire loyalty and trust, making a meaningful difference in the world. At CSB, 'Building with Purpose' is not just our philosophy but also a strategic roadmap designed to create value beyond operations, foster meaningful relationships, and drive sustainable growth.

Customer-centricity lies at the heart of our Bank's growth strategy. By prioritising our customers and emphasising on integrity, innovation, governance, execution, sustainability, and inclusivity, we are not merely building a bank. We are forging a legacy of trust, reliability, and service excellence.

Our Sustain, Build, Scale 2030 (SBS 2030) strategy maps our journey towards becoming a mid-sized, full-service, new-age private sector bank. The 'Sustain' phase underlies sustenance of our core strengths, trust, and stability, accumulated over a century of existence. Now, in the 'Build' phase, extending until FY 2025-26, we are expanding our footprints aiming at becoming a national player, enhancing our product suite, streamlining processes towards building efficiencies, leveraging a robust leadership team, and establishing a new-age technology platform to elevate our offerings.

Driven by our values and vision to empower communities, we are dedicated to creating a sustainable, inclusive, and resilient banking ecosystem. During this pivotal 'Build' phase, we are laying a solid foundation to initiate the scale phase and to reap the full benefits of our efforts by FY 2029-30.

As we transition into the 'Scale' phase, our objective is to position CSB as a mid-sized bank capturing a larger market share among emerging and mid-sized corporates. We are building the Bank with a Purpose.

Awards & Accolades

- Recipient of the Best Small Bank Award for FY 2023-24 by Mint BFSI
- This prestigious award is a testament to our collective dedication, hard work, and commitment to our vision of becoming the Best Mid-Size Bank by 2030, marking a significant milestone in our SBS 2030 journey.

KEY HIGHLIGHTS OF FY 2023-24

Building on Financial Growth with Purpose

Increasing Profitability

₹**3,511.83** crore
Total Income

33% ^

₹**1,476** crore
Net Interest Income

11% ^

₹**567** crore
Profit After Tax

4% ^

Strong Business Growth

₹**36,056** crore
Total Assets

24% ^

₹**29,179** crore
Deposits

21% ^

₹**24,572** crore
Gross Advances

18% ^

Robust Balance Sheet

24.47%
Capital Adequacy Ratio-
Comfortable Capital
Position

0.51%
Net NPA Ratio-Stable
Asset Quality

^ Y-O-Y growth

Young and Stable Workforce

7,863
Employees

14.94% ^

33.4 Years
Average Age of
Employees

754 Employees
With 10+ Years'
Experience

Creating Environmental and Social Impact

₹**10.82** crore
CSR Expenditure

61.01% ^

1,00,000+
Beneficiaries

4+
Aspirational
Districts Covered

ABOUT THE BANK

Crafting a Purpose-Driven Future

At CSB Bank Limited ('CSB', 'The Bank', 'We'), our journey began modestly in November 1920, making us the oldest private sector bank in Kerala. Over the past century, we have grown from strength to strength, adapting admirably to the far-reaching social, political, and economic changes that have shaped our landscape. The enterprising spirit inherited from our founding fathers has been our guiding force, blending a tradition of hard work and customer focus as we march into the transformation journey.

We offer a comprehensive range of financial products and services designed to cater to the varied needs of our customers.

Deposit Products (Domestic/NR)

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

SME Banking

- Term Loans
- Working Capital Loans
- Export Finance
- Import Finance
- Bill Discounting
- LC/BG
- LAP-Non Individual
- MSME

Other Key Offerings

- ATMs/CDMs
- Internet Banking
- Mobile Banking
- WhatsApp Banking
- POS/QR
- Cash Management Services
- Treasury Products

Retail Assets

- Gold Loans
- Home Loans
- Vehicle Loans
- Personal Loans
- Agri & MFI
- Education Loans
- LAP-Individual Credit Cards
- Two Wheeler Loans
- Healthcare Finance

Corporate Banking

- Working Capital Finance
- Corporate Loans
- Term Loans
- Bill Finance
- Export/ Import Finance
- Buyers'/ Suppliers' Credit
- LC/BG
- Bills Discounting

- RTGS/NEFT
- Utility and Bill Payments
- Foreign Exchange/TFX
- TPP
- Locker Facility
- Door Step Banking
- UPI



We firmly believe that good corporate governance culture, regulatory compliance, and CSR are integral to our philosophy. With a dedicated team of trained professionals, we are committed to providing efficient and effective customer service. Our goal is to meet the comprehensive financial needs of our customers.

We have focussed on becoming a full-service new-age private sector bank, promoted by FIH Mauritius Investments Ltd, an entity backed by Fairfax Group.



Vision SBS 2030

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

Our strategic vision is encapsulated in the ambitious SBS 2030 (Sustain – Build – Scale) initiative, focussing on sustainable growth, robust financial health, and becoming a national player. This vision is driven by our professional management team, underscored by strong governance and compliance focus, sound risk management practices and a clear focus on innovation and customer satisfaction.



**Sustain Bank's
Critical Strengths**



**Build a Future-
Ready Franchise**



**Scale the Bank to
the Next Level**

Proud of our long operating history as a traditional Bank, we are now focussed on transforming into a full-service contemporary Bank. As part of our transformation, we are organising our operations into focussed business areas, re-aligning, training, and incentivising our employees, creating new products and services, enhancing sales and marketing efforts, investing in infrastructure especially in technology and distribution while strengthening our monitoring and risk management framework. At CSB, we are building with purpose, fostering trust, and delivering excellence through every interaction.

PAN INDIA PRESENCE

Building Purposeful Connections across India

As we move towards an inclusive and connected future, our pan-India presence and strategic branch expansion is driven by a commitment to reaching every corner of the nation. Our journey is driven by a vision to bridge financial gaps, empower communities, and foster economic growth through accessible banking solutions. With each new branch, we are not merely expanding our footprint but also building meaningful connections that resonate with the diverse needs of our customers.

In FY 2023-24, we successfully opened 76 new branches, continuing our strategic expansion initiative. Our distribution network has grown exponentially, encompassing 779 branches and 731 ATMs. This builds upon opening of 101,100 and 100 branches in the preceding three financial years (FY 2020-21 to FY 2022-23) demonstrating our consistent commitment to growth.

Through our branches located in city suburbs and smaller towns, we cater to the needs of low- and middle-income groups. In addition, we extend our services in these regions through financial literacy and credit counselling centres (FLCCs) and operations via the business correspondent model (BC Model).

In FY 2024-25, we plan to continue with our geographic expansion strategy, focussing on strategic locations that have potential for mainly CASA, Gold, Agri, Retail and SME/MSME segments. Our goal is to establish a robust national presence, with a purpose to serve our customers better and support their growth.

779
Branches

76
New Branches Opened in FY 2023-24

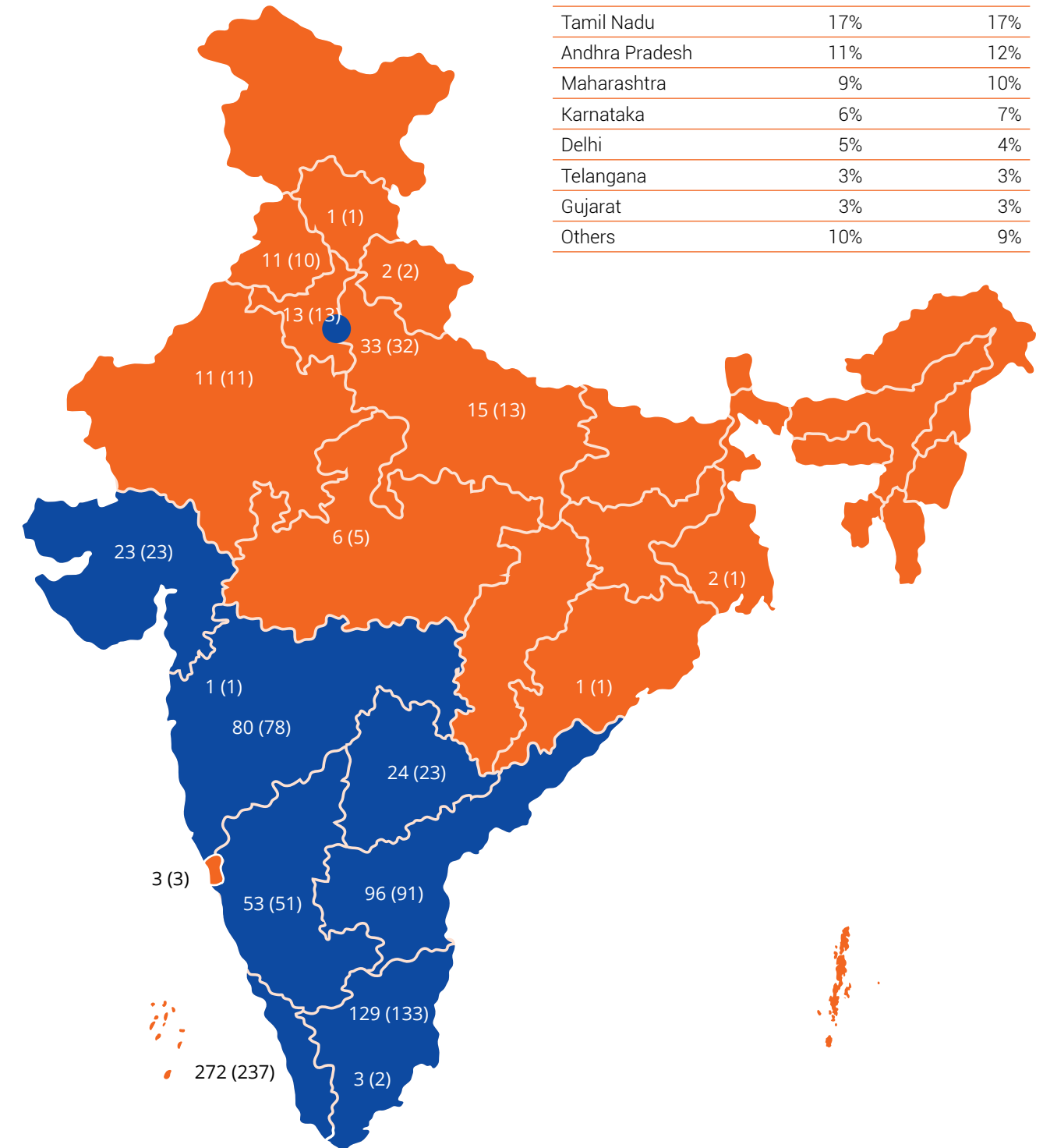
432
Branches in Semi-Urban/Rural Locations

731
ATMs/CDMs

215
New ATMs/CDMs Opened in FY 2023-24



Our Pan India Presence



Note:

Nos. in brackets denote number of branches for FY 2022-23

Nos. outside brackets denote number of branches for FY 2023-24

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

Population	No. of Branches	
	Mar-23	Mar-24
Metropolitan	151	188
Urban	143	159
Semi-urban	352	366
Rural	57	66
Grand Total	703	779

TRANSFORMATIONAL JOURNEY

Realising Our Purpose from Vision to Reality

At CSB, we have embarked on an ambitious journey with our SBS 2030 vision. Our vision is to **Sustain the robust foundation and key strengths we have imbibed; Build a future-ready franchise; and Scale to achieve new heights of growth and excellence.**

We take pride in our century-long presence in the banking sector, having navigated numerous economic cycles and emerging stronger through each phase. Since inception, we have witnessed and adapted to significant changes in the financial landscape, including the pre-independence era, post-independence reforms, the global financial crisis and the digital revolution. We have done all this while also staying true to our purpose-driven mission and vision to strive to excel through SBS 2030.

Sustain.



Sustain
Core Strengths

Build.



Build
Platforms for Future

Scale.



Scale
Execute with Guardrails

As part of our strategic initiative, we launched SBS 2030 in March 2022. This initiative is being rolled out in three phases: Sustain, Build, and Scale. It embodies our medium- to long-term vision of elevating our business and operations to the next level.

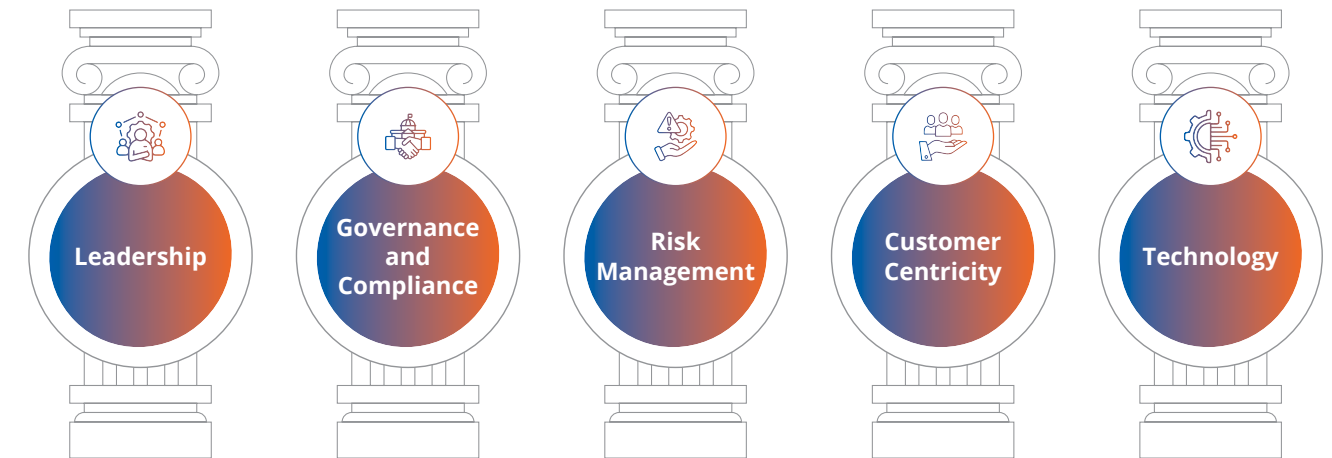
Central Focus

The focus of SBS 2030 vision is on having high governance standards, sound risk management practices, and ensuring necessary compliances. Our aspirations include shedding the regional image and evolving into a pan-India bank, and growing from a small bank to a medium-sized one. We are committed to becoming a more customer-centric organisation throughout this transformation journey and hence customer centricity is kept at the heart of all initiatives that we take.

Currently, we are in the Build phase, focussing on laying the necessary infrastructure for the Scale phase, where we will further enhance our presence and offerings and transform into a mid-sized bank.

SBS 2030

Pillars



Sustain and Build Phase (Till FY 2025-26)

- Expand operations pan India
- Build new-age technology platform
- Enhanced product suite
- Strong liability franchise
- Continued focus on gold loan
- Process re-engineering
- Strengthened risk management framework

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

- Transform into full-service new-age private sector Bank
- Enhanced product suite across all customer segments
- Customer centricity at heart
- Focus on innovation and collaboration
- Connecting ecosystem: partnerships and alliances
- Create value

Key Enablers



Bank of the Future

Towards our vision of becoming the Bank of the Future (BOTF), we are strategically focusing on a balanced business mix comprising retail, SME, and wholesale segments. This approach ensures diversification and stability in our portfolio/revenue streams.

Technology Platform and Architecture

We are leveraging advanced technologies to redefine the banking experience and cater to the evolving needs of our customers.

In Phase I of our transformation, we are laying the groundwork for future growth, including infrastructure enhancements and operational streamlining. Phase II will see a focused acquisition strategy to expand our customer base.

Customer Centricity

Customer centricity is at the core of our approach, with a strong emphasis on capturing the voice of the customer to tailor our offerings accordingly. Branches play an important role in this strategy, acting as touchpoints for personalised services and relationship building.

Operational Efficiency

We are strengthening credit governance and processes to ensure responsible lending practices and risk management. Compliance, efficiency, and control measures are also being enhanced to meet regulatory requirements and improve operational efficiency.

Embracing the digital ecosystem, we are forging strategic partnerships to enhance our offerings and reach. Our goal is to simplify the banking experience, focussing on ease of doing business for our customers through digitisation, centralisation, process reengineering, and automation.

Key Objectives

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



KEY MILESTONES

Towards Our Purpose of Charting New Horizons

1920

Incorporated as 'The Catholic Syrian Bank Limited'.

1965

Took over the assets and liabilities of six small-and medium-sized banks located in Kerala.

1969

Included in the second schedule of the Reserve Bank of India Act.

1975

Received license to deal in foreign exchange.

2007

Received first Foreign Direct Investment (FDI) in the history of the Bank.

2015

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

2018

FIH Mauritius Investments Ltd (A Fairfax Group company) acquired 51% stake in the paid up capital of the Bank.

2019

- Changed name to 'CSB Bank Limited'.
- Launched IPO successfully and listed on Indian stock exchanges.

2020

Completed 100 years of existence.

2021

- Ranked #2 as per Forbes 'World's Best Banks' list in India.
- Awarded ISO 27001:2013 certificate from British Standards Institution (BSI) for the Bank's Information Security Management System.

2022

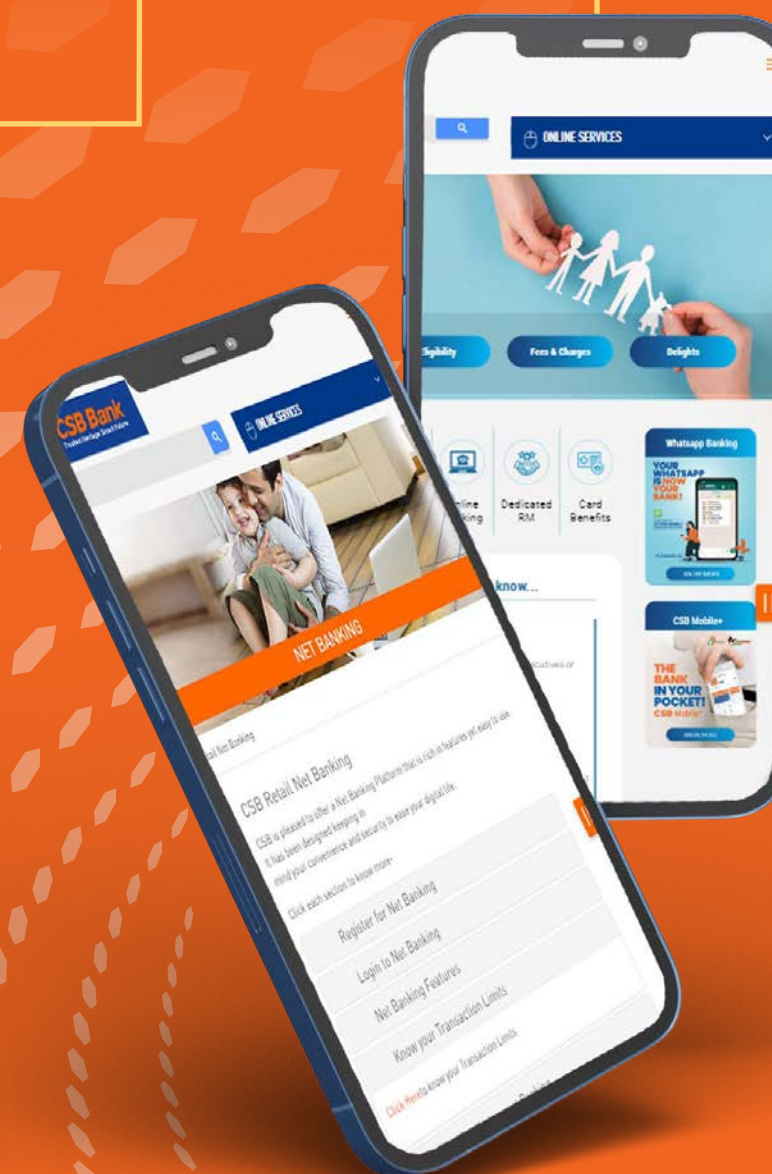
With the opening of 100 branches in FY 2023, the Bank opened 100 branches each in the three consecutive financial years.

2023

Bank signed up for Oracle's core banking system 'Flexcube'.

2024

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



BUSINESS SEGMENTS

Fuelling Growth with Purpose

Our journey towards the SBS 2030 vision is characterised by a transformative approach across all verticals. By expanding our retail, SME, wholesale banking, and treasury operations, we aim to become a mid-sized bank driven by innovation, exceptional customer experience, and sustainable growth. Each vertical plays a crucial role in achieving our long-term objectives: financial inclusivity, operational excellence, and a robust market presence. Through diverse product offerings and strategic initiatives, we are committed to creating lasting value for our stakeholders and driving economic progress.



Retail Segment

At CSB, we provide a comprehensive suite of retail loans, deposits, and wealth management products and services across India, catering to both residents and NRIs. Our retail customers include individuals and small businesses, and we offer diverse financial solutions to meet their unique needs.

Key Offerings

- Deposit products comprise current accounts, saving accounts, fixed deposits, recurring deposits, and corporate salary accounts.
- For enabling fund transfer services required by NRI customers, we have remittance and rupee drawing arrangements with major exchange houses in the Middle East and tie-ups with major money transfer agents.
- For the benefit of the customers, the Bank also has bancassurance tie ups with leading life and non-life insurance companies.
- We offer a variety of personal and business loans including:
 - Loans against gold jewellery (gold loans)
 - Two-wheeler and motor vehicle loans
 - Housing loans and overdrafts on mortgage/hypothecation/pledge
 - Educations loans
 - Healthcare finance
 - Credit cards
 - Personal loans
 - LAP - Individual

Strategic Pillars

- We focus on enlarging our retail portfolio by attracting a wider customer base in key segments such as home, personal, auto loans, and credit cards.
- Our approach involves customer segmentation to tailor our products and services to specific market segments.
- We conduct internal customer segmentation to ensure that our employees' skills and capabilities align with the needs of these segments.
- We recognise the importance of connecting deeply with our customers, driving us to continually launch innovative products that meet their evolving needs.
- Our renowned products enhance customer convenience, reduce repetitive tasks, increase branch efficiency, and boost cross-selling.

Demand Catalysts

- India's retail banking market growth is driven by smartphone and internet reach, enabling accessible digital banking services.
- Customer expectations are rising, with demand for rapid, flexible, and personalised service.
- The home loan sector is expected to clock in a 13% CAGR from FY 2022-23 to FY 2025-26, driven by demand in Tier III and IV cities, higher disposable incomes, and Government incentives.
- Widespread immunisation and data-driven digital technologies will enhance the loan experience and lead to paperless lending.



Gold Loans

Gold loans form a robust pillar of CSBs advance portfolio. By expanding our branch network, we have successfully penetrated deeper into rural and semi-urban markets, traditionally dominated by unorganised lenders. This strategic move has significantly strengthened our portfolio and broadened our customer base.

Strategic Pillars

- Given the volatility in gold prices, we strategically manage our gold loan products to mitigate risks. This ensures stability in our loan-to-value ratios, safeguarding our financial health.



Demand Catalysts

- The gold loan market in India stood at \$55.52 billion in 2022 and is expected to clock in a CAGR of 12.22%, reaching to \$124.45 billion by 2029.
- The gold loan sector is transitioning towards organised and digital operations, boosting future demand.
- Banks and NBFCs are enhancing their processes to enter this sector, offering lower interest rates, fast disbursement, and perceived security.
- Specialised gold loan NBFCs have steadily expanded their market share through aggressive investments in branding, promotional activities, and geographical expansion.
- Banks dominate the organised sector with lower rates and larger loans, while NBFCs emphasise on customer convenience, speed, and flexibility.



SME Banking

At CSB, we recognise the critical role played by small and medium enterprises (SMEs) in driving economic growth, fostering innovation, and creating employment opportunities in India. SMEs serve as a launching pad for aspiring entrepreneurs, often leading to the development of new products and services, and enabling self-employment. In the light of this, we established a specialised SME team dedicated to becoming this sector's preferred partner by offering tailored services and dedicated efforts.

Key Offerings

- Term loans, working capital loans, invoice/bill discounting, letters of credit and bank guarantees.
- We structured our SME operations into the business banking segment (BBG) and the emerging enterprise segment (EEG) to address the unique needs of MSMEs based on their revenue size and business maturity.



Strategic Pillars

- Our SME banking model focusses on top SME-centric branches in a hub-and-spoke approach, engaging with trade bodies and associations in those areas.
- The revamped Transaction Banking Group (TBG) enhances trade finance offerings, including supply chain finance and Cash Management Services (CMS).
- We are expanding in the North and West Zones, with plans for further expansion in Delhi, Punjab, Uttar Pradesh, and Rajasthan.
- Our strengthened legal team ensures thorough document scrutiny, validity, and compliance.

Demand Catalysts

- The MSME sector contributes to around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities.
- Only 4% of the 64 million MSMEs have access to formal credit channels. This brings a huge number of untapped MSMEs to target.
- Great opportunity provided by the formalisation of MSMEs and adoption of platforms-based lending services.



Wholesale Banking

The wholesale banking segment has recently undergone a strategic reorganisation to better align with the growth priorities of the Bank. This segment now serves a wide spectrum of corporate clients, ranging from small and mid-sized corporates to large corporations and conglomerates.

The Bank has revamped its wholesale banking offerings by implementing a segment-wise coverage model, with an initial focus on the following key areas:

- Corporate banking, dedicated to serving the needs of large corporate clients.
- Commercial banking, focussing on catering to the requirements of small and mid-sized corporates.
- Financial institutions and Public Sector (FIPS), specifically tailored to meet the needs of financial institutions and government entities.

Key Offerings

- Working capital finance
- Trade finance (including letters of credit, bank guarantees, export financing - pre and post shipment, and import financing)
- Term financing for capital expenditure
- Supply chain financing
- Securitisation
- Foreign exchange hedging, including derivatives



Strategic Pillars

- We undertake revamping of operations, including dedicated corporate service branches for enhanced high-value customer service.
- We actively fund customer capital expenditures through term loans and project finance.
- Our focus is on increasing wallet shares across borrowing, deposits, and trade to create annuity revenue streams.
- A regional structure supports experienced bankers and specialists dedicated to expanding market share.

Demand Catalysts

- Rapid sectoral expansion, including fintech, e-commerce, renewable energy, and infrastructure, will drive demand for specialised financial services.
- Government initiatives like 'Make in India' will boost domestic manufacturing and FDI, requiring tailored financial solutions from corporate banks.

Treasury

Our treasury operations focus on maintaining an optimal level of liquidity while adhering to the RBI-mandated CRR and Statutory Liquidity Ratio (SLR). To meet the SLR requirement, we hold a portfolio of dated securities, treasury bills of the Government of India, state development loans, and other approved securities. We actively manage this portfolio to optimise yield and take advantage of price movements.

Key Offerings

- Asset liability/liquidity management, investing/trading in fixed income, money market instruments, and foreign exchange.
- The treasury market invests/trades in commercial papers, bonds, debentures, mutual funds, alternate investment funds, pass through certificates, certificates of deposits, and equity to manage short-term liquidity and enhance yield and trading profits.
- The treasury arranges medium-term liabilities through foreign currency borrowings and CD issuances.
- On the asset side, it manages a corporate bond portfolio in addition to the standard SLR portfolio, which includes state development loans.

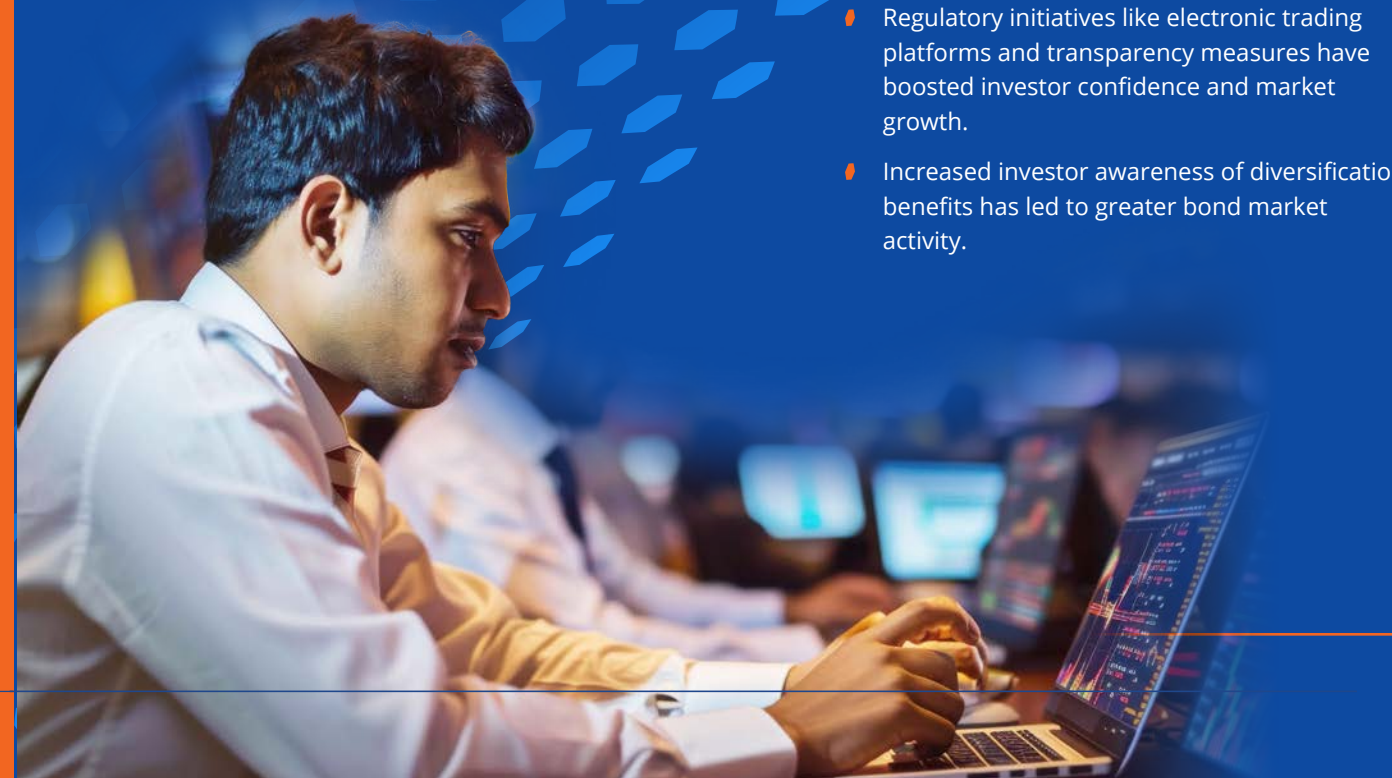


Strategic Pillars

- Treasury is innovating new hedging products for client needs.
- The treasury department manages short-term asset-liability mismatches, using cost-effective alternatives like wholesale deposits, borrowings, CDs, or currency conversions.
- Maintains the statutory reserves for the bank.

Demand Catalysts

- Rapid sectoral expansion, including fintech, is driving economic growth.
- India's 8.2% economic growth has spurred demand for fixed-income investments, fostering bond market development.
- Regulatory initiatives like electronic trading platforms and transparency measures have boosted investor confidence and market growth.
- Increased investor awareness of diversification benefits has led to greater bond market activity.



STRENGTHS

Strengthening and Building on Our Purpose

Since our inception, we have been driven by a profound purpose that continues to guide our journey. Founded on the pillars of trust and integrity, we were established to serve our customers and communities with utmost dedication. This commitment remains deeply embedded in our DNA, shaping our actions and decisions as we evolve into a new-age institution.



Well-Diversified Product Portfolio

Focussing on fostering growth, the Bank offers a diverse range of loan products tailored for various customer segments nationwide, including salaried individuals, self-employed individuals, those in the informal sector, high-net-worth individuals (HNIs), NRIs, and corporate entities. This strategic positioning puts us in an advantageous position to leverage the expansive landscape for credit growth across these diverse segments. Our robust branch network plays a pivotal role in enabling us to effectively reach and serve both our existing and potential customers across all regions of the country.



Retail Banking



SME Banking



Wholesale Banking



Treasury



Robust Network

Our extensive distribution network ensures that we have the necessary last-mile connectivity to reach customers in Tier I, II, and III cities. Our branches play a crucial role in supporting our gold loan business. This cross-country branch presence, combined with a well-developed digital infrastructure, allows us to have a widespread presence across channels. It enables us to access and cater to a diverse customer base with their varied credit requirements.

779 Branches
As on March 31, 2024

731 ATMs/CDMs
As on March 31, 2024



Strong Asset Quality

We have maintained our NPAs at consistently low levels by adhering to stringent credit approval mechanisms, robust credit control processes, and thorough audit and risk management practices and policies. Regular monitoring of credit risk, risk concentration, and compliance with Board-approved policies ensures that we stay proactive in managing potential risks, helping us stay ahead of the curve.

1.47%
GNPA

0.51%
NNPA



Technology as a Differentiator

Our well-defined business processes ensure the efficient completion of organisational tasks. Our technology driven processes support product innovation, reduce turnaround times, optimise costs, and enhance the overall customer experience. These processes enable us to quickly respond to market opportunities and challenges, monitor process and performance, and enhance our risk management capabilities, thereby strengthening our competitive advantage. The Bank has dedicated significant efforts to implementing new systems, including core banking, lending systems, finance management, risk management, HR systems, and systems for retail, SME and corporate banking.

12,10,76,262
Digital Banking Transactions



Strong and Professional Leadership

The strong leadership team at CSB Bank is a pillar of strength, driving the institution towards its goals with vision and expertise. Their strategic acumen and deep understanding of the banking sector have been instrumental in navigating the bank through challenges and seizing opportunities. With a focus on innovation and customer-centricity, our leadership team ensures that we remain at the forefront of the industry, delivering value to customers, employees, and stakeholders alike.

20+ Years
Domain experience for Senior Management Team



Robust Funding Structure

We are building a strong retail franchise to develop CASA and FD base. Although this will take some time, we have increased Bulk Deposit, CD and Foreign Currency Borrowing in lines with other banks to strengthen stable liabilities and support LCR. We have also developed capabilities in securing NRI deposits. Wholesale deposits are utilised to address any mismatch in overall liability mix.

Deposit Growth

6%
FY 2021-22

21%
FY 2022-23

21%
FY 2023-24

CHAIRPERSON'S MESSAGE

Foundations of Progress



Our vision is to become a new-age private sector bank, and we are in the process of achieving this through our SBS 2030 (Sustain, Build, Scale.) strategy. This strategy is not just a roadmap but a commitment to excellence and growth in the years ahead.



Dear Stakeholders,

Greetings!

Imagine a year where every challenge becomes a new chapter in our story—a narrative of resilience and transformation. FY 2023-24 has been just that for CSB Bank, a compelling saga of navigating macro complexities and emerging stronger. Our journey this year underscores our commitment to progress, even amidst uncertainty. Although we boast a legacy spanning over a century, our transformative journey truly began in FY 2016-17, with a significant turnaround in FY 2019-20. In FY 2023-24, we outpaced the growth of banks in similar categories. Our vision is to become a new-age private sector bank, and we are in the process of achieving this through our SBS 2030 (Sustain, Build, Scale.) strategy. This strategy is not just a roadmap but a commitment to excellence and growth in the years ahead.

The Big Picture

A prominent global publication likened the post-pandemic world economy to the Mona Lisa—each time you look, you see something different. While this indicates an increasingly volatile world, the good news for us is that India has remained one of the fastest-growing large economies globally and an engine of global growth. In FY 2023-24, it demonstrated robust resilience, exhibiting a growth rate of 8.2%, the highest among major economies worldwide.

This achievement stands out against a global backdrop of moderated economic growth due to monetary tightening in developed economies, the crisis in the US regional banking sector, the ongoing war in Ukraine, and other geopolitical events. For FY 2024-25,

the Indian economy is predicted to grow around 7.3%. Although this growth is lower than the previous year's estimated rate, it is still much higher than the projections for many developing economies. The domestic resilience demonstrated in FY 2023-24 indicates that India is well-positioned to withstand future headwinds.

This resilience is further strengthened by the ethos of 'Sabka Saath, Sabka Vikas, Sabka Vishwas,' and propelled by the nationwide initiative of 'Sabka Prayas.' The Union Budget 2024-25 focuses on uplifting four key segments: 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth), and 'Annadata' (Farmer). Additionally, the Indian Government has increased the infrastructure outlay by 11.11%, from ₹ 10 lakh crore to ₹ 11.11 lakh crore, contributing to 3.4% of the GDP, with an aim to contain the fiscal deficit within the 4.5% threshold by FY 2025-26. There are also plans to revamp various schemes, such as Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) and the Smart Cities Mission, which are slated for reintroduction.

Moreover, financial markets and banking conditions have remained stable, with credit growth lending consistently growing around 16% and deposit growth increasing from 12% to 14%, thereby narrowing the gap between them. The Indian banking sector is experiencing a robust recovery, driven by a wave of transformative government reforms, consumer demand, enhanced asset quality, and technological advances. Government reforms focus mainly on enhancing credit discipline, promoting responsible lending practices, and improving governance standards. By doing so, they have not only boosted the

profitability of India's banking system but have also ensured its sustained growth and robust capitalisation. The sector is further supported by the introduction of advanced technologies and compliance frameworks, which are laying a solid foundation for future growth. As the regulatory landscape evolves, the emphasis on strong governance and risk management is reshaping the industry, creating an environment conducive to long-term stability and resilience. This stability is essential as the sector continues to navigate the impacts of global geopolitical tensions and economic shifts, positioning itself to capitalise on emerging opportunities in the years to come.

RBI's Monetary Policy Committee (MPC) decided to keep the repo rate unchanged at 6.5% for the 7th consecutive time. It also decided to maintain the policy stance of 'withdrawal of accommodation' in the monetary policy. As outlined in the June 5-June 7, 2024 bulletin, monetary policy will remain in 'risk-minimisation mode' to align inflation towards the target while supporting growth. The RBI Governor, Mr. Shaktikanta Das, has emphasised on achieving an inflation rate of 4.5% in FY 2024-25.

Building with Purpose

Reflecting on FY 2023-24, CSB Bank's transformation into a full-service, new-age private bank is marked by a strong focus on technological innovation. Under our SBS 2030 strategy, we concentrate on five key pillars: governance, leadership, technology, compliance, and execution.

Our robust governance framework ensures rigorous risk management and adherence to the highest compliance standards, fostering investor confidence and

sustainable growth. Compliance and maintaining the highest standards remain fundamental to our strategy of aligning our business practices with regulatory requirements.

We have assembled a dynamic leadership team, carefully chosen from a variety of diverse backgrounds. This diversity, encompassing different experiences, skills, and perspectives, fuels innovation, stimulates creative problem-solving, and enriches our corporate culture. This leadership team is the powerhouse behind our strategic initiatives, providing clear and focused direction towards our organisational objectives. Importantly, they ensure agility in responding to market needs. By staying in tune with market trends and customer needs, our leadership team navigates towards opportunities and away from potential risks, securing our ongoing growth and success.

In line with our growth ambitions, we have made significant investments in upgrading our technological infrastructure. This strategic move is aimed at building a robust foundation that can effectively support our expansion plans. A key component of this upgrade is the ongoing implementation of a new core banking platform viz., Oracle-based core banking solutions. This state-of-the-art platform is set to be operational in the coming months, bolstering our digital delivery mechanisms across a wide range of products. Our commitment to continuous investment in technology will modernise our core systems, keeping us at the forefront of technological advancements, setting new benchmarks in service delivery and customer experience.

Concurrently, we have made significant strides in expanding our network, adding a total of 76 branches in FY 2023-24. We now boast a total of 779 branches and 731 ATMs across the country. In line with our commitment to providing seamless and convenient services, we are investing in omnichannel banking. This approach allows customers to access our services through multiple channels, including online, mobile, and in-person banking. The investment will also enhance our customer experience and improve accessibility to our services.

Our focus on execution enhances productivity, customer acquisition, and business growth. We are strengthening the foundations that help create a 360-degree pan-India franchise across wholesale, SME, retail, and gold loan businesses, contributing to our efforts towards customer satisfaction.

Our Performance

Our financial performance has been robust, with total business growing significantly as deposits grew by ₹ 5,212.99 crore to ₹ 29,718.80 crore from ₹ 24,505.81 crore in the corresponding previous financial year and gross advances grew by ₹ 3,730.08 crore to ₹ 24,571.75 crore. The total income grew by ₹ 876.17 crore to ₹ 3511.83 crore from ₹ 2635.66 crore in the corresponding previous financial year. Interest income increased by ₹ 607.89 crore to ₹ 2927.54 crore from ₹ 2,319.65 crore and non-treasury other income increased by ₹ 223.07 crore to ₹ 536.64 crore from ₹ 313.57 crore in the corresponding previous financial year. The total operating profit of the Bank increased by ₹ 72.52 crore to ₹ 779.92 crore from ₹ 707.40 crore and net profit

increased by ₹ 19.46 crore to ₹ 566.82 crore from ₹ 547.36 crore in the corresponding previous financial year. The net interest margin remained robust, exceeding 5%, one of the best in the industry.

Our capital adequacy ratio stood at 24.47% as against 27.10% in the previous year, and our return on assets was 1.79% compared to 2.06% in FY 2022-23. Our return on equity marginally declined to 17.61% from 17.91% in the previous quarter. The gross NPA as percentage of advances increased by 21 basis points to 1.47% as on March 31, 2024 as against 1.26% as on March 31, 2023. Net NPAs increased by 16 basis points to 0.51% as of March 31, 2024 from 0.35% as on March 31, 2023 and the same was mainly due one account mainly due to one account turned into NPA in the last quarter of the financial year.



Our capital adequacy ratio stood at 24.47% as against 27.10% in the previous year, and our return on assets was 1.79% compared to 2.06% in FY 2022-23.

Commitment to Sustainability

In alignment with our commitment to sustainable development, we have integrated Environmental, Social, and Governance (ESG) principles into our core operations. We strive to create long-term value by prioritising environmental stewardship, fostering social responsibility, and upholding robust governance standards. Our ESG strategy includes reducing our carbon footprint, promoting diversity and inclusion, and

ensuring ethical business practices. By embedding these principles into our decision-making processes, we are dedicated to making a positive impact on society and the environment.

According to the United Nations, the world is experiencing unprecedented warming. This is faster than at any point in recorded history. This urgent global issue calls for collective action, and as a responsible bank, we are doing our part to address it. We are actively supporting renewable energy projects and discouraging financing for pollutant industries.

Our CSR programmes are centered around empowering the society through investments in education, healthcare, and gender equality initiatives that benefit vulnerable groups. We have allocated budget for these selective activities and are dedicated to expanding our community outreach through thoughtfully devised CSR initiatives. Our aim is to create a more inclusive environment that promotes the well-being and advancement of vulnerable communities at both local and national levels.

We take immense pride in our resilient governance structure, which is backed by an experienced and professional Board of Directors. Our corporate governance culture plays a crucial role in fostering and maintaining investor confidence, reflecting our commitment to the highest standards. We consistently embrace best practices in corporate governance, demonstrating our unwavering dedication to transparency, integrity, and regulatory compliance. This commitment not only reinforces our reputation but also strengthens the trust placed in us by our stakeholders. It is this dedication to excellence that sets

us apart and underscores our position as a trusted and reliable entity in the industry.

On June 27, 2024, our promoter, FIH Mauritius, sold 16,868,645 shares, which constituted 9.72% of the paid-up capital of the Bank to compliance with the Reserve Bank of India's directive, which mandates promoters to reduce their holdings in the Bank to 40% of the paid-up capital within five years from the date of completion of their investment. This action underscores their commitment to adhering to regulatory guidelines.

The Way Forward

Looking ahead, we are poised to transition into the 'Scale' phase of our SBS 2030 strategy. Our goals are ambitious yet achievable, and we aim to triple our balance sheet size to become a mid-sized bank with an asset base of ₹ 1 lakh crore by 2030. The foundation laid during the build phase will support our rapid expansion and drive sustainable growth. We anticipate completing the build phase of our transformation by FY 2025-26,



We take immense pride in our resilient governance structure, which is backed by an experienced and professional Board of Directors. Our corporate governance culture plays a crucial role in fostering and maintaining investor confidence, reflecting our commitment to the highest standards.

transitioning into the scale phase from FY 2026-27 onwards. The period from FY 2026-27 to FY 2029-30 is projected to be a significant growth take-off stage, marking a major transformation in our journey towards success to a become mid-sized bank. Our continuous investments in leadership, people, and distribution products are aligned with our SBS 2030 strategy, underlining our dedication to growth and development. With a focus on profitability, revenue growth, and attractive EPS, we are poised to maintaining our market share while maximising shareholder value. We are also committed to leveraging technological innovation and strategic growth initiatives to achieve our vision and deliver exceptional value to our stakeholders.

Note of Thanks

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

Warm regards,

Bhama Krishnamurthy,
Chairperson

MD & CEO'S MESSAGE

Guided by Vision



In the broader economic landscape, it is essential to acknowledge our place within the larger ecosystem. We might be a small part of the whole, but our vision is large built on strategic pillars which are Governance, Human Capital, Technology, Customer Service & Compliance, aiming to be a Pan India large customer franchise across Retail, Wholesale, SME & Gold Loan customers.



Dear Shareholders,

It is with great pride that I present to you CSB Bank's Annual Report for FY 2023-24. This year has been pivotal in our journey, marked by significant advancements, strategic initiatives, and displaying an unwavering commitment to our Sustain Build Scale (SBS) 2030 vision. Having ticked all the right boxes, now it is the right time to reflect upon the transformed CSB Bank.

Our turnaround journey, which commenced in FY 2019-20 has been progressive, marking the achievement of new milestones year after year. We had launched the SBS 2030 vision in 2022 and we are in the build phase now which is the most critical and exciting part of the journey. As we navigate through the 'build' phase towards the 'scale phase,' we are firmly focused on enhancing our operational efficiencies, technological capabilities, and customer centricity.

Macroeconomic Environment

In the broader economic landscape, it is essential to acknowledge our place within the larger ecosystem. We might be a small part of the whole, but our vision is large built on strategic pillars which are Governance, Human Capital, Technology, Customer Service & Compliance, aiming to be a Pan India large customer franchise across Retail, Wholesale, SME & Gold Loan customers. As we look inward, it is crucial to be prudent and practical in our approach. Our enthusiasm is grounded in India, a nation that has become a worldwide case study for its determined resilience and indomitable spirit to resurge against all odds. We continue to witness in India a strong urge to establish its position as a pivotal force in global affairs. The country

remains enticing with its promising talent pool, strong domestic market, resilient supply chains, and the spirit of self-reliance. It also aim to become an ideal manufacturing destination for the world. Global enterprises are revising their strategic plans to include India, believing that the country will be a crucial lever driving their progress.

The India story is a tale of converging factors—demographics, education, digitisation, rising incomes, and geopolitical shifts—providing the country with a unique opportunity. India's strength lies in its proficiency in science, technology, engineering, and mathematics (STEM), coupled with widespread English language skills, setting it apart globally. The Government's push for digital infrastructure, which is the world's largest, has made India a leader in digital transactions, accounting for over 40% share globally. This digital leap has democratised access to information, bridging the gap between urban centres and rural heartlands. Increasing per capita income is driving the demand for consumer goods and financial services.

Favourable global geopolitical trends make India an attractive destination for foreign investments. These factors position India to emerge as a global production hub, potentially growing into an \$8 trillion economy in the next 10 years, up from \$4 trillion. This growth trajectory will catalyse the financial services and banking sector, which currently remains under-penetrated and underserved, unleashing immense growth opportunities.

Serving Customer Needs

Customer experience remains at the heart of our operations at CSB

Bank. We have a Service Governance Council, a top management body that focuses on issues related to customer services in the Bank. We have taken significant efforts across our business verticals to enhance the customer experience. We are setting up dedicated corporate service branches to cater to our high-value clients, ensuring differentiated and priority services. A new service delivery channel is being developed, focusing on proactive customer engagement and satisfaction. With the current customer base of 2.1 million, we recognise the importance of significantly enhancing our outreach and acquisition efforts. We have established a separate sales vertical that works closely with the branches to expand our customer base.

In wholesale banking, we are enhancing our systems to offer best-in-class transaction banking products. Within next 18 months, we aim to have a comprehensive suite of products that meet the best industry standards. For SMEs, we are introducing segmented products with faster turnaround times by leveraging scorecards for credit assessment. On the retail front, while we already have a wide range of products, our focus this year is on specific segments such as commercial vehicles, equipment financing, healthcare, gold loans, inventory funding and Agri business in deeper geography where we now have reasonable branch presence.

Performance that Speaks

While effectively serving customers, we have witnessed a remarkable performance across various verticals, despite the challenges posed by the external environment. In the gold loan segment, which is our mainstay, we have maintained our focus,

ensuring steady revenue streams while also preparing for diversification. Gold loans constituted 48% of our total advances. We continue to emphasise on this segment, that supports our investment in building the future oriented full-service franchise.

The SME banking segment has shown a significant growth of 28% year-on-year in business. Our strategic initiatives and dedicated efforts are beginning to yield positive results, positioning us strongly for the future. In wholesale banking, we have reorganised the entire portfolio into three segments: corporate banking, commercial banking, and financial institutions and government business. This will help us in taking a more focused approach to better serve our large corporate clients. Within the ambit of regulatory advisories on unsecured advances, we have moderated growth in our retail segment, particularly in credit cards and personal loans, during the FY 2023-24.

We have proudly continued to meet stakeholder expectations, in terms of both top-line and bottom-line. Key financial indicators like NIM, CRAR, RoA, and NPA ratios continue to be strong/stable during FY 2023-24.

• **Profitability:** We achieved a net profit of ₹ 567 crore as of March 31, 2024, with consistent financial ratios.

• **Provisioning Buffer:** Our provisioning buffer is robust, with around ₹ 171 crore above the regulatory requirements, including a contingent provision of approximately ₹ 106 crore. This prudent approach ensures that we remain well protected against potential risks.

• **Net Interest Margin (NIM):** Despite a challenging market environment, we maintained our NIM above 5%, recording 5.09% for the FY 2023-24.

• **Return on Assets (ROA):** Our ROA remained strong, close to 1.8%.

• **Liabilities and Deposits:** We focused significantly on growing our deposits, achieving a 21% growth compared to the industry average of about 14%. While our CASA ratio stood at 27.2%, our term deposits grew at a faster rate.

• **Advances:** Our net advances grew by 18% year-over-year, slightly above the industry growth of around 16%.

• **Asset Quality:** Our asset quality remained stable, with key indicators such as GNPA at 1.47%, NNPA at 0.51%, and a Provision Coverage Ratio (PCR) of 86.44% including technical write-offs and 65% without it. We continue with an accelerated NPA provisioning policy, providing over RBI requirements and maintaining significant contingent provisions.

• **Capital Base:** Our CRAR stood at 24.47%, supported by a low proportion of risk-weighted assets, primarily due to our significant gold loan portfolio share.

As part of our distribution efforts, we are making significant strides in establishing a pan India presence. We are diversifying our distribution channels, by adding brick and mortar branches, ATMs, outbound contact centres and virtual relationship managers to our network. In FY 2023-24, we expanded by setting up 76 new branches across India. Our ATM network went up significantly from

528 as on March 31, 2023 to 731 as on March 31, 2024. Our existing gold loan focus branches have started their journey into becoming full service branches by offering other products & services – carving out a separate area for gold loan. This approach has been piloted successfully in around 25 branches, with plans to scale-up further in the coming year. Additionally, we are deepening our network into key growth markets like Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, Rajasthan, Gujarat, Punjab, Delhi, and Uttar Pradesh. This expansion aligns with our vision of becoming a truly pan India Bank, offering our comprehensive range of services to customers across the country.

Integrating Technology in Our Systems

We have made significant investments in upgrading our technology infrastructure with the aim of building a robust foundation for catering to our growth ambitions.

The implementation of latest version of Oracle Flexcube core banking solutions and the integration of advanced digital banking modules are noteworthy milestones for us. These upgrades are designed to enhance our operational efficiencies, improve risk management, and offer seamless services to our clients. The new core banking platform will be fully operational by the end of this financial year, supporting our digital delivery across various products and services. We have enhanced our Early Warning System (EWS) for risk management to ensure real-time monitoring and early detection of potential risks.

Through engagements with Oracle and Deloitte, we are integrating our core system, OFSAA and OGL and this unified approach simultaneously

is a first of its kind in the industry and sets us on a path to greater efficiency and agility.

In addition, our adoption of the Service Now platform underlines our commitment to cloud readiness and software as a service. We strive to ensure that our systems remain flexible and compliant with regulatory requirements.

We are also investing significantly in cybersecurity under the guidance of our CISO, recognising the importance of safeguarding our systems and data. Adopting a pragmatic approach, we are focusing on investing in foundational elements rather than fleeting trends. By prioritising the core architecture, we are building a strong base upon which we can layer digital innovations to enhance our customer experience.

ESG Framework

As a responsible corporate citizen, at CSB Bank, we are committed to sustainable and inclusive growth. Our focus on ESG aspects has been integrated into our operational framework. We actively support green finance initiatives. Besides, we have made significant strides in gender diversification and employee recognition. Our CSR activities continue to make a positive impact on the communities we serve, focusing on education, health, and livelihood programmes.

Our human resources strategy is closely aligned with our growth objectives, emphasising on the development of capabilities and a culture of continuous improvement. The implementation of Oracle Fusion, known internally as HR 360, has transformed our HR management, covering all aspects from talent acquisition to

employee engagement.

We have also launched several training and development initiatives to prepare the workforce for future opportunities and challenges. We prioritise employee engagement and well-being, like new recognition programmes and improved communication frameworks and the positive impact of these initiatives are reflected in our annual surveys. Policies promoting well-being, such as menstrual leave for women and annual health check-up leave for all employees, underscore CSB Bank's commitment to the welfare of our employees.

Our robust governance reflects our commitment to diversity, with three women directors on our Board. Diversity and Board composition are thus crucial aspects of our ESG score, and we are proud of our strong performance in these areas.

Divestment of Holdings by Promoter of the Bank

FIH Mauritius Investments Ltd, the promoter of our Bank, on June 27, 2024, sold 16,868,645 shares, which represent 9.72% in the paid-up capital of the Bank. This divestment was in line with the direction of Reserve Bank of India to bring down their holdings to 40% of the paid-up capital within five years from the date of completion of their investment in the Bank.

Future Plans

We are excited about the 'scale' phase of our growth journey with our hard work laying the foundation for future success. We envision significant changes in our business composition from FY 2026-27 to FY 2029-30. As per our SBS 2030 vision, we aim to

achieve the business mix of Gold 20%, Retail 30%, SME 20% & Wholesale 30% by FY 2029-30 and aspire to be a respectable and customer-centric mid-sized bank.

We plan to offer a comprehensive suite of products and services, aim larger wallet share of our valued customers. Additionally, we plan to open 60 new branches this year, with wider Pan India presence. The full implementation of our new core banking system and digital platforms will enable us to offer innovative products and services, enhancing customer experience and operational efficiency.

Looking beyond FY 2029-30, we envision expanding into wealth management, broking, and other related services. However, our immediate priority & focus is on achieving our FY 2029-30 goals with a balanced business mix and a robust technology ecosystem to support our growth ambitions. Our methodical approach is centered around building the Bank block by block to ensure that we avoid pitfalls and make informed decisions as we progress towards our vision.

I extend my heartfelt gratitude to our customers, shareholders, employees, and regulators for their invaluable contributions. I also thank the Board for their guidance as we progress towards our SBS 2030 vision. With the support of all our stakeholders, we are confident about surpassing the milestones outlined in our vision well before 2030. At CSB Bank, we are committed to delivering excellence and creating lasting value for all.

Warm Regards,

Pralay Mondal,
MD & CEO

ED'S MESSAGE

Building Blocks of Success



We are proud of our century-long presence in the banking sector, having successfully navigated numerous economic cycles and emerged stronger each time.

Dear Shareholders,

It is my privilege and distinct honour to address you as Executive Director through CSB Bank Limited's Annual Report for FY 2023-24. As I present this report, I am filled with immense pride and a sense of responsibility towards all the stakeholders. This report marks a significant milestone in our ambitious journey within the banking industry.

We are proud of our century long presence in the banking sector, having successfully navigated numerous economic cycles and emerged stronger each time. Since inception of the Bank, we have witnessed many challenges and adapted to significant changes in the financial landscape, from the pre-independence era and post-independence reforms to the global financial crisis and the digital revolution. Throughout these changes, we have remained committed to our purpose-driven mission and vision.

Sustain. Build. Scale.

In March 2022, we launched SBS 2030 as part of our strategic initiative, a vision structured in three distinct phases: Sustain, Build, and Scale. This three pronged approach reflects our medium- to long-term goal of elevating the business of the Bank and operations to new heights.

SBS 2030 underscores our dedication to high governance standards, robust risk management practices, and total adherence to required compliances. Our vision extends beyond our current

regional presence as we aspire to evolve geographically into a pan-India Bank and grow into a medium-sized enterprise. Central to this transformation is our commitment to becoming a more customer-centric organisation, placing customer needs at the core of all our initiatives.

Progress in the Build Phase

As we progressed through the Build Phase, we have focused on several key initiatives. Our emphasis has been on expanding our operations across India, creating a state-of-the-art technology platform, and enhancing our product offerings. Strengthening our liability franchise, particularly through cross selling, remains a priority while re-engineering our processes and reinforcing our risk management framework.

During FY 2023-24, we have seen notable advancements:

- **Branch Expansion:** We opened 76 new branches during the year, taking the total branch network to 779 branches, with a strategic focus on increasing our presence in the northern and western India.
- **SME Growth:** The SME vertical has shown remarkable growth, with a 28% increase in business year-on-year, demonstrating our commitment to supporting small and medium enterprises.
- **Gold Loans:** Gold loans continue to dominate our total lending business, comprising nearly 48% of our total advances. Our focus on this segment remains steadfast due to its significant contribution to our revenues.
- **Retail Advances:** Retail Advances is gaining traction and expected to have a decent business mix in the days to come.

Transitioning to the Scale Phase

As we transition into the Scale Phase from FY 2026-27 to FY 2029-30, our goal is to transform into a full-service new-age private sector bank. This will involve further enhancing our product suite across all customer segments, keeping customer centricity at the core of our initiatives, and emphasising innovation and collaboration. We will also connect our ecosystem through strategic partnerships and alliances, all while creating value for our stakeholders.

Our focus is firmly set on several key areas to attain success at all levels

- **Granular Liability Franchise:** Expanding our granular liability franchise and improving our CASA ratio to deliver a strong and consistent operating performance.
- **Investments and Capital Position:** Maintaining a well-capitalised position with a robust liquidity buffer, and implementing a prudent treasury investment strategy to balance risk and return.
- **Diversifying the Retail Book:** Enhancing our ability to manage economic cycles effectively by diversifying our retail book.
- **Growth in Fee Business:** Pursuing growth in fee business and non-interest income while enhancing coverage and creating segmentation opportunities within the wholesale sector.
- **Asset Quality and Risk Management:** Ensuring strong asset quality and a robust risk management and collection framework to support our growth trajectory.

The Road Ahead

As we embark on the Scale Phase of our SBS 2030 strategy, we aim to triple our balance sheet size and evolve into a mid-sized bank by 2030. We envision significant changes in our business composition from FY 2026-27 to FY 2029-30. As per our SBS 2030 vision, we aim to achieve the business mix of Gold 20%, Retail 30%, SME 20% & Wholesale 30% by FY 2029-30 and aspire to become a respectable and customer centric mid-sized bank. This strategic move is built upon the solid foundation established during the Build Phase, which is crucial for our rapid expansion and sustainable growth.

Our commitment to this vision is reflected in our continuous investment in leadership, talent, and distribution products, all integral to our SBS 2030 strategy. By focusing on enhancing profitability, driving revenue growth, and achieving attractive EPS, we aim to maximise shareholder value. Additionally, leveraging technological innovation and strategic growth initiatives will be key to realising our vision and delivering exceptional value to our stakeholders.

In this transformative journey, I extend my gratitude to all our valued customers, dedicated associates, trusted partners, and well-wishers for their support and loyalty. I am also thankful for the invaluable guidance and support received from regulatory bodies such as the RBI, SEBI, and the Stock Exchanges, as well as the Central and State Governments. Their contributions have been instrumental in our progress and success. Together, we will continue our journey towards Building the Bank for future.

Warm regards,

B. K. Divakara
Executive Director

FINANCIALS

Progressing with a Strong Financial Performance

Balance Sheet

Total Assets (₹ in crore)		Capital and Reserves (₹ in crore)	
FY 2023-24	36,056	FY 2023-24	3,804
FY 2022-23	29,162	FY 2022-23	3,204
FY 2021-22	25,356	FY 2021-22	2,651
FY 2020-21	23,337	FY 2020-21	2,180
FY 2019-20	18,864	FY 2019-20	1,961
▲ Y-o-Y growth: 24%		▲ Y-o-Y growth: 19%	

CRAR (%)		Tier 1 (%)	
FY 2023-24	24.47	FY 2023-24	23.10
FY 2022-23	27.10	FY 2022-23	25.87
FY 2021-22	25.90	FY 2021-22	24.35
FY 2020-21	21.37	FY 2020-21	19.96
FY 2019-20	22.46	FY 2019-20	21.79
▲ Y-o-Y growth: (263) bps		▲ Y-o-Y growth: (277) bps	

Profit and Loss

Net Interest Income (₹ in crore)		Net Interest Margin (%)	
FY 2023-24	1,476	FY 2023-24	5.09
FY 2022-23	1,334	FY 2022-23	5.48
FY 2021-22	1,153	FY 2021-22	5.27
FY 2020-21	941	FY 2020-21	4.81
FY 2019-20	592	FY 2019-20	3.20
▲ Y-o-Y growth: 11%		▲ Y-o-Y growth: (39) bps	

Operating Profit (₹ in crore)		Net Profit (₹ in crore)	
FY 2023-24	780	FY 2023-24	568
FY 2022-23	707	FY 2022-23	547
FY 2021-22	614	FY 2021-22	458
FY 2020-21	516	FY 2020-21	218
FY 2019-20	281	FY 2019-20	13
▲ Y-o-Y growth: 10%		▲ Y-o-Y growth: 4%	

Earnings Per Share (Basic) (₹)		Book Value Per Share (₹)	
FY 2023-24	32.67	FY 2023-24	209
FY 2022-23	31.55	FY 2022-23	185
FY 2021-22	26.43	FY 2021-22	153
FY 2020-21	12.59	FY 2020-21	126
FY 2019-20	0.88	FY 2019-20	113
▲ Y-o-Y growth: ₹1.12		▲ Y-o-Y growth: ₹33	

Key Ratios

ROE (%)		RoA (%)	
FY 2023-24	17.37	FY 2023-24	1.79
FY 2022-23	20.35	FY 2022-23	2.06
FY 2021-22	21.28	FY 2021-22	1.90
FY 2020-21	12.48	FY 2020-21	0.99
FY 2019-20	0.99	FY 2019-20	0.07
Cost to Income Ratio (%)		Provision Coverage Ratio (%)	
FY 2023-24	62	FY 2023-24	86.44
FY 2022-23	57	FY 2022-23	92.11
FY 2021-22	56	FY 2021-22	89.65
FY 2020-21	59	FY 2020-21	84.89
FY 2019-20	66	FY 2019-20	80.02
Gross NPA (%)		Net NPA (%)	
FY 2023-24	1.47	FY 2023-24	0.51
FY 2022-23	1.26	FY 2022-23	0.35
FY 2021-22	1.81	FY 2021-22	0.68
FY 2020-21	2.68	FY 2020-21	1.17
FY 2019-20	3.54	FY 2019-20	1.91

Operational

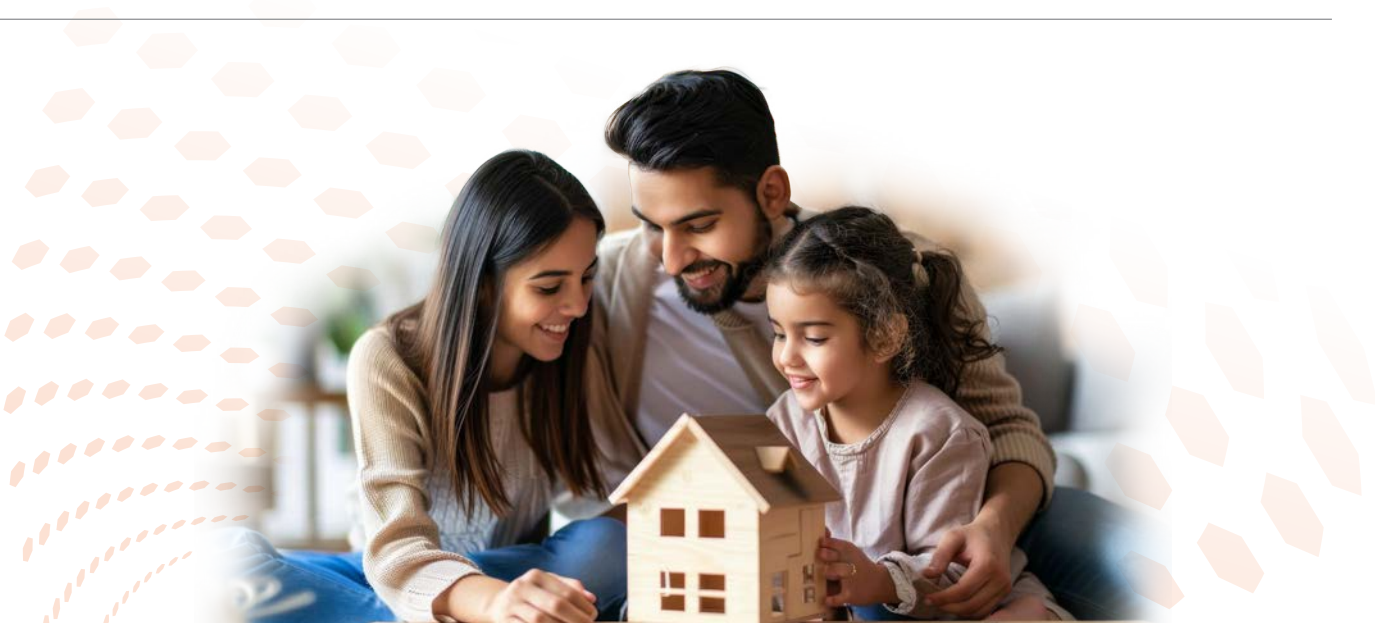
Total Advances		(₹ in crore)	Total Deposits		(₹ in crore)
FY 2023-24		24,336	FY 2023-24		29,719
FY 2022-23		20,651	FY 2022-23		24,506
FY 2021-22		15,815	FY 2021-22		20,188
FY 2020-21		14,438	FY 2020-21		19,140
FY 2019-20		11,366	FY 2019-20		15,791
▲ Y-o-Y growth: 18%			▲ Y-o-Y growth: 20%		

Current Account and Savings Account Deposits (CASA)		(₹ in crore)
FY 2023-24		8,084
FY 2022-23		7,886
FY 2021-22		6,795
FY 2020-21		6,162
FY 2019-20		4,607
▲ Y-o-Y growth: 3%		

OPERATING ENVIRONMENT

Adapting to the Evolving Landscape with Purpose

The Indian banking and financial services industry (BFSI) exemplifies resilience, adapting with purpose amid ongoing banking crises in advanced economies. This sector’s robust capitalisation and stringent regulatory framework ensure stability and confidence in challenging times. RBI plays a pivotal role, shaping and safeguarding the Indian banking landscape with a proactive approach and stringent regulations. This adaptability has been instrumental in ensuring sector stability and resilience, particularly amid global economic challenges.



Underserved MSME Sector

The MSME sector boosts India's GDP, yet faces a credit gap. As of March 2024, the MSME sector was contributing around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities. Banks are focussing on bridging the finance gap faced by MSMEs through fintech partnerships and digital solutions, promoting financial inclusion and providing crucial access to underserved segments.

Our Response

Since inception, we have remained dedicated to serving those often overlooked by traditional banking services, aiming to close the gap between formal financial institutions and those at the grassroots level. Our extensive reach extends deep into the semi urban/rural areas of the country, where we provide specialised services tailored to meet the unique needs of the underbanked populations.

Under Penetration of Gold Loans, Housing Loans, and Microfinance

India's credit growth reflects its economic resurgence, notably in microfinance, housing finance, and gold financing. Gold financing drives financial inclusion, with banks leveraging digital capabilities for doorstep services. Despite progress, these sectors have significant growth potential, offering the banking industry ample expansion opportunities.

Our Response

Our established reputation in offering gold loans, home loans, and microfinance loans has been solidified by our brand presence. Our adeptness at managing a delicate balance between achieving higher growth, risk mitigation, and improving profitability has been instrumental in our continued success.

Robust Working Capital Demand

The demand for working capital is anticipated to increase, driving growth across various sectors and consequently, escalating the requirement for working capital financing. NBFCs in India are in a strong position to fulfil this growing demand, thereby aiding India's journey towards becoming an economic powerhouse.

Our Response

We support the growth and seamless operation of small and medium-sized businesses by offering them a continuous flow of credit at competitive rates, tailored to their needs.

Government and the RBI Promoting Banking Innovation using Technology

The Government and RBI are driving banking innovation with initiatives like UPI 123 Pay, UPI Lite, and digitised Kisan Credit Cards. These advancements enhance digital transactions, reach non-smartphone users, and improve rural credit flow, boosting efficiency, reducing costs, and supporting farmers.

Our Response

CSB Bank's SBS 2030 vision drives digital transformation with a new core banking system, digital onboarding, advanced finance and risk management, and cloud-based HR systems. This ensures customer-centric, efficient, and innovative financial services.

E-commerce and Retail Lending

Fintech has brought a revolution to the retail lending landscape in India, with more consumers turning to digital platforms for instant loans and financing solutions. NBFCs can now provide personalised financing options and access a broader customer base. The Buy Now, Pay Later (BNPL) payment systems are expected to gain more popularity in the upcoming years, with a projected CAGR of 12.2% between CY 2023-2028.

Our Response

We are committed to enhancing our digital capabilities by investing in the development of in-house apps, technology platforms, and risk management systems. Additionally, we are leveraging technology to drive efficiency across all our processes. Concurrently, we are establishing mutually-beneficial partnerships with fintech companies to further strengthen our digital offerings.

Increasing Emphasis on ESG

Climate-related disruptions drive global adoption of ESG practices. The financial services industry must integrate ESG and climate risks into decisions. The RBI emphasises on addressing climate change for sustainability and financial stability, issuing a green deposits framework in April 2023 to embed sustainability into finance.

Our Response

CSB Bank's robust ESG framework prioritises sustainability, governance, and climate risk management, emphasising on financing climate solutions like renewables and energy efficiency. This reflects our commitment to responsible banking and a sustainable future. Negative list has also been prescribed in the policy to avoid financing to segments that have an adverse impact on the framework.

STRATEGIES

Undertaking Purpose-Driven Strategies

Our leadership team has meticulously identified strategic priorities to bolster our SBS 2030 strategy, propelling our evolution into a comprehensive, modern bank. With a strategic roadmap in place, we are poised for scalable growth and are confident in our ability to reach and surpass our targets, thereby reaching the Scale phase by 2030.

Strategy	Aim	Progress FY 2023-24	Outlook FY 2024-25
 Product Diversification	Expand product portfolio to meet the diverse needs of customers	- Enhancing products like Transaction Banking Products, CMS, Supply Chain, CVCE, Healthcare Finance, Credit Card etc. to cater various customer segment - Integrating digital technology into products through the Core Banking System	Gradual progression towards a balanced advance mix
 Customer Acquisition	Aggressive customer acquisition	- Increase in branch network with a hub-and-spoke model in place - Integration of technologies through outbound call centre and Virtual RM - Targeted high net worth customers to develop premium CASA franchises aiming at improved CASA ratio - Rolled out Loan Origination System and Loan Management System for retail assets and other business segments, with a significant portion of the implementation already completed	- Our focus is on building a granular profitable customer franchise - To facilitate customer acquisition, we have collaborated with several fintechs, which will help us acquire the right type of customers
 Sustainability	To make CSR a key business process for the sustainable development of society and to maintain excellence in environmental, social and governance systems	- Focused efforts and initiatives undertaken for financial inclusion - Reaching underserved segments and areas - CSR initiatives towards healthcare, gender equality and education - Targets towards renewable and solar energy	Our outlook for sustainability is centred around integrating ESG considerations into our operations and business strategy. We are committed to reducing our environmental impact through sustainable practices, supporting social initiatives that benefit communities, and upholding strong governance standards. We aim to enhance our long-term sustainability and create value for both our shareholders and society.

Strategy	Aim	Progress FY 2023-24	Outlook FY 2024-25
 Increasing Branch Distribution	Expand branches by 15% every year	76 new branches opened in FY 2023-24, which include penetration in the North and West with an intent to become a pan-India player	- We plan to add 60-70 new branches - Our aim is to evolve as a national player by shedding the image of a regional bank
 Tech Stack Improvement	Revamp tech architecture to build scale	- Launch of Core Banking System Migration, Risk Management System, Oracle Fusion - HR Management System - Partnerships with various fintech companies for better product distribution, access, improved efficiency, and engagement - Creation of developers' area portal by enabling partners to leverage the Bank's technology without the need for significant investment	- To meet the needs of our business and facilitate growth, we have planned a state-of-the-art, reliable, scalable, and resilient data centre in Mumbai - We plan to implement Phase 1 of new Core Banking System

TECHNOLOGY

Building a Digital Foundation

Digital innovation has revolutionised banking, offering customers unprecedented convenience and accessibility. At CSB Bank, we embrace technology as a cornerstone of our strategic vision. We are committed to substantial investments in advanced digital infrastructure, including a modern core banking system, AI-driven analytics for deeper customer insights, and cloud-based solutions. This transformational journey aims to enhance our agility, operational efficiency, and customer centricity. Our goal is to evolve into a leading mid-sized bank by 2030, driving sustainable growth and meeting the evolving needs of our customers.

Digital Touchpoints

1,600+
PoS Machine Installations

9.29+ lakh
Debit Cards

6.79+ lakh
Net Banking Users

731
ATM/CDM Network

11,300+
QR Installations

2.78+ lakh
ePassbook Downloads

6.60+ lakh
Mobile Banking Users

Our Offerings

We provide our customers with a comprehensive suite of digital services, including WhatsApp banking, Green PIN options, and Cardless cash withdrawal. A recent addition to our offerings is Contactless EMV Debit Cards, allowing customers to make payments at terminals by simply tapping the card, eliminating the need to enter a PIN. Furthermore, we have streamlined the account and credit card application process with an end-to-end digital sourcing journey through VKYC.



No. of Digital Transactions

(in lakh)

Mobile Banking



Internet Banking



Debit Cards



UPI



Total Channel Transactions



Branch Transactions



ENVIRONMENT

Creating a Purposeful Impact

At CSB Bank, we recognise that nature is not just a backdrop to our daily activities; it is an integral part of them. In today's business landscape, discussions about nature are particularly sensitive, given the global shift towards sustainability and the protection of natural resources. As a conscious Bank, we understand the importance of being a responsible corporate entity and are committed to realising our sustainability goals while efficiently monitoring our environmental footprints.

Our responsibility towards the environment extends beyond our business operations. We have undertaken sustainability initiatives that are deeply intertwined with our environmental endeavours. These efforts demonstrate our commitment to the prudent and responsible utilisation of natural resources, ensuring their efficiency for the benefit of both present and future generations.

Climate change risk is a crucial challenge for all industries, including the banking and financial sectors. We are consciously working towards ensuring sustainability in our operations to achieve economic growth while maintaining our environmental and social ecosystems. To address the impact of climate-related financial risks, including market and liquidity risks, we have implemented models to assess the stress arising from physical and transition risks and determine the Pillar 2 capital required under baseline stress conditions. To mitigate the greenhouse effect, we do not finance borrowers who set up new units producing or consuming ozone depleting substances (ODS) or small and medium-scale units engaged in manufacturing aerosol products using chlorofluorocarbons (CFCs).

Implementing a Software Defined Data Centre (SDDC) and Software Defined WAN (SD-WAN) has significantly reduced our electricity consumption, showcasing our commitment to sustainability through a Virtual Desktop Interface (VDI) solution. This will further lower our energy usage by centralising computing resources, thus reducing the power required for individual desktops.

Additionally, VDI enhances security, disaster recovery, and IT management while providing consistent performance and supporting remote work. This initiative not only strengthens our sustainability efforts but also drives operational efficiency and cost savings, reinforcing our dedication to innovation and superior service.

At CSB, we are committed to environmental sustainability and actively manage its impact through various initiatives that have resulted in /benefited the Bank in



We are committed to environmental stewardship, integrating sustainable practices into our operations. Our dedication to environmental responsibility not only aligns with global sustainability goals but also reflects our commitment to being a responsible corporate citizen.

SOCIAL

Driving Progress while Enriching Lives

At CSB, we believe in driving progress not just in the financial realm, but also in the social fabric of the communities we serve. Our commitment to enriching lives extends beyond banking services, as we strive to make a positive impact on society. Through strategic partnerships and sustainable initiatives, we aim to uplift the underprivileged, empower the youth, and contribute to a more inclusive and equitable society.

Customers

To become a new-age private Bank, our primary focus area is around customer centricity. We are dedicated to helping our customers achieve their aspirations by providing innovative products and services. We are aggressively investing in technology to enhance user experience and interface, ensuring that our customers have access to the best banking services and solutions.

We provide a universal banking platform that meets the needs of our retail, wholesale, SME, and treasury clients. We leverage our customer insights to create personalised and integrated products and services that cater to their unique financial requirements. This enables us to deliver a diverse value proposition basket that is built upon the foundation of trust that we have earned from our customers across the sectors. Our goal is to craft exceptional customer experiences by

nurturing long-lasting relationships, and delivering comprehensive banking solutions.

We have been actively enhancing our digital offerings to provide our customers with secure, convenient, and cost-effective 24x7 banking facilities. Our strategic focus on digital products and services has resulted in a notable surge in digital transactions compared to the previous year.

When we begin our interaction with customers, our approach revolves around striking a balance between digital and human touchpoints. This approach ensures that our customers receive the best of both worlds, benefitting from the speed and accessibility of digital services while also enjoying the empathy and understanding that come from human interaction.

To enhance our customer service, we have invested in channels like OCC and VRMs. These tools enable real human interactions with customers, providing personalised assistance and product information.

Additionally, we are implementing various technologies in our branches to improve customer service. Our goal is to provide customers with the flexibility to choose between human and technology interfaces based on their preferences. This approach ensures that customers can access the services they need quickly and efficiently, whether through human interactions or digital channels.

Customer Engagement Initiatives

With our robust Customer Grievances Redressal System, customers can seek resolution through multiple channels. This includes our branches, 24x7 call centre, or online complaint registration on our Complaint Management System.

Means to Reach Customers

We explore the various means to reach out to our customers, ensuring convenience, transparency, and personalised service. From traditional branches to digital platforms, we leverage a diverse range of channels to cater to the evolving needs of our diverse customer base.

- We conduct customer satisfaction surveys to identify gaps, initiate corrective actions, and improve customer experience.
- Feedback from these surveys helps us evaluate the ratings of our services, improve customer service, provide infrastructure at branches, and increase awareness of our products and services.
- We have also introduced an NPS system to assess the satisfaction level of our services.

We make every effort to address all customer complaints and provide immediate resolution. We believe that a satisfied customer is the best brand ambassador for the Bank, and are committed to always delivering the best customer service.

Financial Inclusion

We have a strong presence in rural and semi-urban areas. We have deployed a team of specialised relationship managers and agricultural officers to cater to the needs of our valued farmer clients at their doorsteps. This initiative has significantly increased our exposure to agriculture and priority sector lending. It further strengthens our commitment to the unserved and underserved communities.

Our Approach

We are deeply committed to financial inclusion as a key pillar of our strategy. The Bank has set up a separate vertical to drive FI initiatives. As part of the Distribution strategy, the Bank is opening branches/installing ATMs in Rural and Semi Urban centres. Close to 55% of our branches and ATMs are in Rural/Semi urban centres, which translates into 800 plus customer touchpoints across the country. Financial Literacy meetings and customer service meetings are conducted on a regular basis through these branches. We have Financial Literacy and Credit Counselling Centres (FLCCs) and they actively engage with the underserved strata of the community and encourage the usage of banking services.

Partnerships

We partnered with fintech entities for credit card offering. We are also collaborating with various partners in the lending and onboarding areas, creating complementary capabilities and solutions that benefit both our partners and the Bank. This approach fosters a win-win situation, enhancing our collective capabilities and offerings. To unlock our full potential and enhance our customer base, we have entered into partnerships with various fintech companies for better product distribution, access, improved efficiency, and engagement.



Employees

Employees are the lifeblood of CSB, embodying our core values and driving our success. As a customer-centric Bank, we understand that our employees play a pivotal role in delivering exceptional service and building lasting relationships with our customers.

7,863 Employees
2,474 Women Employees

4,562
Hires in FY 2023-24

1,99,254
Training Hours

86%
Women Coming Out of Maternity Leave to Rejoin

In FY 2023-24, we implemented several initiatives to enhance employee well-being:

Menstrual Leave

We introduced menstrual leave, allowing one day off per month for female employees without the need for prior approvals.

Annual Health Check-up Leave

We offered one day off per year for all employees to undergo their annual health check-ups, promoting preventive healthcare.

Late Sitting Policy

To address situations beyond everyone's control that require late stays, we introduced a late sitting policy. This policy includes provisions for entertainment and transport facilities to ensure the well-being of our employees during such times.

Key Initiatives Undertaken during FY 2023-24

- We have successfully implemented Oracle Fusion, a new HR management system (HRMS) internally known as HR 360, replacing PeopleStrong. This comprehensive system covers all aspects of HR, including talent acquisition, employee life cycle, learning and development, employee engagement, and HR operations. The implementation is expected to automate and streamline various human resource processes.
- Additionally, the introduction of HR Business Partnering (HRBP) is a strategic approach by us to address employee needs. We have established a dedicated team, with HRBP officers assigned to specific geographic areas to provide personalised support and serve as a channel for career growth opportunities and grievance resolution.
- Employees handling sensitive positions can be immediately disassociated to the extent of 100% upon surprise intimation.
- We also implemented the complete Management Connect programme around SBS 2030. This programme involves leadership connect champions, such as group heads or their deputies, visiting branches and offices to have detailed discussions with employees and gather feedback. The feedback is then converted into actionable items that are monitored and tracked at the ground level. In addition, we have launched an initiative called 'Emerging Talent' aimed at talent management, which includes identifying and engaging with talented employees. This is done by providing them with development opportunities, and ensuring their retention within the Bank. This initiative focusses on internal talent development rather than external hiring.

As a long-term strategy, we plan to expand our branch banking network beyond our current borders and establish a presence throughout India. To achieve this goal, we have pooled talents from across India and hired qualified candidates for each job role through a rigorous recruitment process. These candidates are recruited on a cost-to-company (CTC) basis, with their remuneration fixed at industry standards. Additional recruitment is planned in alignment with the Bank's requirements.



Communities

As a responsible and socially conscious financial institution, we recognise the importance of giving back to society and actively contributing to its well-being. Our CSR activities primarily focus on healthcare, education, and gender equality. We ensure that our programmes reach out to the maximum number of deserving individuals, regardless of their caste, creed, or religion.

1,00,000+
Beneficiaries

₹503 lakh
Allocated towards
One-time projects

₹579 lakh
Allocated towards
ongoing projects

Project Dialysis

We partnered with the Fairfax India Charitable Foundation to support public charitable activities. Together, we are donating to provide affordable, quality dialysis services to patients in parts of India where such services are limited or non-existent. This initiative aims to improve access to essential healthcare services for those in need. This initiative is undertaken as an ongoing project of the Bank. The beneficiaries of the project will be spread across all over India and includes designated aspirational districts such as Barpeta, Darrang, Dhubri, Goalpara etc., in Assam.



1,600+
Beneficiaries

Providing affordable, quality dialysis services

Contribution for Purchase of Cryostat Microtome Machine



CSB Bank contributed towards the purchase of Cryostat Microtome Machine to be used in the Histopathology Lab of the Hospital run by Sevarth Sansthan Seth Bimal K Jain Trauma and Physio Dharmarth Samiti. The Cryostat Microtome Machine gives Oncological Surgeon clear idea during the surgery that how deep/further the cancer tissue is to be removed. This initiative is aimed at providing different health facilities to the under privileged individuals in the society. The beneficiaries of the projects will be the people of Firozabad and its nearby areas.

5,000+
Anticipated Beneficiaries

*Project in progress

Positions as at March 31, 2024

Helping identify and treat cancer
in a better way

Financial Aid Towards Housing Programme for Destitute Women

CSB Bank, in collaboration with the implementing agency Trichur Archdiocese Buon Natale Trust, supported the construction of houses for destitute women. This initiative aims to provide shelter and a sense of security to vulnerable women in need. The beneficiaries of the projects will be Destitute Women in Thrissur and its nearby areas.



3
Women Beneficiaries

Providing shelter to destitute women

CSBRESTH



CSB Bank has partnered with 'R K HIV Aids Research & Care' for the implementation of the Project 'CSBRESTH – CSB Bank and R K HIV Efforts for Stamping out Tuberculosis (TB) from every Household in Mumbai'. The proposed project aims to address the pressing issue of Tuberculosis (TB) within the Mumbai area. The primary objective of the project is to significantly prevent the occurrence and impact of TB, thereby improving the overall health and well-being of the community. The beneficiaries of the projects will be the people in Mumbai and its nearby areas.

70,000+
Beneficiaries

Prevent occurrence and impact of Tuberculosis (TB)

Education and Skill Development

CSB Bank has contributed towards promotion of education and skill development projects conducted by 'Jan Jagrati Sevarth Sansthan'. This aims in uplifting the down trodden, especially Dalits, scheduled caste, scheduled tribes, minorities, BPL's, and other backward communities through various education and skill development projects. The beneficiaries of the projects will be the people in Mangrop, Bhilwara, Rajasthan and its nearby areas.



10,000+
Anticipated Beneficiaries

Uplifting the down trodden through skill development programme

*Project in progress

Contribution Towards Setting Up Multifunctional Knowledge Centre



CSB Bank contributed towards installation of Book shelf as part of establishment of a multifunctional knowledge centre and Women Technology Park in Providence Women's College, Kozhikode. The Multifunctional Centre will cater not only to the needs of the students, but will also be open to the public, and will also house facilities like Learning Spaces, Creativity Space, Amphitheatre, and Research Scholars Space. The beneficiaries of the projects will be the students of the College and people in its nearby areas.

2,000+
Beneficiaries

Promoting education

Sewage Treatment Plant for Hospital Sanitisation

CSB Bank has contributed towards construction of Sewage Treatment Plant for Hospital sanitisation to Saveetha Institute of Medical & Technical Sciences, Erode. The primary goal of a hospital wastewater treatment plant is to treat water before it is released into the natural environment. The treated water is repurposed to serve people living in the areas experiencing dry conditions around this university. The beneficiaries of the projects will be the people in Thandalam, Chennai and its nearby area.



20,000+
Anticipated Beneficiaries

Sanitation and safe drinking water projects

*Project in progress

Empowering Marginalised Fisherwomen



CSB Bank partially supported the projects initiated by Kerala State Coastal Area Development Corporation Ltd (KSCADC) for the formation of Fisheries Training Centre for empowering marginalised fisherwomen in the state of Kerala.

1,000+
Beneficiaries

Providing training to the fisherwomen community of the state of Kerala

GOVERNANCE

Steering Solid Governance Culture

Throughout its enduring journey spanning over a century, CSB Bank has steadfastly maintained the principles and standards of corporate governance. The Bank has fostered a culture of transparency in its disclosures and has upheld an impeccable record of compliance. This accomplishment is a testament to the well-structured internal systems, controls, processes, and procedures that the Bank has in place. These measures have been meticulously enforced across all tiers of governance, thereby ensuring accountability for any infractions.

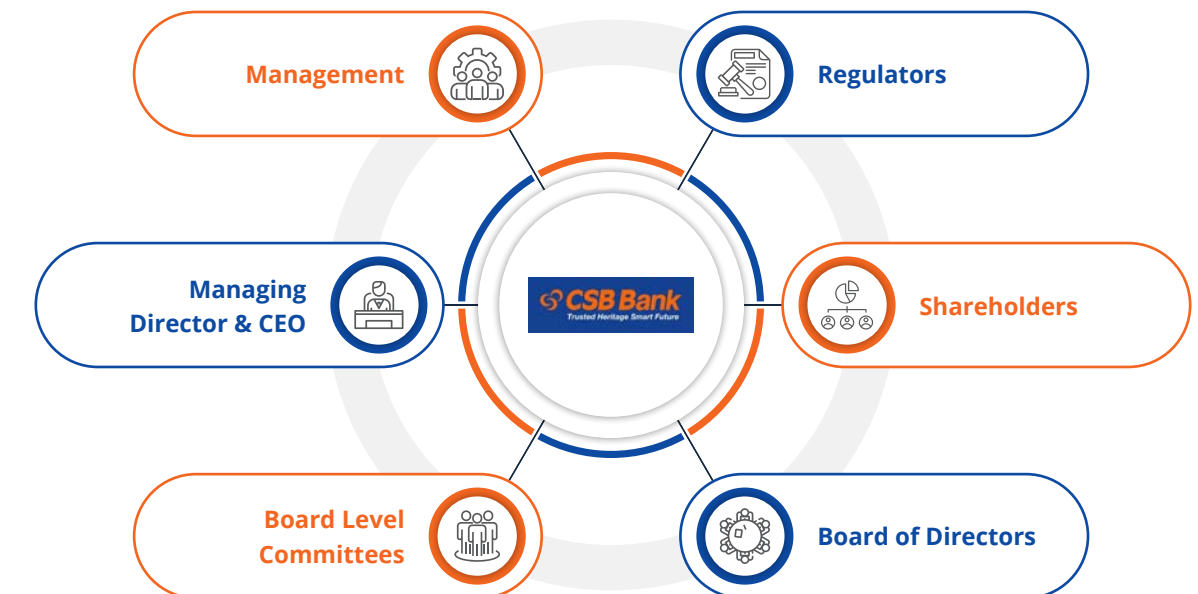
Our Board of Directors, with their professional acumen, oversees and ensures the Bank's strict adherence to robust governance and compliance protocols. To bolster the effectiveness of our oversight, we have specific committees that specialise in risk management, internal audit, and compliance.

The Bank's 'Code of Conduct and Ethics', which is crafted in accordance with the principles of corporate governance is binding for all our directors and employees. This code delineates the ethical standards and acceptable conduct that our directors and employees are expected to imbibe and demonstrate towards upholding the Bank's values.

We aspire to be a leading bank, excelling in providing products that meet the needs of our varied client segments. Our exceptional service, delivered through our branches and technology driven initiatives, is always in a compliant and regulated manner. For our employees, we aim to create a culture of pride driven by performance and productivity, ultimately leading to sustainable business growth, and delivering superior returns to our shareholders.

GOVERNANCE

Corporate Governance Framework at CSB Bank

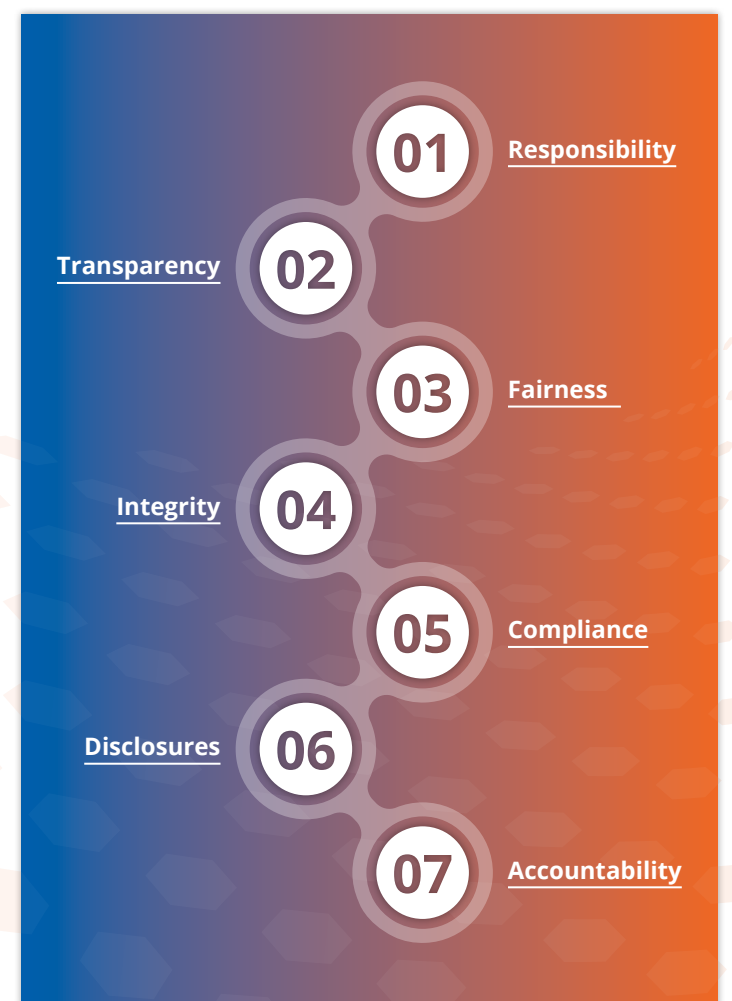


Risk Management at CSB Bank

Risk management is indeed a pivotal element of our Bank's governance structure. Our integrated risk management team, composed of highly experienced professionals with specialised knowledge across various domains, effectively handles these critical functions. The team's expertise enables us to identify, assess, and mitigate the diverse risks we encounter in our operations.

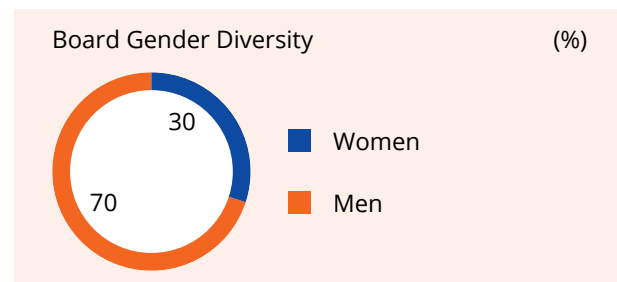
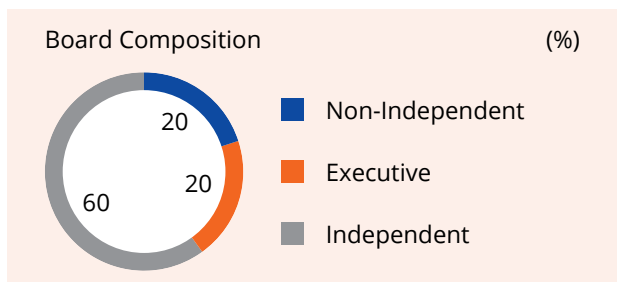
Our Bank has instituted comprehensive policies and procedures to measure, manage, and control these risks. This robust risk management framework ensures that we are well-prepared to navigate the complexities of the banking landscape. It is through this diligent and proactive approach to risk management that we uphold our commitment to financial stability and the trust of our customers and stakeholders.

In addition to our internal measures, we continually monitor the external environment to anticipate and respond to changes that could impact our risk profile. This forward-looking approach allows us to adapt our strategies and processes in a timely manner, ensuring the continued resilience of our operations in the face of evolving risks. Through our unwavering commitment to risk management, we strive to safeguard our Bank's reputation and contribute to a stable and secure financial system.



BOARD OF DIRECTORS

Visionaries Shaping and Building the Future



Ms. Bhama Krishnamurthy
Non-Executive Independent
Chairperson

Date of Joining:
September 3, 2018

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

Experience:

A seasoned banker with over four decades of experience in the industry. Her areas of specialisation include resource

raising and management (both Rupee and Forex), integrated treasury operations, credit dispensation and management, risk management, human resources and more. She held various positions in erstwhile IDBI Limited, currently IDBI Bank and SIDBI.

Qualification:

Master's degree in Science from the University of Mumbai.



Mr. Pralay Mondal
Managing Director & CEO

Date of Joining:
February 17, 2022

Mr. Pralay Mondal is the Managing Director & CEO of the Bank with effect from September 15, 2022. He held the position of Deputy Managing Director of the Bank from February 17, 2022 and up to September 14, 2022, and prior to that, he held the position of President (Retail, SME, Operations and IT). He was appointed as the Managing Director & CEO (Interim) from April 01, 2022, till September 14, 2022.

Experience:

He has over 30 years of banking experience across multiple businesses and functions, including retail assets, retail

liabilities, business banking, products and technology. Mr. Pralay's achievements include pioneering efforts in doorstep banking and direct sales, creating deep geography distribution, and building and scaling up of retail businesses. He is also credited with building capital market, wealth management, private banking, NBFC, credit cards, payments and digital businesses. Mr. Mondal has played a pivotal role in shaping various business aspects of leading banks such as Axis Bank, Yes Bank, HDFC Bank and Standard Chartered Bank.

Qualification:

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



Mr. B. K. Divakara
Executive Director

Date of Joining:
March 15, 2024

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

Experience:

He has over 37 years of banking experience spanning various spheres. He has worked closely in finance, credit, priority sector lending, balance sheet management, planning & forecasting, capital raising programme, investor relations, credit monitoring, recoveries,

operations, treasury, internal audit, risk management, transaction banking etc. Prior to joining the Bank, Mr. B. K. Divakara was the Executive Director of Central Bank of India for a period of five years, from January 23, 2014.

Qualification:

An associate member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost and Management Accountants of India. He also holds Bachelor's Degree in Business Management.



Mr. Madhavan Menon
Non-Executive Director

Date of Joining:
September 3, 2018

Experience:

He has over three decades of experience in finance, banking and service sectors and had held various positions at ANZ Grindlays Bank Limited, Citibank N.A., Emirates Bank International, and Birla Capital International AMC

Limited. He is currently the Managing Director of Thomas Cook (India) Limited. He earlier held the position of the Non-Executive Chairman of the Bank.

Qualification:

Bachelor's Degree and a Master's Degree in Business Administration from the George Washington University.



Mr. Sumit Maheshwari
Non-Executive Director

Date of Joining:
September 3, 2018

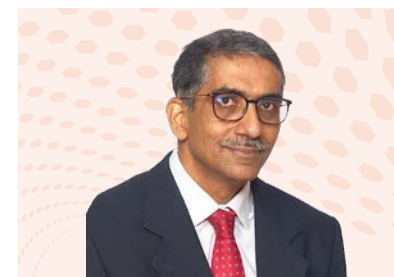
Experience:

He is the Managing Director of Fairbridge Capital, part of Fairfax Group and is responsible for sourcing, evaluating, negotiating, executing, and exiting investment opportunities for the Group. He is also responsible for monitoring the portfolio companies of the Group. He serves on the Board of Directors for many of Fairfax's

portfolio companies. Prior to joining Fairbridge Capital, Mr. Maheshwari worked with KPMG in India and UK, in their audit and accounting advisory functions.

Qualification:

Qualified Chartered Accountant, completed Post Graduate Programme in Management from the Indian School of Business, Hyderabad, and holds a Master's Degree in Commerce from the University of Mumbai.



Mr. Sharad Kumar Saxena
Independent Director

Date of Joining:
February 19, 2022

Experience:

He has over 30 years of experience in banking and has held almost all the leadership positions in ICICI Bank technology group. He was the Chief Technology Officer of Bank of Baroda, and as the Head of IT of Bank of Baroda, he successfully led the bank merger of erstwhile Vijaya Bank and erstwhile Dena Bank with Bank of Baroda. Mr. Sharad Kumar Saxena was a member of the core

technical committee of RBI and was in-charge of automation of regulatory return filing, NG-RTGS, RBI core banking and interface with government departments and managing outsourcing risks.

Qualification:

Engineering Graduate in Electronics and Telecommunication. He is also a Certified Information System Auditor (CISA) from ISACA, US, and a Certified ISO 27001 Implementer and Certified Senior Examiner for Quality Management for the Indian Merchant's Chamber.



Ms. Sharmila Abhay Karve
Independent Director

Date of Joining:
July 20, 2020

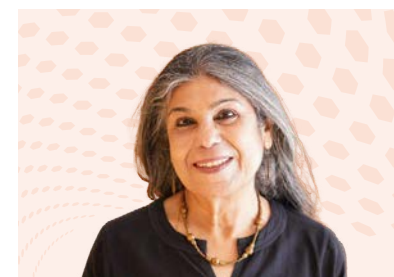
Experience:

She has over three decades of association with the Network of Price Waterhouse firms in India in various capacities, including the roles of Head of Audit and Head for Risk & Quality, till she retired in 2019. She was appointed as the Ethics and Business Conduct Leader for the firms and was also elected to the Partnership

Oversight Committee (POC) which is responsible for governance and oversight. She was appointed as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

Qualification:

Qualified Chartered Accountant and holds a Bachelor's Degree in Commerce from the University of Mumbai.



Ms. Renu Kohli
Independent Director

Date of Joining:
December 14, 2023

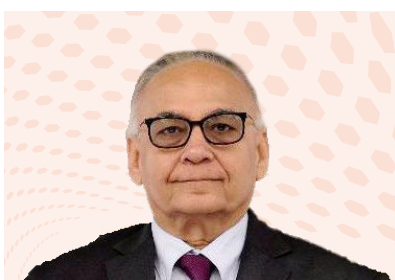
Experience:

She is an economist with research and practitioner experience on macroeconomic policies and issues. She is currently the Senior Fellow, at the Centre for Social and Economic Progress (CSEP) an independent, public policy think tank based in New-Delhi. She has previously worked with the RBI,

the IMF and thinktanks, including ICRIER and the Institute of Economic Growth. She has diverse exposure to central banking and macroeconomic surveillance. She has wider engagement with the private financial sector and investors through talks, presentations and consultation on Indian macroeconomic policies.

Qualification:

Doctorate in Philosophy (DPhil) in Economics.



Mr. Sudhin Choksey
Independent Director

Date of Joining:
March 30, 2021

Experience:

He has over 40 years of professional experience, both in India and overseas. He was the former Managing Director of GRUH Finance Ltd., which was merged with Bandhan Bank, and as a part of the scheme of merger, Mr. Sudhin Choksey joined Bandhan Bank as Executive Director (Designate). He has

expertise in the mortgage finance business and skilled in lending business. He was the recipient of Business Leader – Financial Services Award for 2015 from The Institute of Chartered Accountants of India, New Delhi.

Qualification:

A fellow Member of the Institute of Chartered Accountants of India and a Bachelor's Degree in Commerce from Mumbai University.



Mr. Deepak Maheshwari
Additional Director – Non-Executive & Independent

Date of Joining:
June 12, 2024

Experience:

He is an experienced banker with an impressive career spanning over four decades in top banking institutions in the country, such as the State Bank of India, HDFC Bank and Axis Bank. He has a proven track record of building best-in-class loan portfolios across the

banks where he had worked. His expertise extends to credit decision making, credit underwriting and monitoring of large credit exposures. He has expert knowledge in Banking Regulations, including relevant policy matters.

Qualification:

Bachelor's Degree in Commerce and a Certified Associate of the Indian Institute of Bankers (CAIIB)

SENIOR LEADERSHIP

Leading with Purpose



Narendra Kumar Dixit
Head - Retail Banking



Satish Gundewar
Chief Financial Officer



Manish Modi
Head - Wholesale Banking



Shyam Mani
Head - SME



Rajesh Choudhary
Chief Technology Officer



Manish Agarwal
Chief Credit Officer



Alok Singh
Head - Treasury



Ajith Jose
Chief Compliance Officer



Satyendra Sharma
Chief Risk Officer



Punit Saruparia
Head - Audit & Inspection



K Chandrasekhar
Head-Operations



Jaikumar S
Chief Internal - Vigilance Officer



Sijo Varghese
Company Secretary



Raju Kumar Ojha
Senior Manager - Planing & Execution (MD's Office)

Years of Experience

CORPORATE INFORMATION

Corporate Information

Board of Directors

Bhama Krishnamurthy
Non-Executive
Independent Chairperson

Pralay Mondal
Managing Director & CEO

B. K. Divakara
Executive Director

Madhavan Menon
Non-Executive Director

Sumit Maheshwari
Non-Executive Director

Sharmila Abhay Karve
Independent Director

Sudhin Choksey
Independent Director

Sharad Kumar Saxena
Independent Director

Renu Kohli
Independent Director

Deepak Maheshwari
Additional Director -
Independent

Key Managerial Personnel

Pralay Mondal
Managing Director & CEO

B. K. Divakara
Executive Director

Satish Gundewar
Chief Financial Officer

Sijo Varghese
Company Secretary

Senior Management Team

Narendra Kumar Dixit
Head - Retail Banking

Satish Gundewar
Chief Financial Officer

Manish Modi
Head - Wholesale
Banking

Shyam Mani
Head - SME

Rajesh Choudhary
Chief Technology Officer

Manish Agarwal
Chief Credit Officer

Alok Singh
Head - Treasury

Ajith Jose
Chief Compliance Officer

Satyendra Sharma
Chief Risk Officer

Punit Saruparia
Head - Audit &
Inspection

K Chandrasekhar
Head - Operations

Jaikumar S
Chief Internal - Vigilance
Officer

Sijo Varghese
Company Secretary

Raju Kumar Ojha
Senior Manager - Planing
& Execution (MD's Office)

Stock Exchanges

BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
Scrip Code: 542867

National Stock Exchange of India Ltd.

Exchange Plaza, 5th floor,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400051
Scrip Code: CSBBANK

Corporate Identity Number

L65191KL1920PLC000175

Registered Office

CSB Bhavan,
Post Box No. 502,
St. Mary's College Road,
Thrissur - 680020, Kerala,
India
Telephone: 0487-2333 020
Fax: 0487 2338 764
E-mail: secretarial@csb.co.in
Website: www.csb.co.in

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd
Surya 35, May Flower
Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641028
Tel: 0422 - 2314 792, 2315
792
Fax: 022 - 49186060
E-mail:
coimbatore@linkintime.co.in

Statutory Auditors

Mukund M. Chitale & Co.
2nd Floor, Kapur House,
Paranjape B
Scheme Road No.1,
Vile Parle (East),
Mumbai - 400057

Walker Chandiok & Co. LLP

11th Floor, Tower II,
One International Center,
Senapati Bapat Marg,
West, Prabhadevi,
Mumbai - 400013

Secretarial Auditors

Bhandari & Associates
Company Secretaries
901, Kamla Executive Park,
Off. Andheri Kurla Road,
J. B. Nagar, Andheri East,
Mumbai - 400059

Ratings

CRISIL Ratings
Certificate of Deposits:
CRISIL A1+
Short Term Fixed Deposits:
CRISIL A1+
Tier II, Basel III compliant
bonds: CRISIL A/Stable

India Ratings & Research
Tier II, Basel III compliant
bonds:
IND A/Stable

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

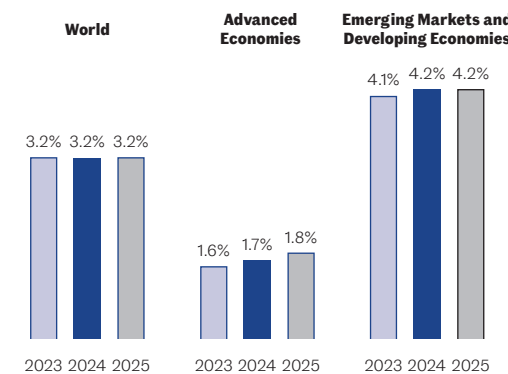
Despite facing substantial hurdles, the global economy showed remarkable resilience in CY 2023, showcasing steady growth and a swift deceleration in inflation. However, there were also certain events that disrupted this journey. Some of these included post-pandemic supply-chain disruptions, energy and food scarcity sparked by the Russia-Ukraine and Israel-Hamas conflicts, and surge in inflation, followed by coordinated monetary policy tightening.

The global growth rate is projected to remain stable in 2024 and 2025. It was initially anticipated at 3.2% in 2023, falling short of the historical average of 3.8%. This can be attributed to restrained monetary policies, reduced fiscal support, and sluggish productivity growth. During the later months of CY 2023, the economic growth of United

States and several key emerging and developing economies surpassed projections. This was an outcome of public and private sector spending, supported by a rise in real disposable incomes as labour markets started to stabilise. The supply side also showed improvement, with an increase in workforce participation, the clearing of pandemic-induced supply chain issues, and faster delivery times.

The growth of advanced economies is expected to increase slightly, primarily due to the Euro area's recovery. The growth rates are projected to increase from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. In contrast, emerging markets and developing economies are expected to maintain stable growth at 4.2% during 2024 and 2025. Nonetheless, there are regional variances, with growth moderation in Asia offset by growth in the Middle East, Central Asia, and Sub-Saharan Africa.

Global Economic Growth (in %)



(Source: *World Economic Outlook – April 2024*)

Global headline inflation is anticipated to ease, dropping from an annual average of 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025. This is primarily due to the fact that inflation is expected to revert to pre-pandemic levels sooner in emerging markets and developing economies than in advanced economies.

China, one of the world's largest economies, has been facing growth risks without comprehensive solutions to its property sector challenges. This also is likely to affect its trading partners. Concurrently, several economies with high government debt might need disruptive fiscal adjustments, eroding confidence and hindering climate change mitigation efforts. Going ahead, geo-economic fragmentation could further disrupt supply-side dynamics. On the other hand, looser fiscal policies could temporarily boost economic activity, but might require significant adjustments later. Unexpectedly rapid decline in inflation, due to increased labour force participation, may also prompt central banks to consider easing policies sooner. Besides, advances in AI and structural reforms have the potential to improve productivity.

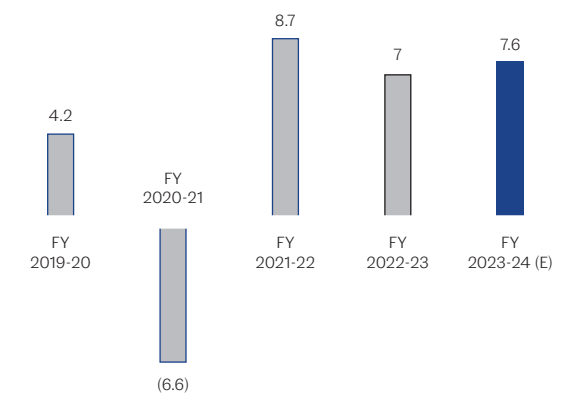
Central banks are anticipated to play a crucial role as the global economy moves toward a gentle slowdown, necessitating careful management of inflation. There is also a need to refocus on medium-term fiscal consolidation to create fiscal space for critical investments and ensure debt sustainability. Tailored policy responses and supply-enhancing reforms are essential for addressing inflation, reducing debt levels, promoting higher growth, and narrowing income disparities. Multilateral cooperation is vital for tackling challenges like geo-economic fragmentation, climate change, and debt restructuring. This will ensure a sustainable and inclusive economic recovery thereby paving the way for a brighter future.

INDIAN ECONOMY

India's economy has shown remarkable resilience and consistent growth despite global challenges in recent years. This strong trajectory is supported by strict policy measures and the gradual recovery of the private sector. India is now poised for further economic progress. This is likely to be driven by significant investments in emerging sectors, ongoing government spending, and efficiency improvements through digitalisation and infrastructure upgrades.

In FY 2023-24, India's economy experienced robust expansion and is expected to achieve a growth rate of 7.6%, surpassing previous forecasts. However, the outlook is cautious in the fiscal year ahead, with GDP growth expected to moderate to 6.8%. This anticipated slowdown can be attributed to higher interest rates and a tight fiscal policy aimed at reducing the deficit to 5.1% of GDP. Despite these challenges, India's economic growth is likely to be supported by several factors. These include increased consumer purchasing power due to lower inflation, expected strong agricultural outputs, and a revival in private capital spending. Additionally, government initiatives to boost rural incomes and enhance infrastructure spending reinforce India's position as the world's fastest-growing major economy.

Indian Economy Real GDP Growth Rate (in %)



(Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2010223#:~:text=The%20growth%20rate%20of%20GDP,growth%20rate%20of%209.1%20percent.>)

There are several developments that have bolstered foreign investor confidence in India. Progressive government reforms and growing investor faith in India's growth story have propelled the Nifty 50 index to a new high, with a 16% growth in CY 2023. As on March 28, 2024, Sensex and Nifty ended the last day of trade FY 2023-24, on a bullish note. This was driven by heavy buying in power, auto and banking stocks amid a positive trend in global markets. Sensex jumped 655.04 points or 0.90% to settle at 73,651.35, while Nifty climbed 203.25 points or 0.92% to end at 22,326.90.

In the last three months of FY 2023-24, India witnessed a substantial increase in foreign investments in Government bonds, reflecting enhanced global confidence in its



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

economic prospects. As on May 31, 2024, India's foreign exchange reserves hit an all-time high of \$651.5 billion driven by strong services exports and significant remittance inflows.

The growth rate of sectors such as financial services, real estate, and professional services was estimated at 8.4% in FY 2023-24, decreasing from 9.1% in FY 2022-23. The manufacturing sector's gross value-added growth was estimated at 9.9% in FY 2023-24 from (2.2)% in FY 2022-23. The construction sector's gross value-added growth was estimated at 9.9% in FY 2023-24, on top of the 9.4% recorded in FY 2022-23. The public administration, defense and other services sector's gross value added was estimated at 7.8% in FY 2023-24, as against 8.9% in FY 2022-23. The biggest component of services (trade, hotels, transport, and communication) was estimated at a growth rate of 6.4% in FY 2023-24, as against 12.0% in FY 2022-23. These developments overall suggest a robust economic environment conducive to both domestic and international investments. The agriculture, livestock,

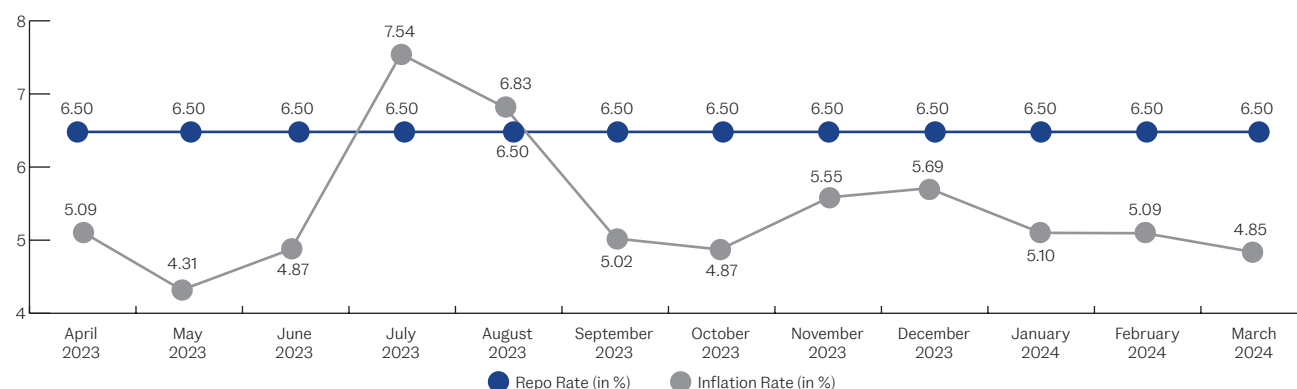
forestry and fishing sector were estimated at a growth rate of 1.4% in FY 2023-24, marking a seven-year low due to poor Kharif harvest and weak initial sowing of Rabi crops.

India's industrial production grew by 5.7% in February 2024. This contrasted to the 6% increase recorded in February 2023, according to the Index of Industrial Production (IIP).

The Monetary Policy Committee (MPC) decided to keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50% in its meeting on June 07, 2024. This decision was based on the assessment of the current and evolving macroeconomic situation. Additionally, the Standing Deposit Facility (SDF) rate was maintained at 6.25%, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75%. Additionally, the MPC reiterated its focus on withdrawing accommodation to ensure that inflation progressively aligns with the target, while still supporting growth. These decisions are in alignment with the objective of achieving the medium-term target for Consumer Price Index (CPI) inflation of 4% within a band of +/- 2%.

Repo Rate & Inflation Rate

(in %)



(Source: <https://www.statista.com/statistics/276322/monthly-inflation-rate-in-india/>)

(Source: <https://www.livemint.com/economy/indias-exports-likely-to-reach-450-billion-in-2024-despite-red-sea-linked-disruption-says-fieo-prez-11710850840551.html>)

The rise of the digital economy has brought about transformation across various sectors in India. This has further led to modernisation and innovative ways for businesses to connect with consumers. India has utilised its strong technological capabilities to develop sophisticated products tailored for its vast consumer base. Government policies have played a crucial role in encouraging innovation by establishing essential infrastructure and ensuring security and responsiveness. Another key factor in India's economic growth has been the focus on nurturing niche manufacturing sectors while improving supporting physical infrastructure. Despite this, challenges such as high logistics costs, inflation, scale inefficiencies, and lack of collaboration networks have hindered competitiveness, particularly for micro, small,

and medium enterprises (MSMEs). MSMEs are vital to the success of the manufacturing ecosystem.

The Indian economy is poised for significant growth in the coming years, with projections indicating that it could reach the \$7 trillion mark by 2031, solidifying its position as the world's third-largest economy. This growth can be attributed to enhancements in capital and productivity, facilitated by the holistic integration of digital and physical infrastructure. The manufacturing sector is poised for a revival, driven by global opportunities, domestic policy support, and a strong focus on transitioning to green energy. India aims to achieve 500 GW of renewable energy installed capacity by 2030 and produce 5 million tonnes of green hydrogen by the same year, underscoring its commitment to sustainable growth.

GLOBAL BANKING INDUSTRY

The banking sector plays a crucial role in maintaining financial stability and driving economic development globally. However, it has faced and continues to navigate through various challenges. Some of these include global recession, the COVID-19 pandemic, the ongoing Ukraine war, and extreme weather-related events. These challenges have tested the resilience of banks and highlighted the need for robust risk management practices and strategic planning. Despite these obstacles, banks have shown adaptability and innovation, leveraging technology to enhance efficiency, improve customer experience, and manage risks effectively.

Between April 2022 and October 2023, the upturn in the banking sector can be attributed to a significant rise in interest rates in many advanced economies, notably a 500-basis-point increase in the United States. This increase in interest rates has led to an improvement in net interest margins, which in turn has boosted the sector's profits by approximately \$280 billion in 2022. Consequently, the return on equity (ROE) for banks increased to 12% in 2022 and to 13% in 2023.

Looking ahead, the outlook for financial institutions is likely to be shaped by four key global trends. Firstly, the macroeconomic environment has undergone significant changes, with many regions experiencing higher interest rates and inflation, alongside a potential slowdown in China's economic growth. This shift suggests the possibility of entering a new macroeconomic era with a wide range of potential outcomes. Secondly, with increasing technological advancements, customers are increasingly demanding tech-driven experiences. Thirdly, governments are expanding regulatory oversight of non-traditional financial institutions and intermediaries, driven by stress in the macroeconomic system and the emergence of new technologies, players, and risks. Lastly, as geopolitical tensions rise, there is an evolution in systemic risks, leading to increased volatility and trade and investment restrictions in the real economy. These trends are likely to have profound implications for the financial sector, requiring institutions to adapt and innovate to thrive in this changing landscape.

INDIAN BANKING INDUSTRY

India's banking sector has shown improvement, as reflected in the positive assessments of the bank operating environments (OE) in the country. This highlights the resilience and potential of the country's banking sector,

supported by strong internal mechanisms and the status of domestic systemically important banks. The Banking, Financial Services, and Insurance (BFSI) sector in India has always played a crucial role in economic development, serving as a key player in capital allocation, risk management, and the promotion of financial inclusivity.

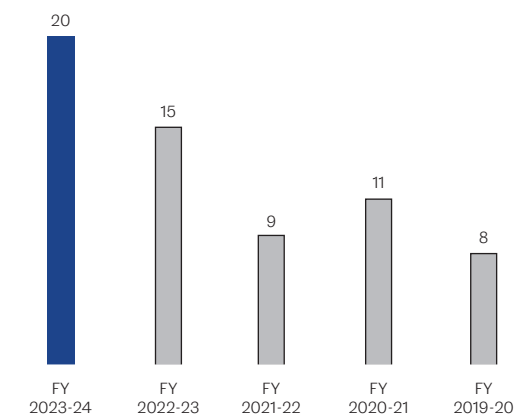
Major Banking Metrics

Credit And Deposit Growth

In FY 2022-23, credit off-take stood at around 16%, rising to over 20% in FY 2023-24, factoring in the merger of HDFC twins. Excluding the merger, credit growth was around 16% for FY 2023-24 while the deposit growth was approximately 13%. As of December 2023, retail loans accounted for about 34% of total credit outstanding, while industry and services constituted 29% and 24%, respectively. Credit growth trailed deposit growth in FY 2020-21 and FY 2021-22, but picked up in FY 2022-23 and FY 2023-24, surpassing deposit growth. Consequently, the credit-to-deposit (CD) ratio increased to around 81%, with private sector banks showing a higher ratio at approximately 94% compared to around 74% for public sector banks.

Despite robust credit demand, deposit growth could not keep pace with loans, resulting in a significant increase in the overall loans-to-deposits ratio. In January 2024, credit to the industry increased by 7.8% y-o-y, down from the 8.7% growth recorded in January 2023. Similarly, non-food bank credit grew by 16.2% y-o-y in January 2024, compared to 16.7% in January 2023. On the other hand, credit to MSMEs experienced a notable surge, with a y-o-y growth of 20%, indicating improved lender confidence and increased credit availability to this sector.

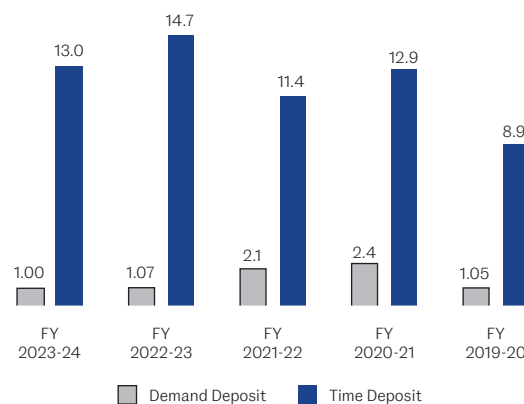
Credit Growth (In %)



(Source: https://www.business-standard.com/industry/banking/high-gap-between-credit-deposit-growth-to-impact-loan-sales-nims-report-124030400907_1.html)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

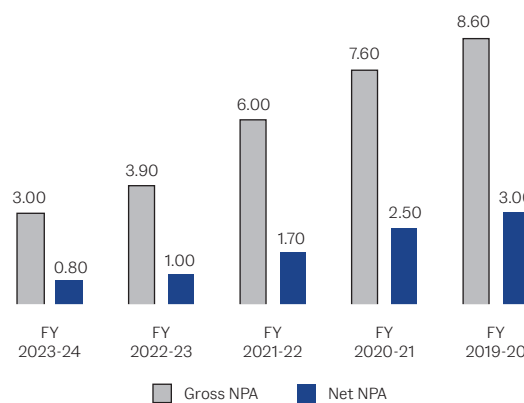
Bank Deposit Growth (In %)



(Source: <https://www.thehindubusinessline.com/money-and-banking/gap-between-credit-and-deposit-growth-widens-rbi/article67777253.ece>)

The banking sector's headline metrics are expected to continue improving due to controlled net additions (net of recoveries and upgrades) to non-performing advances (NPAs) and strong credit growth. As per projections by ICRA, Gross NPAs (GNPAs) and Net NPAs (NNPAs) improved to 2.8-3.0% and 0.8-0.9%, respectively, in March 2024. This is in comparison to 3.9% and 1.0% as of March 31, 2023, marking the best levels in over a decade.

Improvement in Asset Quality for the Banking Sector (In %)



(Source: <https://www.icra.in/Rating/DownloadResearchSummaryReport?id=5362>)

Although there was a deterioration in asset quality following the onset of the pandemic, it has since improved. Additionally, asset quality in the retail segment has also been improving despite higher interest rates and inflation. The latter have increased the servicing burden and reduced disposable income for retail borrowers. As per a report titled 'Growth Marathon' published by CRISIL in March 2024, the corporate sector is anticipated to maintain its trajectory of recovery, with gross NPAs forecasted to fall below 2%

in FY 2023-24, down from a high of approximately 16% as of March 31, 2018. This improvement is an outcome of significant clean-up efforts by banks and the adoption of more robust risk management and underwriting standards.

Looking ahead, any significant deterioration in macroeconomic conditions could pressure the servicing abilities of borrowers. However, banks are expected to be well positioned to manage higher slippages, if necessary, as they are better placed to absorb any impact.

India's banking sector has demonstrated a robust upward trend in maintaining capital buffers, crucial for its long-term growth trajectory. Public sector banks have made remarkable progress, amassing over ₹ 3.6 trillion collectively since the FY 2017-18 and this has resulted a buffer that surpasses the regulatory Tier 1 capital requirement by a minimum of 100 basis points for the calendar year 2023. Private sector banks had historically maintained healthy capital buffers and have benefited from the capital raised in recent fiscal years. This capital accrual is reflective of the sector's judicious financial management.

Net Interest Margin

Private sector banks in India faced a challenge with a decline in their net interest margins (NIM) in the third quarter of FY 2023-24. Fitch Ratings has projected a potential 10-20 basis points narrowing in the NIMs of Indian banks over FY 2024-25 and FY 2025-26. This shift can be attributed to increasing funding costs fuelled by heightened competition for deposits, driven by the normalisation of liquidity conditions and sustained loan growth.

Despite potential improvements in the operating profit of banks relative to risk-weighted assets (OP/RWAs), these gains may be limited, going forward. Although profitability is expected to continue its upward trajectory, the narrowing of NIMs may constrain their earnings potential in the medium term. However, the impact on NIMs could be mitigated if banks successfully reduce their operating and credit costs.

Capital Adequacy

The banking sector demonstrated an exceptional performance, with a notable surge in profitability across banks. The asset quality saw significant improvement, with non-performing assets hitting multi-decade lows. This improvement not only provided a safeguard against potential risks but also laid the groundwork for future growth. These factors contributed to a robust capital adequacy base, leading to a marked decrease in the issuance of debt capital by banks in FY 2023-24. According to Prime Database, banks raised approximately ₹ 17,516 crore through additional Tier I (AT1) bonds in FY 2023-24.

This was 49.8% less than the amount raised in FY 2022-23. However, improved asset quality has been a boon for banks, strengthening their profitability. With a robust Provisioning Coverage Ratio (PCR) and reduced incremental credit costs, banks saw a rise in their return on assets to 1.04% in FY 2023-24, maintaining this improved benchmark.

This favourable trend underpins the capital strength of banks. Looking ahead, CRISIL Ratings has predicted a modest narrowing in NIMs, ranging from 10-20 basis points, due to increased deposit rates. Nevertheless, this is expected to be counterbalanced by the dual benefits of improved asset quality and a steadfast PCR, ensuring a steady cost of credit and supporting the financial footing of banks.

GOVERNMENT INITIATIVES AND REGULATORY REFORMS

Credit Guarantee Scheme (CGS)

In 2023, the government revamped the credit guarantee scheme (CGS). CGS was introduced to enhance the credit delivery system and enable the smooth flow of credit to the Indian MSME sector. This scheme is designed to offer collateral-free credit to MSMEs by guaranteeing credit facilities provided by eligible lending institutions, eliminating the need for third-party guarantees or collateral. By doing so, the scheme simplifies access to credit for MSMEs, which might otherwise face challenges in meeting the demands of conventional lending norms. The inflow of ₹ 9,000 crore into the corpus of the Credit Guarantee Fund Trust for MSMEs will give them more access to collateral-free loans.

Cyber security guidelines

The RBI revamped the IT governance and cyber security framework for the financial sector on account of increased data breaches reported globally. On November 7, 2023, RBI notified the master direction on 'Information Technology Governance, Risks, Controls and Assurance Practices' which came into effect from April 1, 2024. It is expected to apply to all RBI-regulated entities except local area banks and NBFC-core investment companies. The RBI prescribes procedures and framework for strategic alignment, risk management, resource management, performance management, and business continuity/disaster recovery management. The regulation also provides for periodic reviews of risks, IT and information security risk management framework, information security policy, and cyber security policy.

Tightening Consumer Lending Norms

RBI has tightened rules for consumer lending as banks are expected to set aside higher buffers and put board-approved policies in place to monitor exposure limits to this segment. The banking regulator increased the risk

weights from 100% to 125% for consumer credit exposure of commercial banks. This is including outstanding and personal loans but excluding housing, education, and vehicle loans and loans secured by gold and gold jewellery.

Reducing the Impact of Willful Defaulters

RBI proposed tighter norms for the treatment of willful defaulters. This will require banks and lenders to examine all accounts with outstanding amounts of ₹ 25 lakh and more to identify deliberate non-repayment of loans. The norms expand the definition of willful default and mandates a review process within six months of an account being classified as an NPA.

BUSINESS OVERVIEW

Retail Banking

The Bank delivers an extensive array of retail banking services to both domestic and NRI customers, encompassing CASA accounts, diverse deposit options, loans, forex services, and credit cards. Its product range is designed to meet various needs, from personal banking to business solutions, including gold loans, vehicle loans (two-wheelers and motor vehicles), housing loans, loans against property, overdrafts, MSME loans, agricultural loans, and microfinance.

CSB Bank has been expanding its branch network and implementing a new strategy known as the Branch of the Future (BOTF). This innovative approach helps the Bank contain costs while increasing distribution leverage. By creating a branch within a branch, CSB Bank aims to efficiently expand its reach. The Bank has seen significant success in the gold loan segment and plans to use this as a foundation to de-leverage existing branches. This strategy allows CSB Bank to create space for the growth of its liability portfolio without negatively impacting its operations.

CSB Bank's strategy focuses on enlarging its retail portfolio by attracting a wider customer base in key segments such as home, personal, auto loans, and credit cards. The Bank emphasises internal customer acquisition and cross-selling, avoiding external purchases of retail businesses through Direct Selling Agents (DSAs) and other channels. This internal focus is anticipated to remain until the liability side of the business strengthens over the next few years.

Furthermore, the Bank also engages directly with manufacturers and customers, reflected in a loan portfolio that includes short-term financing for autos, commercial equipment, properties, and healthcare businesses. Strategic partnerships with manufacturers enable it to offer niche and value-added services, bolstering its competitive position.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

In the medium to long term, the Bank expects its growth to mirror the development of its liabilities business, supporting sustained expansion. CSB Bank's operational nimbleness in new markets provides a distinct advantage over larger competitors. Its smaller base and the absence of legacy issues allow for rapid implementation of process changes and adoption of new technologies.

SME Banking

The Micro Small and Medium Enterprises (MSMEs) sector is a major contributor to the socio-economic development of the country. In India, the sector has gained significant importance due to its contribution to Gross Domestic Product (GDP) of the country and exports. The sector has also contributed immensely with respect to entrepreneurship development especially in semi-urban and rural areas of India. The MSME sector contributes around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities

The SME Team is continuously working to make the Bank as the most preferred banking partner for SMEs. The team is engaged in implementation of new initiatives with respect to products, policies and technology transformation to provide seamless customer service.

The SME team continues to build the portfolio through a robust relationship management structure with the clients along with maintaining the quality of the portfolio for the Bank and thereby improving client-level profitability and increasing SME's share in Bank's portfolio.

Wholesale Banking

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

Corporate Banking

The Corporate Banking Segment caters to corporate clients, primarily large corporates and conglomerates. Niche team of experienced bankers are spread across key locations of the country to bring in relationship-driven, knowledge-based banking practices to this highly demanding client segment. The Bank also takes active participation in funding capex requirements of its customers by extending term loans and project finance. The product offerings are

suitably structured, taking into account the client's risk profile and specific needs specified by them.

Commercial Banking

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

Financial Institutions and Public Sector (FIPS)

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

Treasury Management

The Bank's treasury operations primarily encompass managing statutory reserves, asset liability, liquidity, investing/trading in fixed income, money market instruments and foreign exchange. These operations aim to maintain optimal liquidity levels while adhering to RBI's mandated Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). The Bank maintains SLR through a diverse portfolio including dated securities, treasury bills of the Government of India, state development loans, and other permitted securities. This portfolio is actively managed to optimise yield and capitalise on price movements. Besides sovereign debt instruments, the treasury invests/trades in commercial papers, bonds, debentures, mutual funds, alternate investment funds, pass through certificates, certificates of deposits, and equity to manage short-term liquidity and enhance yield and trading profits. Furthermore, the treasury executes the Bank's foreign exchange transactions in line with guidelines from RBI, Foreign Exchange Dealers' Association of India (FEDAI) and other regulatory bodies, generating revenue from various transactions.

To maintain a robust Liquidity Coverage Ratio (LCR), the treasury department strategically manages both assets and liabilities. It anticipates funding gaps and employs the most cost-effective solutions, such as utilising wholesale deposits, borrowings, issuing CDs, or currency conversions. The treasury also continually reviews and adjusts the liability mix to minimise the Bank's overall cost.

Playing a key role in the Bank's expansion, the treasury arranges medium-term liabilities through foreign currency borrowings and CD issuances. On the asset side, it manages a corporate bond portfolio in addition to the standard SLR portfolio, which includes state development loans. The treasury is also developing new products to meet the hedging needs of the Bank's clients. Recognising the importance of technology, the treasury has invested towards upgradation of the IT infrastructure.

OUTLOOK AND BUSINESS STRATEGY

The beginning of CBS migration project has enabled the Bank to move closer towards the fulfilment of its SBS 2030 vision – that of emerging as one of the most respectable mid-sized banks. It is possibly the first bank in India to migrate into Oracle, OFSA, OGL altogether in a single transition. The Bank is expected to leverage its full-service banking license and build a Pan-India franchise. As a result, it has initiated branch expansion as part of its growth strategy. Bank has a comprehensive management team in place with rich and varied experience to support the build & scale phase of the journey. In the coming years while all the segments viz, wholesale, SME, gold, and retail are expected to act as the growth drivers for the Bank we will be focusing on changing the business mix with reduced gold portfolio concentration.

During the Build phase, the focus for CSB Bank is on laying the right foundation for future growth, with the anticipation that the real benefits will materialise between FY 2026-27 and FY 2029-30. During this period, the Bank envisions a significant shift in its business mix. By FY 2029-30, CSB Bank aims to position itself in the mid sector, which will enable it to capture a larger market share in emerging and mid-sized corporates, and potentially even enter the large corporate segment.

Looking beyond FY 2030, the Bank envisions expanding into broking and wealth management. However, the immediate focus remains on achieving the target business mix, aiming to become a full-scale bank by 2030. This strategy is underpinned by the leadership team's prior experience in handling significantly larger scales, and having the right technological infrastructure in place to support growth without compromising on quality.

SWOT ANALYSIS

Strengths

- The Bank has good network of branches & ATMs across the country. It has 779 branches and 731 ATMs/CRMs in 16 states and 4 union territories across the country. It has developed a noteworthy

presence in the Indian SME clusters in alignment with its business focus on SMEs.

- CSB Bank has a strong capital base with a CRAR of 24.47%, being one of the best in the industry and thus offering a large headroom for growth. Moreover, the RWA to total assets ratio is among one of the lowest in the industry.
- The Bank's retail asset offering is spearheaded by gold loan portfolio. This translates into improved yield, reduced stress, lower capital requirements, and liquid security, among other things.
- The Bank has a strong and stable retail deposit base with a renewal rate of more than 85%.
- The Bank has a stable asset quality with GNPA of 1.47%, NNPA of 0.51%, and PCR of 65% without write-off. The Bank established accelerated provisions, exceeding the norms set by RBI to cover potential losses, demonstrating the Bank's proactive approach to risk management and financial prudence. Credit cost for the full financial year 2023-24 continues to be negative.
- CSB Bank acclaims a strong leadership team, with most of its senior management positions being filled in FY 2023-24.
- The Bank has made strong investments in technology encompassing HR, core banking, risk management, and financial management systems – all of which strengthen its value proposition.

Weaknesses

- Some of the Bank's offerings including credit card and few other retail products have been recently launched compared to other peer groups. However, the Bank is providing better features as compared to the peers as the offerings are time-tested and improvised, thus enhancing the customer experience.
- The Bank incurs a lower brand expenditure compared to the peers. It has started cost effective digital campaigns as the first step towards aggressive marketing of its products and services.
- The Bank possesses a relatively small customer franchisee and less diversified asset mix despite having 100 plus years of legacy.

Opportunities

- Gold/SME/WSB sectors are poised for significant growth, given the excellent market opportunities. Conversely, the newly revamped or established retail verticals will have the chance to solidify their

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

presence with enhanced growth, which will instill greater confidence for future scale.

- As the Bank enters the advanced stage of build phase of the Sustain-Build-Scale (SBS) journey, it is planning significant investments in technology. This will enable it to upgrade with the most proven solutions, putting it slightly ahead of industry standards.
- With the launching of new products & services in various growing segments such as wholesale and transaction banking vertical, the Bank will gain traction and consolidate its position.
- The Bank has commenced aggressive expansion by opening 377 branches since FY 2020-21. Increased focus on opening of branches in the semi-urban and rural locations is helping the Bank to enhance its participation in the government's financial inclusion initiatives.
- CSB Bank is capitalising on its strong execution strategy to increase its customer acquisition base and expand its branch network while balancing the challenging liquidity environment.

Threats

- Increased level of interest rates on deposits exerted pressure on the net interest margins of banks. The Bank is trying to balance it by focusing on improving the CASA/ retail deposit share. The Bank faces strong competition from peer banks in all major lines of business (public sector, small finance, and other private sector banks). It encounters strong competition from SFBs in deposit pricing and from NBFCs in the gold loan segment.
- Security breaches and online fraud pose a significant threat to our system. With the rapid advancement of technology and digitalisation, cyberattacks have become one of the most significant hazards to the financial sector. The number of instances has increased. Hackers have enhanced their technology and expertise, making it more challenging for banks to consistently prevent attacks. Bank has put in place a strong Information Security Management Process headed by CISO to monitor this.
- The Bank's operations might be hampered on account of greater prospects offered by the competitors. It has established a recognition and reward system to promote meritocracy and moderate attrition.
- Systemic interest rates have already peaked, leaving no room for further loan repricing. However, with tight liquidity conditions and rising deposit demand, interest rates may remain elevated for a longer period.

This could lead to a rise in the overall cost of funds and borrowing for CSB Bank, affecting the NIMs.

REVIEW OF PERFORMANCE

Total Business

Total business of the Bank stood at ₹ 54,291 crore as on March 31, 2024 compared to the previous year's level of ₹ 45,348 crore, registering a growth of 20% on a y-o-y basis.

Total Assets

Total assets of the Bank stood at ₹ 36,056 crore as on March 31, 2024 compared to the previous year's level of ₹ 29,162 crore, registering a growth of 24% on a y-o-y basis.

Term Deposits

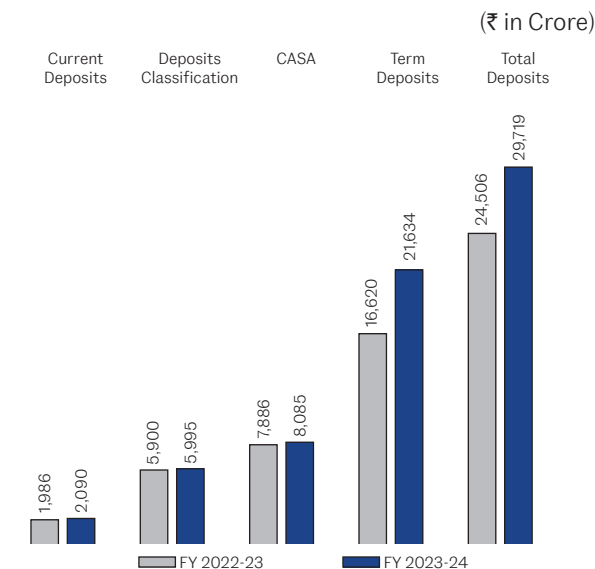
Term deposits of the Bank stood at ₹ 21,634 crore as on March 31, 2024, compared to the previous year's level of ₹ 16,620 crore, registering a growth of 30% on a y-o-y basis.

Total Deposits

Total deposits of the Bank stood at ₹ 29,719 crore as on March 31, 2024, compared to the previous year's level of ₹ 24,506 crore, registering a growth of 21% on a y-o-y basis.

CASA

- During the period under review, CASA portfolio stood at ₹ 8,085 crore compared to ₹ 7,886 crore as on March 31, 2023.
- CASA ratio stood at 27.20% at the end of FY 2023-24.



CASA Strategy

There is a significant shift in how individuals manage their finances. They have moved away from traditional savings accounts towards more diverse investment options such as

mutual funds, Direct equity and Fixed deposits. This change has been driven by a desire for higher returns, increased awareness about investment opportunities and ease of investments through digital channels. Higher return on Fixed Investment products like FDs have also led to a shift from savings to investments. As a result, banks have experienced a decline in their current account savings account (CASA) ratios, which are important for their profitability as they represent lower-cost sources of funds.

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

Our strategy is based on three pillars:

- Increasing the base of customers:** We are focused on increasing our customer base. The Bank is increasing its footprint by opening new branches in locations hitherto not covered by the Bank. Similarly, a Direct Sales Channel has been established to acquire more CASA customers. Video KYC and Call centers are also being used for acquisition.
- Segmented Product Offerings:** We are continuously studying the market and offering competitive products for every meaningful segment. We have launched targeted products for Women, Senior Citizens, High Net worth Individual, Exporter-Importer, Seafarer, Salaried individuals, and High-end Business customers. Our endeavour is to continuously upgrade our product offerings to cover more targeted base. The Bank has also started services like Cash Management, payment Products like Point of Sales Terminals (POS) & QR code which is helping us in acquiring more customers.
- Customer Engagement:** A key strategy for us is to engage our existing customers for increasing wallet share. A proper onboarding is being done through our contact centre and branches. Relationship Managers and Virtual Relationship Managers have been put in place to provide exceptional service levels to customers. Digital Banking Channels are being upgraded, offering more functionalities. 24/7 Cash Deposit Machines have been put for the convenience of Business accounts. We are also facilitating investment products like Mutual Funds and Online Broking accounts, so that our CASA account becomes the primary account for the customers.

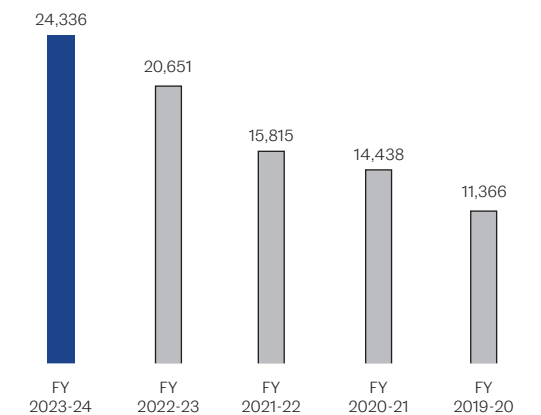
Through these initiatives, we are continuously striving to build our CASA base. A lot more innovations will be done in coming quarters to make us one of the most preferred banks for the targeted segment.

Advances

Total advances (gross) of the Bank stood at ₹ 24,572 crore as on March 31, 2024, compared to the previous year's level of ₹ 20,842 crore, registering a growth of 18% on a y-o-y basis. The Gross CD ratio of the Bank improved to 82.68% in FY 2023-24, compared to 85.05% in the FY 2022-23.

Total Advances

(in ₹ crore)



Retail Assets

The Bank's retail assets portfolio includes gold loans as well as other retail loans like personal and auto loans and credit cards.

Gold Loans

As of March 31, 2024, the Bank's gross gold loan portfolio amounted to ₹11,818 crore, up from ₹9,694 crore as of March 31, 2023, marking a y-o-y growth of 22%. Gold loans is a strong pillar of the Bank's advance portfolio. The Bank has penetrated deeper into rural and semi-urban markets, traditionally dominated by unorganised players, through an increased branch network. This has proven effective in enhancing its portfolio.

Other Retail Loans

As of March 31, 2024, the Bank's gross retail assets portfolio (other than gold) totaled to ₹4,029 crore, compared to ₹2,924 crore as of March 31, 2023. This portfolio mainly consists of personal loans, mortgage, two-wheeler, vehicle, and education loans, and healthcare finance. Retail assets advances witnessed a 38% growth on an annual basis. The core strategy in retail assets involves enhancing existing product offerings by leveraging current branches while identifying suitable target segments and managing associated risks effectively. In FY 2023-24, emphasis was placed on CV/CE Loans, Inventory Funding, Credit Cards, and Personal Loans.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Personal Loan

The Bank launched a specialised personal loan vertical providing a range of products across various regions. Additionally, it implemented a Loan Origination System (LOS) to streamline the loan process, integrate robust deduplication logic, expedite credit decisions, reduce overall TAT, and enhance customer experience within the segment.

The personal loan portfolio of the Bank expanded by 51.20%, reaching ₹ 352 crore in FY 2023-24, compared to ₹ 233 crore in FY 2022-23.

Auto Loans

The Indian automobile industry is among the country's largest and most dynamic. It encompasses a wide range of vehicles including passenger cars, commercial vehicles, and two and three-wheelers. The auto industry accounts for 49% of India's manufacturing GDP and 7.1% of its overall GDP. The Bank serves clients from all segments of the auto market such as two-wheelers, car and commercial vehicle loans, and fleet operators, among others. It also provides inventory funding and dealer financing services.

Credit Cards

CSB Bank launched its credit card business in FY 2022-23, with a Co Branded partnership with One Card on the Master Card network. Subsequently the Bank launched another Co Branded Credit Card with Jupiter on UPI rails offered through the Rupay network in November 2023. The credit card business performed well on all the key parameters. Further, the Bank has been cautious in its approach towards growing the unsecured book and continues to focus on building a good quality portfolio. Its credit business grew significantly during the year under review.

Priority Sector Loans (PSL)

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

For FY 2023-24, the quarterly average priority sector advance amounted to 64.67% of the adjusted net bank credit, surpassing the RBI's prescribed target of 40%.

Additionally, the Bank successfully achieved sub-targets under agriculture, small and marginal farmers, weaker sections, and micro enterprises.

Financial Inclusion

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

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

Banks have introduced initiatives such as Financial Literacy and Credit Counseling Centers (FLCCs) and the expansion of banking services through business correspondents. They have thus facilitated avenues for encouraging savings among the underserved population and providing new lending opportunities. The Bank, with its 66 rural branches and 7 FLCCs, actively strengthens financial literacy endeavours at the grassroots level. Additionally, as part of its financial inclusion efforts, the Bank reached out to approximately 2,10,000 families, extending small-value credit through microfinance loans, thereby contributing to the empowerment of underserved communities.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

As of March 31, 2024, the Bank had 1,27,475 Basic Savings Bank Deposit Accounts (BSBDAs) and 2,705 outstanding Kisan Credit Card (KCC) accounts. Among the BSBDAs accounts opened, 67,978 were initiated under the Pradhan Mantri Jan Dhan Yojana.

PMJJBY, PMSBY, and APY

On April 8, 2015, the Honorable Prime Minister launched three social security schemes: Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY). As of March 31, 2024, the Bank had 6,905 PMJJBY accounts

and 91,241 PMSBY accounts, and 7,082 APY accounts were outstanding.

Business through Business Correspondent (BC) Model

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

Throughout FY 2023-24, the Bank provided credit to 1,10,635 women borrowers through micro-lending programmes facilitated by the business correspondents model. Through this initiative, the Bank has reached out to over 28,000 families, supported by 18 business correspondents operating across various regions. As of March 31, 2024, the total outstanding business in micro finance under the business correspondent model stood at ₹550.05 crore, marking a growth of 16% from ₹474 crore.

Corporate Lending

The Bank's Wholesale book stood at ₹6,187.81 crore as of March 31, 2024, remaining stable compared to the previous year. However, the core Wholesale banking book showed a robust growth of approximately 9% year-on-year, reaching to ₹5,132 crore. This growth was driven by strategic decisions to scale down the low-yielding segments and reduce exposure to direct assignment of loans, allowing the Bank to concentrate on its new franchise growth initiative. This initiative is centered on a direct client coverage model, supported by a dedicated team and diverse product offerings.

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

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

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

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

- Onboarding: The Bank has already adopted digital loan origination system.
- Delivery mechanism: CSB Bank is working on developing a full stack of digital services that will be ready alongside the implementation of the core banking software. This will enable digital delivery of services to corporate clients, including both fund and non-fund transactions.
- Risk management: The Bank is already using digital modes for risk management through its early warning system (EWS). This system is currently in use and will be further enhanced over time.

Looking ahead in FY 25 key deliverables from Wholesale banking would be:

- Gaining incremental market share across segments of wholesale clients with resulting increased proportionality in the bank's lending book.
- Incremental wallet shares of clients across their borrowing, deposits and trade with a focus on creating annuity revenue streams.
- Technology enabled service delivery with dedicated team for effective client experience.
- Risk adjusted return approach to enhance franchise profitability.

Following a risk-adjusted return philosophy, the Bank emphasises on the growth of mid-size corporate assets in wholesale banking. It remains dedicated to enhancing efficiency and refining processes to deliver an enhanced client experience and foster mutually beneficial relationships.

Transaction Banking Group

The businesses of Supply Chain Finance, Trade Services & Forex & Cash Management services are part of the Transaction Banking Group.

Transaction Banking Group is focused to provide knowledge-based customised solutions backed by technology to clients across Corporate, SME & Retail segments.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

Trade Services & Forex Business

The Bank's trade services and forex business encompasses various services, including letters of credit, bank guarantees, export finance, import finance, buyer's credit, and outward and inward remittances. In FY 2023-24, the revenues from trade services and forex increased by 48% year-on-year, driven by strong forex volumes and disciplined pricing.

Cash Management Services

CSB Transact is TBG's comprehensive product suite that caters to the liquidity and cash management requirements of businesses across sectors and to a spectrum of retail, SME & wholesale client segments. It offers digital banking suit to cater various client requirements.

Its product suite includes:

- Cash management services for managing receivables and payables.
- Customised and innovative digital solutions, including market-leading API banking solutions.
- Digital solutions SME, NBFCs, Mid Corporates and Large corporates.
- Specialised products and solutions for government entities, including Central and State bodies.
- Fiduciary services, e.g., escrow, nodal and RERA.
- Curated solutions for trusts, associations, societies and clubs (TASC).
- Manages Corporate Net Banking (CNB) and API channels for its corporate clients to offer seamless payments.

We offer innovative digital solutions by designing, developing and co-creating products with corporate clients, fintech/technology partners, banks and exchange houses. These solutions are provided by leveraging cutting-edge technology.

Supply Chain Finance

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

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

Transaction Banking Initiatives

- Engagements initiated with multilateral agencies/banks for facilitating cross border trade finance.
- Development of products with focus to target corporate clients.
- Discussions with cross border banks to expand the correspondent bank network.
- Streamlining of processes and internal policies.
- Benchmarking product propositions with the market to introduce products to cater to the corporates for Trade Finance, CMS & Supply Chain.
- Introduced standard pricing structure for Trade Services.
- Variety of collection products introduced/enhanced like virtual account services, NACH collection services, Escrow/RERA propositions & Bharat Bill Payment services.
- Introduced enhanced features in Corporate Net Banking platform for seamless payments.

SME Lending

CSB Bank has established a specialised team of professionals to uphold its commitment to customers. The dedicated sales, credit, risk, and operations teams are collaboratively working to provide timely and hassle-free business solutions to the SME sector. These teams receive continuous training to stay abreast of the latest sector developments, ensuring high-quality service delivery and reduced overall customer turnaround times (TAT).

Focusing on its hub-and-spoke model, the Bank has introduced specialised SME branches within its hub branches. These branches are designed to offer a comprehensive range of banking services and products essential for SME business growth. The Bank plans to expand the number of SME-focused branches in FY 2024-25.

In addition to its core services, CSB Bank is enhancing its trade and forex business offerings to increase revenue share. The Bank is also developing a robust Cash Management System (CMS) and Supply Chain Finance business. The focus on Supply Chain Finance will intensify in FY 2024-25, as most of the initial setup work has been completed.

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

Customer Service:

- Relationship management team proactively engages with clients to offer banking services.
- Provide seamless customer service through process improvement and improved operational efficiency through our robust technology implementation.
- Focus on building a robust customer engagement model to grow along with the Customer.

Products:

- Market-aligned lending products to deliver hassle free financing to SMEs.
- Parameterised products to be launched in FY 2025 for SME including sector-based products.
- Customised solutions to meet specific business requirements of the segment.
- Customised Premium Current Account Products for SME customers.
- Partnership with Fintechs and various Channel Partners for lead sourcing.
- With CRISIL Knowledge series 'In Focus' started and to be continued in FY 2025, we are connecting with Trade bodies and industry associations through this project and build up relation for creating sourcing funnel.
- Focus on trade & forex products to meet customer requirements by aligning transaction banking team.

People:

- 'SMEgnition' Training Programme (Knowledge Partner – CRISIL) launched for the team for a better understand SME Sector, Products, Policies and Processes and enable them to provide better & customised service to the clients.
- Training to Leadership Team for better team management, stakeholder management & nurturing future leaders.

Technology:

- Our Corporate LOS (CLOS) was launched for seamless movement from Login to Sanction.
- Automation of processes to support in sourcing, monitoring and maintenance of quality portfolio.
- Upgradation of Systems & Automation of processes to reduce overall Customer TAT.

- C-Scan – Pre-Login tool implemented to ensure quick login process & reduce overall TAT.

We have been expanding in North and West Zone and to further expand in Delhi, Punjab, Uttar Pradesh & Rajasthan. New geographies to be added in a phased manner along with expanding to new locations in existing States and deploying additional manpower in existing locations in FY 2024-25.

The Gross SME advances of the Bank (Including MSME) stood at ₹ 2,769 crore as on March 31, 2024, as compared to ₹ 2,163 crore as on March 31, 2023, clocking a growth of 28% during FY 2023-24.

INTEGRATED TREASURY OPERATIONS

The Integrated Treasury in Mumbai effectively managed the Bank's investment and trading operations, ensuring that statutory reserve requirements were maintained at optimal levels. The Fixed Income & Money Market Desk at the Integrated Treasury is engaged in active trading of government securities, certificates of deposits, commercial paper, corporate bonds and debentures, and alternate investment instruments, thereby maximising the Bank's trading profits. Amidst rising inflationary trends and upward movement in interest rates, the Bank prudently traded in fixed income instruments, avoiding the need for provisioning on the trading portfolio. It also churned the liability mix in adverse liquidity and deposit growth scenarios to save cost and remain within prescribed limits on deposit and liquidity parameters.

As of March 31, 2024, the Bank's total investments stood at ₹ 7688.68 crore (book value), compared to ₹ 5,993.09 crore (book value) as of March 31, 2023. The interest income from investment operations increased to ₹ 423.99 crore during FY 2023-24, compared to ₹ 404.61 crore in the previous financial year. Additionally, the Bank realised a profit of ₹ 40.49 crore from the sale of investments, as opposed to ₹ 16.39 crore in the previous year.

Foreign Exchange Transactions

The Integrated Treasury is equipped with sophisticated trading platforms to handle all kind of forex transactions in various currencies. Treasury has been providing competitive pricing in crosses, spot and forward transactions to the clients in all the major currencies. Apart from that, it provides trade finance solutions, forex deposit facilities and funding to our clients. Taking advantage of the liberalisation of regulation, Treasury floated 'Easy Hedge', a seamless forex hedging solution for retail client. The product was well appreciated by the users.

The Merchant Desk within the Integrated Treasury is fully equipped to provide centralised cover operations for forex

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

Forex turnover of the Bank registered a growth of 112% in FY 2023-24, compared to previous year. Bank generated an income of ₹19.24 crore from forex operations during the FY 2023-24, registering a growth of 65% compared to previous year. This comprised ₹15.55 crore foreign exchange profit and ₹ 3.69 crore from commissions earned from forex transactions.

BANCASSURANCE

The Bank is capitalising on the current financial market by intensifying its efforts to increase product awareness and digital adoption. Recognising the significance of partnerships in expanding its product offerings, the Bank is actively cultivating relationships with third-party entities for the distribution of financial products such as life insurance, non-life insurance, and standalone health insurance. Through corporate agency tie-ups with multiple insurers, the Bank adopts an open architecture model. This enables it to provide a diverse range of insurance products from various providers. This approach allows the Bank to cater to the unique needs of its customers and offer them the most suitable options available.

To further enrich its offerings, the Bank intends to leverage analytics, customer insights, and technology to gain deeper insights into customer needs. This proactive strategy enables to provide tailored solutions that align with individual customer requirements. This ultimately enhances customer experience and fosters stronger relationships.

Life Insurance

Life insurance plays a crucial role in ensuring the financial security of nearest and dearest. It is also an important tool for achieving various financial goals throughout different stages of life. The market offers a diverse array of life insurance products tailored to meet different needs, including risk coverage, long-term savings, goal-based planning, and tax benefits. The Bank currently offers a comprehensive range of life insurance products catering to various customer segments. As a corporate agent for multiple insurance companies such as Edelweiss Tokio Life Insurance Company Limited, HDFC Life Insurance Co.

Limited, ICICI Prudential Life Insurance Co. Limited and Max Life Insurance Co. Limited, it is committed to providing its customers with a wide choice of insurance options.

Non-Life Insurance

The Bank has forged partnerships with reputable entities in the non-life insurance sector to distribute general insurance products. As a corporate agent, the Bank collaborates with Reliance General Insurance Company Limited, Go Digit General Insurance Co. Limited, and ICICI Lombard General Insurance Company Limited. Offering a diverse array of insurance products, the Bank caters to various needs such as home, health, motor, personal accident, fire, and critical illness insurance on a non-risk participation basis.

Recognising the increasing importance of financial planning for health, both for individuals and their families, CSB Bank has prioritised the retail health market. Through its partnership with Aditya Birla Health Insurance Co. Limited, the Bank provides a comprehensive range of health insurance products to safeguard customers' well-being.

In FY 2023-24, the Bank witnessed significant growth of 121% over the previous FY in income from Life, Health, and General Insurance.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Financial Performance

During FY 2023-24, the Interest income rose to ₹ 2,927.54 crore as against ₹ 2,319.65 crore in FY 2022-23, reflecting a growth of 26.21%. Interest expenses increased by 47.20% and stood at ₹ 1,451.13 crore as against the previous year's figure of ₹ 985.81 crore. The interest expense and interest income was raised in alignment with the growth in business and increase in interest rates. The net interest income increased to ₹ 1,476.41 crore from ₹ 1,333.85 crore y-o-y growth of 10.69%. Non-interest income increased by 84.90% from ₹ 316.01 crore to ₹ 584.29 crore for the year ended March 31, 2024. For the year ended March 31, 2024, the NIM of the Bank decreased by 39 basis points from 5.48% to 5.09% compared to the previous fiscal and this was due to increase in cost of fund.

The Bank reported an operating profit of ₹ 779.92 crore compared to ₹ 707.40 crore in the previous fiscal, reporting an increase of 10.25% primarily due to increase in non-interest income. Operating revenue of the Bank reported

a y-o-y growth of 33.24% and stood at ₹ 3,511.83 crore compared to previous year's figure of ₹ 2,635.66 crore mainly on account of increase in interest income. The operating expenses increased to ₹ 1,280.78 crore from ₹ 942.46 crore reporting an increase of 35.90% mainly on account of increase in staff cost and other operating expense in line with increase in business and branches.

The Bank recorded a net profit of ₹ 566.82 crore in FY 2023-24, as against ₹ 547.36 crore in FY 2022-23, due to increased Net Interest Income.

The Bank's cost income ratio stood at 62.15% for the year ended March 31, 2024, as against 57.12% in FY 2022-23. The ROA was 1.79% at the end of the fiscal under review as against 2.06% in the previous fiscal.

The Earning Per Share (EPS) and book value of share as on March 31, 2024, stood at ₹ 32.67 and ₹ 209.11, respectively as against ₹ 31.55 and ₹ 175.90 as on March 31, 2023. The Bank's ROE stood at 17.37% compared to 20.35% for FY 2022-23.

Key Financial Ratios

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

Particulars	March 31, 2024	March 31, 2023	Change (%)
Capital Adequacy Ratio (CRAR)% Basel-III	24.47	27.10	(9.70%)
Earnings Per Share (in ₹)	32.67	31.55	3.55%
Book Value Per Share (in ₹)	209.11	175.90	18.88%
Net Interest Margin (%)	5.09	5.48	(7.12%)
Cost Income Ratio (%)	62.15	57.12	8.81%
Return on Assets (ROA)%	1.79	2.06	(13.11%)
Return on Equity (ROE)%	17.37	20.35	(14.64%)
Gross NPA (%)	1.47	1.26	16.67%
Net NPA (%)	0.51	0.35	45.71%
Leverage Ratio	9.72	9.98	(2.61%)
Interest Income as a % to Working Funds	9.22	8.72	5.73%
Operating Income as a % to Working Funds	2.46	2.66	(7.52%)

There were no significant changes compared to previous year other than increase in Net NPA ratio which was mainly on account of fresh NPAs in the corporate loan book.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Capital Adequacy ratio was 24.47% as at March 31, 2024, compared to 27.10% as at March 31, 2023, due to growth in business which resulted in increase in total risk weighted assets, offset by increase in capital fund from ₹ 3,170.73 crore to ₹ 3,852.67 crore.

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

Return on net worth decreased to 17.37% from 20.35% of the previous year on account of increase in average net worth of the Bank in comparison with net profit.

Disclosure of Accounting Policy

The primary accounting policy of the Bank is detailed in Schedule 18 of the financial statements. The Bank adhered to the identical accounting policies during the preparation of these financial results as those employed in the annual financial statements for the fiscal year ending on March 31, 2023.

NPA Management

Indian banks have demonstrated notable improvements across key functions post pandemic, particularly in the recovery of bad loans. Through close monitoring and effective follow-up mechanisms, banks have successfully prevented accounts from slipping into fresh delinquencies. Furthermore, enhanced recovery efforts, including the upgradation of recent NPAs, have led to the reversal of provisions, resulting in a reduction in credit costs.

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

The Bank initiated settlement opportunities which further contributed to early resolution of bad loan accounts. Revenue authorities in Kerala collaborated with the banks to expedite settlement processes. Special attention has been given to the cashew industry in Kerala, with the formulation of a special OTS package leading to successful recovery from hard-core NPA accounts.

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

The gross and net NPA ratios as on March 31, 2024, stood at 1.47% and 0.51% as compared to the previous year's at 1.26% & 0.35%, respectively, with the provision coverage ratio of 86.44%. There was a marginal increase in the NPA levels due to one of the corporate accounts going bad during the last quarter which we expect to get cured during the current FY. Despite this, the Banks credit cost remained negative for the FY 2023-24.

Notably, during the period under review, the Bank recovered ₹ 58.93 crore from prudentially written off (PWO) portfolios, with interest recovery amounting to ₹ 20.87 crore.

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

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

CSB Bank aims to keep the gross NPA below 2%, net NPA below 1%, and credit cost below 40%. In the realm of corporate accounts, there exists a potential for non-performing accounts to return to a performing status, although this is more difficult with retail accounts. CSB Bank's gold business demonstrates minimal slippages and credit costs, effectively balancing out its high operating costs.

RISK MANAGEMENT

Risk Management

Effective and proactive management of risks is essential for sustainable business growth since banking is exposed to a wide range of risks. The Bank has an integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM), Operational Risk Management and Information Security Management. The Bank's Risk Management practices have been aligned with the best industry practices and are adaptable to a dynamic environment. An effective risk management system ensures long term financial security and stability. The overall responsibility of setting risk appetite and effective risk management vests with the Board of Directors.

The Board articulates Risk management policies, procedures, aggregate risk limits, review mechanism, reporting and auditing systems. In tune with the guidelines of RBI, the Board has constituted a Risk Management

Committee (RMC). The Risk Management Committee has four executive level committees which provide support and inputs in discharging its functions viz. Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Management Committee (ALCO) and Information Security Committee.

The Integrated Risk Management Department is headed by Chief Risk Officer who provides overall leadership for risk management framework, independent risk management function and risk governance processes, including risk measurement, risk monitoring, risk control or mitigation and risk reporting. The Bank has a well-experienced risk management team with specialised knowledge in various areas to handle the risk management functions.

The objective of risk management is to have an optimum balance between risk and return. The Risk Management functions of the Bank focus on taking a risk by choice rather than by chance. The Bank has aligned its business strategies to a Risk Appetite Framework to maximise return on capital. A risk related pricing structure has thus been made operative to handle the pricing of loans to evaluate returns vis-à-vis risks assumed. The Bank has put in place a robust Risk Appetite Framework and has various business tolerance levels in sync with Business plans. The framework ensures business heads operate within the guardrails of risk management. The major risks are credit and market risks, including the interest rate and liquidity, information and cyber security, and other operational risks. The Bank has established robust policies, procedures, methodologies, and frameworks to manage material risks systematically.

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

Credit Risk

Credit risk is the possibility of losses associated with diminution in the credit quality of borrowers or counterparties and the possibility that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and losses resulting from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk is not confined to the risk that borrowers are unable to pay; it also includes the risk of payments being delayed, which can also cause

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

Mitigation

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

The Bank has a well-defined internal rating/scoring models for Credit Risk Assessment. The major part of the internal rating is carried out by expert rating models developed by CRISIL. The Bank is in the final stages of implementation of CRISIL RAM. The upgrade will enable the Bank to smoothen the rating process and adopt the best industry practices.

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

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

Market Risk

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

Market risk addresses the risk that the value of 'on' or off-balance-sheet positions will be adversely affected by changes in market interest rates, currency exchange rates, equity and commodity prices and the possibility of resultant loss to the Bank. The focal point of market risk management is to assist the business verticals in maximising risk-adjusted return by providing analytics inputs regarding market risk exposures, portfolio performance vis-à-vis risk exposures and comparable benchmarks.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

To measure and control market risk, interest rate risk, equity price risk and forex risk, the Bank uses various tools like stress testing, Duration, Modified duration, PV01, Value at Risk (VaR), position limits, stop-loss limits, Net Overnight Open Position (NOOP) limits, Aggregate Gap Limit (AGL), Individual Gap Limit (IGL) to measure market risk. The Bank has established an independent Mid-Office at Integrated Treasury, as part of Market Risk Management Division, which reports directly to the Head of Market Risk and functions as the risk control unit for the treasury activities.

Mitigation

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

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

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

Liquidity & Interest Rate Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the potential inability of a Bank to fund an increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses.

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

Interest rate risk is the risk where changes in market interest rates affect our earnings through changes in our Net Interest Income (NII) and the market value of equity through changes in the economic value of our interest rate sensitive assets, liabilities and off-balance sheet positions. Interest rate risk on Trading Portfolios is monitored daily through Market Risk Measurement tools such as VaR, and PVO1.

Mitigation

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

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

Operational Risk

The Bank has a well-defined Operational Risk Management framework for effective management of Operational Risk in the organisation, whose implementation is supervised by the Operational Risk Management Committee (ORMC) and reviewed by the Risk Management Committee (RMC) of the Board. The policies have been aligned to the best industry practices by engaging external consultants.

Mitigation

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

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

The Bank has a detailed Business Continuity Plan (BCP) to ensure continuity of operations at the Branches and Offices during disruptions. Business Impact Analysis is conducted to assess critical applications in the Bank. BCP enabled us to minimise business disruption during the times of natural disasters, such as the floods in Kerala in 2018 and Chennai in 2023, and the disruption caused by the COVID-19 pandemic.

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

Climate Risk

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

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

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

Mitigation

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

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

The Bank commits to ensure that funds will not be used to finance a set of activities and/or end use for all project and corporate loans under the scope of the ESG Policy through an exclusion list which is part of the policy document and assessment tools, viz. Rapid Environmental Assessment (REA) checklist.

Cyber Risk

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

It pertains to online business activity such as Internet Banking, Mobile Banking, Electronic Systems and storage of sensitive information over computer networks. Common categories of Cyber Risk include inter-alia, Hacker Attacks, Data Breach, Virus/Malware transmission and Cyber

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Extortion. Financial gain continues to be a primary driver of the most sophisticated criminal offences. It presents evolving challenges as criminal networks reinvest their revenue into developing more advanced capabilities.

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

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

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

Mitigation

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

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

Compliance Risk

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

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

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

Mitigation

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

The Bank promotes awareness of compliance obligations and ethical values to maintain an appropriate compliance culture throughout its businesses. Compliance is not to be seen as an activity of the Compliance Department alone but as a culture that shall pervade across the Bank, through conducting online assessments for employees and periodical circulation of newsletters, etc.

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

COMPLIANCE WITH BASEL II AND BASEL III FRAMEWORK

Since April 1, 2013, the Bank has consistently computed capital ratios on a quarterly basis in accordance with both Basel II and Basel III norms. Adherence to regulatory guidelines under Pillar I of Basel II and III norms has been a priority for the Bank.

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

In line with prudent risk management practices, the Bank's Internal Capital Adequacy Assessment Process (ICAAP) policy incorporates additional considerations for Liquidity Risk, credit concentration Risk, cyber security risk, climate risk etc in Pillar II capital computations.

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

BUSINESS CONTINUITY PLAN

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

To execute the BCP effectively, the Bank has established a dedicated BCP Committee comprising heads of major departments. They are responsible for exercising, maintaining, and invoking the BCP as per need. Additionally, an Emergency Operation Team has been formed to swiftly respond to crises and oversee the recovery process under alternative operational arrangements during disasters. This team ensures that business functions resume normalcy with minimal delay.

During the pandemic, the Bank demonstrated seamless operations thanks to its well-prepared BCP, which has in place designated locations and resources for critical applications. The Bank also provides secure work-from-home facilities for essential teams. Regular DR drills are conducted for the core banking system (CBS) and other critical systems to ensure their readiness during

emergencies. Furthermore, periodic testing of recovery speed for critical applications from alternate locations is undertaken to ensure optimum operational resilience.

INTERNAL CONTROL AND INTERNAL AUDIT

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

To strengthen its governance arrangements and align the same with the regulatory guidelines on the Risk-Based Internal Audit (RBIA) framework, internal audits are conducted based on risk assessments. This covers various units, businesses, support and control functions, and branches as per the approved audit plan by the ACB.

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

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

These findings support the top management and the Audit Committee of the Board to identify and address any weaknesses or gaps and find out appropriate remedy/solution. The ACB provides guidance on enhancing controls throughout the organisation, monitoring the implementation of recommendations to mitigate identified gaps effectively.

Concurrent audits by experienced Chartered Accountants firm complement the internal audit function, scrutinising critical functions and high-risk areas. These include Treasury, Compliance, and Credit monitoring. Additionally, thematic audits, gold loan audits, Risk-Based Internal Audit of branches, VKYC Audit and Validation of Tranche points are conducted to assess gaps in processes and facilitate corrective actions. The Offsite Surveillance team within

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Internal Audit department helps in proactive identification and addressing potential risks using various data sources and analytics.

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

VIGILANCE FUNCTION

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

Information on malpractices, frauds, or suspected frauds is sourced from both internal and external channels. Internal sources include staff complaints, preventive vigilance audits, regular and surprise inspections, computer audits, and reports from senior officials' visits to branches. External sources include media reports, information from law enforcement agencies, other banks, and regulatory authorities.

Upon obtaining permission from the Chief Vigilance Officer, the Vigilance Department conducts thorough investigations into reported incidents. Investigation reports are then submitted to the Chief Vigilance Officer for further action, with a consolidated monthly report also presented to the MD&CEO. If a fraud or suspected fraud is identified, the incident is reported to the RBI accordingly. Additionally, the Bank takes disciplinary action against the perpetrators and initiates steps to recover any losses incurred. The Vigilance Department analyses the root causes of fraud incidents and recommends corrective measures to enhance systems and controls, thereby preventing similar occurrences in the future.

In cases where lapses are attributed to Bank staff, explanations are sought from the employees, and disciplinary proceedings may be initiated if necessary. Similarly, if third parties such as gold appraisers, CAs, valuers, legal advisors, are involved in fraud or lapses observed on their part, they are requested to provide explanations. If their reply is not satisfactory and they are found to be accountable, they are immediately removed from the Bank's approved panel. In applicable cases, their names will be referred to the IBA to include them in the Caution List.

The Chief Vigilance Officer oversees all vigilance and disciplinary proceedings matters, ensuring the effective monitoring and processing of individual cases. The Vigilance Department actively promotes awareness of fraud prevention measures, contributing to the overall integrity and security of the Bank's operations. The Vigilance Department has implemented an effective fraud prevention mechanism through regular preventive vigilance audits.

Identified deficiencies are promptly communicated to the respective branches and zonal offices to address and rectify them, thereby preventing the recurrence of similar irregularities. In cases where significant deficiencies are found, individuals responsible for such lapses are requested to provide explanations. If their responses are deemed unsatisfactory, the Vigilance Department forwards the files to the HR Department to initiate disciplinary proceedings against them.

Additionally, the Vigilance Department issues caution advisories on a regular basis, outlining the modus operandi of various frauds prevalent in the banking industry, including those observed within the Bank. These advisories serve to educate branches and offices, empowering them to identify and prevent similar fraudulent attempts in the future.

BRANCH AND ATM NETWORK STATUS

In FY 2023-24, the Bank successfully opened 76 new branches, continuing its strategic expansion initiative. This builds upon the opening of 100 + branches in the preceding three financial years (FY 2020-21, FY 2021-22 and FY 2022-23). This demonstrates a consistent commitment to branch expansion.

As of March 31, 2024, the Bank operates 779 branches, excluding One service branch and three asset recovery Branches, alongside 731 ATMs/CRMs. These branches and ATMs/CRMs are strategically located across 16 states and 4 union territories, ensuring accessibility and convenience for customers nationwide. During the reporting period, the Bank did not undertake any branch mergers or closures as part of its rationalisation strategy, maintaining continuity in its operational footprint.

Branch Expansion Programme

Out of the 76 branches inaugurated in FY 2023-24, a significant portion were established outside Kerala, primarily in Andhra Pradesh and regions of Northern/Western India. This expansion strategy aims to diversify the Bank's presence beyond its home state, thereby mitigating concentration risks. The newly opened branches since FY 2020-21, have collectively contributed to a total business ₹ 8,836 Crore as of March 31, 2024.

The Bank's SME strategy is centered around its branch network, which serves as hubs for engaging with SME clusters and key branches. The Bank prioritises its efforts on the top 42 branches, with a particular emphasis on the top 20 as catalysts and the subsequent 22 as prime branches.

In addition to 76 new branches opened in FY 2023-24, the Bank is actively planning to open another set of 60 to 75 branches nationwide in FY 25. These new branches will focus on locations with a strategic emphasis on CASA, gold, agriculture, and SME/MSME services. The objective is to establish a robust national presence.

EXPANSION OF ATM NETWORK AND ENHANCEMENTS

In the financial year 2023-24, the Bank installed 215 new ATM/CRMs bringing the total to 681 onsite and 50 offsite ATM/CRMs. To enhance the security controls at ATMs and secure card transactions; multiple layers of security features were incorporated and EMV roll out has been completed in all Diebold and Vortex ATMs. With this update, all the Bank's ATMs are now EMV compliant.

Further, the Bank implemented One Time Combination Lock for all ATMs. The newly opened ATM kiosks are aesthetically designed with color-coded schemes and special ambience aimed at enhancing customer engagement.

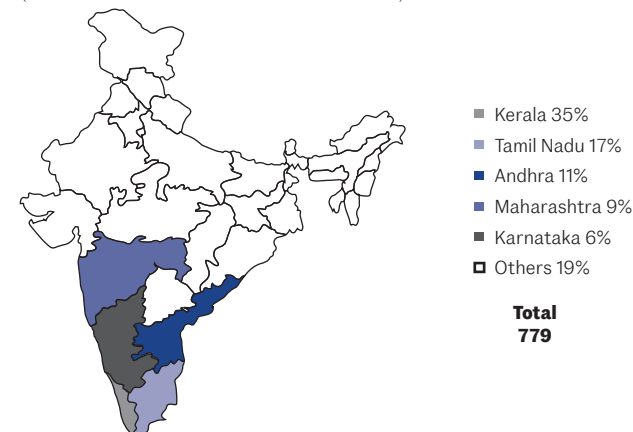
As part of offering value added services, the Bank has implemented IMPS Fund Transfer, Stop Cheque Payment, and Intra Bank Fund Transfer facility through ATMs/CDMs.

Card-less Cash Withdrawal facility has also been introduced in CSB ATM/CRMs to provide customers the convenience of withdrawing money without using their debit card. To aid physically challenged users, the Bank has installed Voice-Assisted guidance, Braille keypads in the ATMs and ramp facility for support.

Branch and ATMs/CDMs -Status:

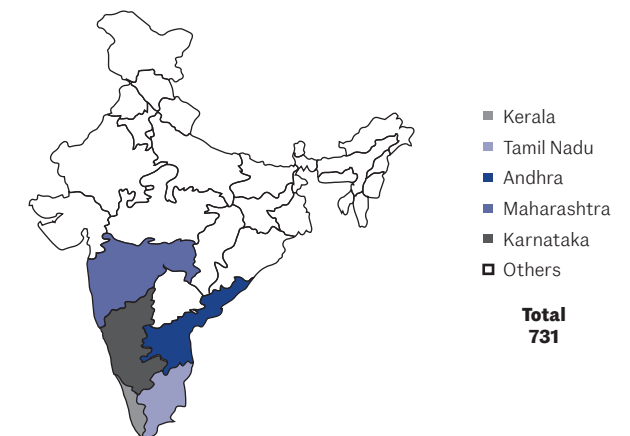
Branches

(Branch contribution to a state in %)



Disclaimer: This map is a simplified illustration for easy understanding, not for reference. Political boundaries and geographical names may not reflect their actual positions.

ATMs



The Bank has primarily located its branches in city suburbs and smaller towns, catering to the low- and middle-income groups. It offers products tailored to their needs, including gold loans and various retail loans such as housing, auto, and personal loans.

Out of 779 branches, 366 are in semi urban locations and 66 are in rural locations. Besides, the Bank extends its services in rural and semi urban areas through Financial Literacy and Credit Counselling Centres (FLCCs) and operations through the Business Correspondent Model (BC Model).

CURRENCY CHEST OPERATIONS

The Bank's Currency Chests, located in Market Road, Ernakulam, and Singanellur, Coimbatore, play a pivotal role in supporting branch and ATM cash requirements. These chests ensure the efficient and timely provision of cash to meet customer needs.

Additionally, they play a crucial role in adhering to the Clean Note Policy mandated by the RBI, facilitating the acceptance of soiled and mutilated notes from the public and customers across cash counters.

TECHNOLOGY ADOPTION

As part of the digital banking initiatives, the Bank has achieved significant milestones and implemented several new projects and enhancements during the FY 2023-24.

CSB Bank has dedicated considerable effort for implementing new systems, including core banking, lending systems, finance management, risk management, HR systems and systems for retail and corporate banking. To improve speed and facilitate future changes, the Bank has opted for a cloud-based approach. However, the Bank cautious on the cloud adoption, judiciously weighing the benefits to the bank, its customers, employees while minimising risks and remaining compliant with RBI regulations.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The new systems are synchronised with the core banking transformation timeline. These modernisation efforts aim to bring the Bank on par with larger banks in the country, using state-of-the-art technology already used by other major banks in India. Additionally, the Bank is enhancing its lending system to offer a wider range of products to customers. Some products, like loan against property (LAP), have already been launched using modern technology, with more products planned for release in the coming quarters.

The Bank has recently invested in the ServiceNow automation platform, a flexible and nimble based capabilities. The Bank is leveraging this investment to develop various systems, including corporate and SME onboarding journeys, retail onboarding journeys, and automating number of banking operations workflows. ServiceNow has recognised CSB Bank as the first bank in India to implement its financial services operations capability, which is already established in western markets. This adoption is expected to provide the Bank with a competitive advantage in the Indian market by enabling the development of advanced modern solutions for customers. Additionally, it will streamline operational processes, making them more efficient and automated for staff.

CSB Bank has also strategically invested in building a robust Application Programming Interface (API) and Enterprise Service Bus (ESB) ecosystem. The ESB ensures a strong integration layer, while the APIs facilitate seamless integration with various partners. This approach allows for the development of multiple APIs, which can be consumed by partners and vice versa, enhancing integration capabilities.

To further encourage collaboration, the Bank has created a developer portal where partners can access credentials to develop the APIs they need. This approach not only strengthens integration but also demonstrates the spirit of partnership by enabling partners to leverage the Bank's technology without the need for significant investment.

This ecosystem has been successfully implemented, enabling partners to develop APIs that benefit both parties. The Bank has already partnered with Jupiter RuPay Edge Card on credit cards and is exploring similar partnerships in lending and onboarding areas. These partnerships aim to create complementary capabilities and solutions for all involved parties.

The Bank's approach to customer interactions is centered around a balance between digital and human touchpoints. To strengthen customer service, the Bank has invested in technologies like the Outbound Contact Centre (OCC) and Virtual Relationship Managers (RMs). These tools enable real

human interactions with customers, providing personalised assistance and product information. Additionally, the Bank is implementing various technologies in its branches to improve customer service.

The goal is to provide customers with the flexibility to choose between human and technology interfaces based on their preferences. This approach ensures that customers can access the services they need quickly and efficiently, whether through human interactions or digital channels.

CYBER SECURITY FRAMEWORK

As per the Cyber Security Frameworks, the Bank implemented the following measures.

- The Bank has developed a robust Cyber Security Policy and Cyber Crisis Management Plan, addressing risks from cyber threats and outlining mitigation strategies. These policies are reviewed by the Committee/Board annually.
- The Bank has identified inherent risks, and established appropriate controls to adhere to the cyber security framework effectively.
- It has also deployed various security solutions to bolster the security posture. This includes on-premise Security Information and Event Management (SIEM) using Splunk, Anti-phishing, Anti-malware, and Anti-Rogue services, PIM solution, Intrusion Detection and Prevention System, Data Leakage Prevention system, Deep Server Security, End Point Detection and Response, Distributed Denial of Service (DDOS), Mitigation Appliance, refreshed internal and external firewalls at DC and DR with next-generation Firewalls, Implemented Link load Balancers for Internet leased lines at DC and DR, upgrade of Link Load Balancer for replication links at DC and DR, implemented email security with Barracuda gateway and Anti-APT solution, implemented DDI solution (DNS, DHCP, and IPAM), API gateway security solution is implemented, Hard Disk encryption to prevent data leakage, Database Activity Monitoring, and Data Classification.
- The Bank conducts Vulnerability Assessment and Penetration Testing (VAPT) and Information Security Audits annually by external agencies to identify and mitigate vulnerabilities in IT applications. Source code audits of critical applications are also performed, and internal teams conduct regularly vulnerability assessments.
- It also frequently conducts red team exercises, including tabletop exercises related to ransomware,

by external agencies to evaluate its security posture and incident response capabilities.

- The Bank's security preparedness is assessed by its participation in cyber drills organised by IDRBT.
- The Bank has obtained cyber insurance to mitigate residual risks associated with cyber threats.
- The Bank has implemented on-premise SIEM, with logs collected from critical systems to identify and correlate cyber-attacks. Security Operations Centre (SOC) monitors critical alerts and initiates appropriate actions to address them promptly.
- The Bank also routes public-facing applications' traffic through Web Application Firewall to quarantine any malicious traffic.
- The Bank conducts continuous education and awareness programmes for staff and customers through various channels such as SMS, e-mails, newsletters, and phishing exercises. It also conducts role-based cyber security training programmes. Its senior executives and directors have attended cyber security programmes conducted by IDRBT.
- The Bank's security posture undergoes assessment by external rating agencies such as Bitsight and STORMS, both of which have awarded it an excellent rating based on their evaluations.
- The Bank's security controls are aligned with the Centre for Internet Security (CIS) controls, ensuring compliance with industry standards and best practices in cybersecurity.

STRATEGY FOR DIGITAL PENETRATION AND CUSTOMER ENGAGEMENT

Digital banking products have been instrumental in elevating the customer experience and fostering loyalty. Both of these are indispensable for the sustained success of any bank in today's fiercely competitive banking landscape.

CSB Bank has been actively enhancing its digital offerings to provide customers with secure, convenient, and cost-effective 24x7 banking facility. This strategic focus on digital products and services has resulted in a notable surge in digital transactions compared to the previous year.

In March 2024, the Bank witnessed a remarkable increase in digital transactions. Digital Transactions has risen 41% from the previous year, which is a significant improvement. This uptrend reflects a positive shift among customers towards leveraging digital banking channels for their everyday financial needs. This further contributed to a reduction in operating costs.

CSB Bank is collaborating with Oracle on multiple fronts, including database management, core system implementation (Flexcube), OFSAA (Oracle Financial Services Analytical Applications) and Oracle General Ledger. The Bank is also rolling out Loan Origination System and Loan Management System for retail assets and other business segments, with a significant portion of the implementation already completed.

With an eye on the future, the Bank is focusing on cloud readiness and a Software-as-a-Service (SaaS) architecture. It is designing its systems to be adaptable to various deployment options, including on-premises, hybrid cloud, or private cloud, to align with evolving regulatory requirements. Additionally, the Bank is making substantial investments in cybersecurity under the guidance of the Chief Information Security Officer (CISO).

Emphasising on the importance of a strong foundational architecture, the Bank plans to layer digital solutions on top. This strategic approach aims to create a unified customer interface through an enterprise service bus, streamlining customer interactions

ONLINE BROKING SERVICES

The Bank offers demat and trading facilities to its customers through a 3-in-1 tie-up with IIFL Securities Limited. This arrangement allows customers to maintain their current/savings accounts with the Bank while availing demat and trading account services from a third-party provider. Fund transfers from customers' current/savings accounts to their trading accounts are facilitated through the Bank's net banking platform using API integration. Conversely, transfers from the trading account to the customer's bank account with Bank are handled by the brokerage firm upon customer instruction. Additionally, the Bank's branches generate leads that are forwarded to brokerage firms for customer onboarding under a referral arrangement. In FY 2023-24, the Bank earned a commission income of ₹ 7.98 lakh from this broking firm.

COMPLIANCE FUNCTION

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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

At the core of the compliance function is a robust Compliance Cell, dedicated to upholding statutory provisions such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, and others. Additionally, it ensures adherence to regulatory guidelines by bodies like IBA, BCSBI, and internal policies. The purpose of the compliance function is to assist the Bank in managing its compliance risk which can be defined as ‘the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its Banking activities’. A strong compliance culture is fostered throughout the organisation to uphold the Bank’s reputation and build trust with stakeholders.

Recognising the critical importance of compliance in identifying, evaluating, and addressing legal and reputational risks, the Bank is designing a comprehensive bank-wide compliance programme. This aims to assess activities across various business lines and activities, considering how actions in one area of the Bank may impact the legal and reputational risks of other business lines and the entire enterprise. Demonstrating a strong compliance culture is crucial for the Bank to maintain its reputation and earn the trust of customers, investors, and regulators. Such a culture is essential to ensure the safe and sound functioning of the Bank. Its effectiveness directly impacts the Bank’s risk profile. CSB Bank’s Board of Directors holds ultimate responsibility for overseeing the effective management of the Bank’s compliance function and compliance risk.

Compliance officers are appointed across departments to ensure effective compliance and report to the Chief Compliance Officer. This officer serves as the primary liaison between the Bank and regulators, assisting the top management in navigating Anti-Money Laundering (AML) and compliance risks. Performance indicators are utilised to measure compliance risk during risk assessments, with appropriate software in place for effective monitoring and reporting. The Compliance Cell conducts annual training sessions on compliance functions for its officers. To ensure that all employees are well-informed on compliance, Know Your Customer (KYC), AML, and Counter Financing of Terrorism (CFT) training is provided to all members in coordination with the Bank’s Institute of Learning and Development on an ongoing basis. Member awareness is also enhanced through general e-learning modules, targeted online training, circulars, FAQs, etc. Staff members are encouraged to participate in subject awareness quiz

programmes and certification courses in KYC/AML/CFT by offering incentives or benefits upon successful completion.

CUSTOMER SERVICE

Customer satisfaction is fundamental to the growth of any organization today, especially in service-centric sectors like banking. With a plethora of choices available to customers, retaining them poses a significant challenge. The Bank understands that contented customers not only contribute to word-of-mouth publicity but also aid in the acquisition of new ones.

The Bank ensures swift resolution of customer complaints through various channels, striving to meet and exceed their expectations. It emphasises on enhancing customer service and ensuring consistently delivery. The Bank is keen on avoiding overpromising and underdelivering, focusing instead on building a culture of reliability.

In wholesale banking, the focus is on launching new products in transaction banking while steadily improving systems for better service delivery. For SMEs, the Bank is introducing segment-specific products with quicker credit processes and scorecard-based assessments. On the retail front, it is prioritising products like commercial vehicles, equipment financing, healthcare financing, gold loans, inventory funding, and agribusiness loans. These products are chosen for their lower dependency on core systems, as the Bank is migrating the former this year.

Customer service is a top priority, with a dedicated division focusing on process engineering and governance. To boost customer acquisition, a separate sales department has been set up to work closely with branches. The goal is to significantly increase the customer base, which is currently seen as inadequate.

Embracing technological advancements has revolutionised banking services, enhancing efficiency and productivity. Leveraging technology, the Bank has witnessed a remarkable improvement in the delivery of products and services. Moreover, this has reshaped customer service, offering round-the-clock accessibility and diverse communication channels for addressing customer concerns.

With a robust Customer Grievances Redressal System in place, customers can seek resolution through multiple channels, including Bank’s branches, 24x7 Call Centre, or online complaint registration on the Bank’s Complaint Management System. Embracing innovation, the Bank is committed to leveraging new technologies to offer enhanced, secure, and convenient services to its customers.

The Bank has established a sub-committee of the Board, known as the Customer Service Committee of the Board, in line with RBI directives. Additionally, an Executive Level Committee on Customer Service has been formed, with representation from customer groups. The sub-committee of the Board is responsible for suggesting, implementing, and reviewing measures to enhance the quality of customer services and improve customer satisfaction across all client categories. The Board of Directors periodically reviews the sub-committee’s functioning to ensure a constant focus on customer service.

Customer satisfaction surveys are conducted to identify gaps, initiate corrective actions, and improve customer experience. Feedback from these surveys helps evaluate ratings of services, improve customer service, provide infrastructure at branches, and increase awareness of the Bank’s products and facilities. The Bank has also introduced a NPS system to assess the satisfaction level of its services.

Efforts are made to sensitise frontline staff members at branches through proper training to emphasize the importance of customer service. Customer complaint resolution typically begins at the branch level, with primary responsibility lying with the Branch Head and Cluster Head. Senior officers have been identified as Zonal Nodal Officers stationed at various Zonal Offices. These officers closely coordinate with branches and departments to ensure the early resolution of customer complaints. Complaints beyond the purview of the Zonal Office are escalated to the Branch Service Department at the Head Office, where the Head of Branch Service Department serves as the Nodal Officer for Customer Grievances Redressal. Additionally, the Bank has identified a senior officer as the Principal Nodal Officer under the Banking Ombudsman Scheme.

In accordance with the RBI’s Internal Ombudsman Scheme, the Bank has appointed an Internal Ombudsman. The Internal Ombudsman examines customer complaints related to deficiencies in service that are partially or wholly rejected by the Bank. It refers all complaints that are not fully redressed to the Internal Ombudsman before communicating the final decision to the customer.

The Bank makes every effort to address all customer complaints and provide immediate resolution. It believes that a satisfied customer is the best brand ambassador for the Bank and is committed to always delivering the best customer service.

Below are the disposal statistics of customer complaints (excluding ATM-related issues) for FY 2023-24

	March 31, 2024	March 31, 2023
a) Number of complaints pending at the beginning of the year	39	62
b) Number of complaints received during the year	19,008	9,016
c) Number of complaints redressed during the year	19,006	9,039
d) Number of complaints pending at the end of the year	41	39

The resolution rate of customer complaints increased to 99.78% in FY 2023-24, from 98% in FY 2022-23.

HUMAN RESOURCE - OVERVIEW

The HR Department of the Bank plays a central role in optimising the utilisation of its human capital, which forms the backbone of the entire organisation. The department is focused on enhancing employee performance and unlocking their potential to achieve desired business outcomes. The HR function acts as a catalyst, aligning the organisation’s vision with the interests of its workforce.

Efforts are consistently directed towards the efficient and effective management of human resources, especially in the context of a shifting work philosophy towards modernisation and automation. The HR Department is tasked with developing comprehensive frameworks and programmes, encompassing all facets of human resource management from recruitment to performance evaluation.

The Bank has successfully implemented Oracle Fusion, a new HR management system (HRMS) internally known as HR 360, replacing PeopleStrong. This comprehensive system covers all aspects of HR, including talent acquisition, employee life cycle, learning and development, employee engagement, and HR operations. The implementation is expected to automate and streamline various human resource processes.

Additionally, the introduction of HR Business Partnering (HRBP) marks a strategic approach by the Bank to addressing employee needs. A dedicated team has been established, with HRBP Officers assigned to specific geographic areas to provide personalised support and serve as a channel for career growth opportunities and grievance resolution.

Employees handling sensitive positions can be immediately disassociated to the extent of 100% upon surprise

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

intimation, as decided by the Bank. These surprise disassociations are not accounted for as leave, and therefore no leave is deducted from the employees' leave balances.

As a long-term strategy, the Bank plans to expand its branch banking network beyond its current borders and establish a presence throughout India. To achieve this goal, it has pooled talents from across India and hired qualified candidates for each job role through a rigorous recruitment process. These candidates are recruited on a cost to company (CTC) basis, with their remuneration fixed at industry standards. Additional recruitment is planned in alignment with the organisation's requirements.

HUMAN RESOURCE POLICIES

HR policies are essential guidelines that define how various aspects of the workplace should be managed,

ensuring compliance with employment laws, and fostering a positive work environment. These policies cover a wide range of human resource processes within the Bank, ensuring clarity and consistency in employee rights and responsibilities.

The Social Media Code of Conduct policy educates employees on the appropriate use of social media platforms. It emphasises on the importance of maintaining professionalism and confidentiality online.

The Bank's total employee count at the end of FY 2023-24, is 7,863 reflecting an increase of 14.9% compared to 6,841 in FY 2022-23. This growth can be attributed to rigorous talent acquisition efforts, particularly in sales portfolios such as CASA and gold, aimed at meeting the organisation's evolving needs.

Financial Year	No. of Employees Recruited in FY 2023-24		No. of Branches including Service and Recovery branches
	Operations	Sales	
2023-24	588	3,973	779

The total hiring for FY 2023-24 was as follows:

Sr No.	Cadre	No. of New Recruits
1	Officers (Including RSM/ASM/RE)	1,385
2	Others (BDE/BSE's, RME's, CRE's/CRO's, GLOs)	3,176
	Total	4,561

WELLBEING, SOCIAL SECURITY, AND SAFETY ASPECTS FOR EMPLOYEES OF HUMAN RESOURCE MANAGEMENT

Staff Loans

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

POSH for Women

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

Health Insurance and Term Policies

The Bank provides comprehensive facilities to all employees, including medical reimbursement and cashless hospitalisation, through collaborations with various

insurance companies and TPAs. The insurance premium is fully covered by the Bank.

For IBA employees, the scheme facilitated by the IBA in collaboration with National Insurance Co. Limited. has been effectively implemented. Officers of all grades are covered for a sum insured of ₹ 4 lakh and all award staff are covered for a sum insured of ₹ 3 lakh.

The Bank provides a group insurance scheme for IBA employees, offering a death cover of ₹ 2 lakh for accidental death and ₹ 1 lakh for other causes. One of the group schemes offers only death cover, while the GSLI scheme provides a survival benefit where employees are reimbursed with a certain sum upon exiting the organisation.

Officers in IBA Grade IV and above are covered under a Group Personal Accident Policy for a sum insured of ₹ 7.50 lakh, with the premium amount borne by the Bank. Additionally, the Group Personal Accident Policy for all employees excluding Grade IV and above offers a sum insured of two times the annual CTC, capped at ₹ 20 lakh in the event of accidental death.

The CTC Employees' Group Medical Insurance is administered by Reliance General Insurance, offering a graded sum insured of ₹ 3 lakh to ₹ 4 lakh covering Employee + Spouse + 4 dependent Children. Apart from the medical insurance cover provided to employees by the Bank at its cost, it has introduced a Voluntary Parental Medical Insurance cover for all CTC employees, with premiums at an attractive rate borne by the employees.

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

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

Additionally, all employees of the Bank are covered under a term policy offered by Bajaj Allianz Life Insurance Co. Ltd. with a life cover of 2 times the CTC or ₹ 10 lakh, whichever is higher. This is subject to a maximum of 10 times the annual CTC.

Bereavement Leave

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

Health Check Up Leave

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

Menstrual Leave

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

Late-Sitting Policy

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

Education Scholarship

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

National Pension Scheme

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

Employee Identity Cards

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

Learning and Development

During FY 2023-24, the learning and development function remained closely aligned with the Bank's strategic priorities. A significant focus was placed on establishing processes to measure the ROI from learning initiatives.

One of the significant initiatives undertaken was the establishment of the Institute of Learning and Development (ILD) in Ollur, Thrissur. It created a roadmap for capacity-building programmes, ensuring alignment with the key functions mandated by RBI's circular on capacity building. This roadmap emphasised on the necessity for personnel in critical roles such as treasury, risk, credit, and accounting to possess mandated certifications. Guidelines were also provided for personnel yet to obtain these certifications.

Complying with statutory and compliance requirements, the learning and development team ensured that 95% of the Bank's personnel completed the POSH module and underwent assessment. This encompassed official across all levels, including those in top and senior management.

The Bank has introduced a thorough induction process for new hires, particularly those in key roles, to equip them with the essential knowledge before they begin their job responsibilities. This process follows a 10-20-70 model, where 10% of information is imparted in classroom sessions, 20% through self-paced learning, and 70% through a method known as Demonstrate, Observe, Release, Monitor (DORM). In DORM, supervisors provide practical knowledge and demonstrate success in the initial phase. Measures were implemented to enable employees to participate in training sessions remotely from their respective locations.

Additionally, employees were assigned a variety of e-courses along with assessment tests during the year under review. The Bank is actively implementing new learning and development initiatives to prepare its workforce for the future. It is focusing on growing talent internally, with an

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

emphasis on making employees future-ready. The Bank is also exploring various interventions to retain talent. Employee engagement surveys are an integral part of these efforts to gauge and improve employee satisfaction and involvement.

CSB Bank conducted employee engagement surveys in FY 2022-23 and in FY 2023-24, which revealed areas for improvement such as recognition and communication by top management. In response, it launched a new recognition programme and implemented a management connect programme focused on SBS 2030. This initiative involves leaders visiting branches and offices to engage with employees, gather feedback, and implement action items. Additionally, the Bank launched an emerging talent initiative for talent management, aimed at identifying and developing internal talent to enhance retention.

Furthermore, the Bank utilised training programmes offered by reputable institutions. This includes the National Institute of Bank Management in Pune, the Indian Institute of Banking and Finance, and the Institute for Development and Research in Banking Technology in Hyderabad.

Corporate Goals

The Bank remains dedicated to enhancing its employees' focus on aligning their actions with corporate goals. The Bank's learning and development department aims to foster a focused learning organisation within.

Throughout the year, CSBILD achieved its highest employee coverage through online virtual classes and e-learning methodologies. The Bank prioritises innovation and technological advancements to stay ahead. The learning and development department successfully retained its ISO 9001:2015 certification earned in 2021.

Furthermore, the Bank has initiated efforts to recruit apprentices under the Government of India's Apprenticeship Act. The department collaboratively develops the annual training calendar with various business verticals and departments. Through discussions, training objectives and related plans are agreed upon, with the department acting as a supportive partner to business verticals in achieving their objectives. Additionally, a certification programme on compliance was conducted over an eight-day period, with 3,870 employees being assigned the same.

Training sessions during the year covered branch heads, senior relationship managers/relationship managers/customer relationship officers, branch operations

managers, business development executives, gold loan officers, and other role holders. Moreover, 230 e-Lessons were uploaded and assigned to 7,836 employees, along with online, classroom and campus programmes. Furthermore, 218 participants were covered under 56 various programs offered by 19 external institutes. All of this resulted in an overall, staff coverage of over 99.66%, thereby bringing about a significant growth in employee participation compared to previous years.

HR Verticalisation

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

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

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

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

Industrial Relations

As of March 31, 2024, the Bank had a total of 7,863 employees. Out of these, 995 employees, including officers and award staff, operated under the IBA pay structure, while 6864 employees operate under the CTC basis. To enhance the skill set and expertise within the Bank, retired officers from nationalised banks are deployed in identified areas. The number of employees deployed on a contract basis is 3. The average age of the Bank's employees is 33.4 years.

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

The Bank has 611 officers in Scale I to III under the IBA pay structure, all of whom are affiliated with Officers' Associations. Additionally, there are two Officers' Associations and three trade unions representing award staff members (clerks, sub staff, and part-time sweepers) of the Bank. It prioritises maintaining cordial and harmonious industrial relations with these unions and associations through regular engagement.

By order of the Board

Sd/-

Bhama Krishnamurthy

Chairperson

(DIN: 02196839)

Place: Thrissur

Date: June 24, 2024

BOARD'S REPORT

Dear Shareholders,

Your Board of Directors (the “**Board**”) have pleasure in presenting you the 103rd Annual Report of CSB Bank Limited (“**CSB Bank/ the Bank**”) together with the Audited Financial Statements, Independent Auditors' Report and the Report on the business and operations of the Bank for the financial year ended March 31, 2024.

FINANCIAL PERFORMANCE AND STATE OF THE BANK'S AFFAIRS

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

(₹ in Cr)		
Particulars	March 31, 2024	March 31, 2023
Deposits	29,718.80	24,505.81
Net Advances	24,335.58	20,650.65
Total Assets/Liabilities	36,055.99	29,162.28
Interest Income	2,927.54	2,319.65
Net Interest Income (NII)	1,476.41	1,333.84
Non-Interest Income	584.29	315.68
Operating Profit/ (Loss)	779.92	707.40
Provisions and Contingencies (Other than tax)	18.48	(26.21)
Profit/(Loss) before Tax	761.45	733.61
Provision for taxes	194.62	186.25
Net Profit/(Loss)	566.82	547.36
Add: Surplus/(Deficit) brought forward from last year	207.29	(198.83)
Profit & Loss Account balance before appropriations	774.11	348.53
Appropriations		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	141.70	136.84
Capital Reserve	1.53	0.14
Revenue & Other Reserves	4.29	4.27
Investment Reserve Account	4.02	Nil
Investment Fluctuation Reserve	Nil	Nil
Balance carried over to Balance Sheet	622.57	207.29

(₹ in Cr)		
Particulars	March 31, 2024	March 31, 2023
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – III	24.47	27.10
Earnings per share (in ₹)	32.67	31.55
Book value per share (in ₹)	209.11	175.90

Particulars	March 31, 2024	March 31, 2023
Net Interest Margin%	5.09	5.48
Cost-Income Ratio%	62.15	57.12
Return On Assets (ROA)%	1.79	2.06
Return On Equity (ROE)%	17.37	20.35
Gross NPA %	1.47	1.26
Net NPA %	0.51	0.35

BUSINESS STRATEGY OVERVIEW

To position the Bank on the lines of successful New Gen Private Sector Banks, your Bank had rolled out a change management theme of Sustain Build Scale 2030 (SBS 2030) in FY 2021-22. The key milestones that were set for the initial years were to sustain the core strengths and to build the right platforms and foundations for the scale phase. Bank could complete the milestones set for FY 2023-24, as per the timelines and progressed well. During FY 2023-24, we continued to sustain our core competencies and strengths especially in the gold loan portfolio. The key levers and enablers that are in place/WIP include verticalisation, good governance structure, sound risk management practices, growth-oriented policies, geographic expansion, customer centric processes, strong and experienced leadership team, implementation of new CBS etc. The setting up of the Service Governance Council is aimed towards ensuring the right culture and mindset among the team members. On the leadership front, your Bank is having a team with relevant experience to build and scale the franchise with long-term vision and commitment. Your Bank is aiming for a Pan India presence by shedding its image of a Regional Player and during FY 2023-24, 76 new branches were opened taking the total branch network to 779. Bank has 731 ATMs as on March 31, 2024, as against 528 in the previous year. On the technology front, your Bank has kick started the Core Banking Migration Project including OGL and OFSAA rollouts. Your Bank is undertaking a complete transformational journey on the tech side with a motto of “Incremental to Transformational” mindset with active participation from all the teams. Currently, the Bank is putting in place the basic platforms like Loan Origination System (LOS), Lead Management System (LMS), product management tool, liability systems, payment/channel systems, cyber security etc. The digital journey is picking up pace as the tech platform is getting ready. The roll out of the first phase of the new CBS is expected in H2 of FY 2024-25, which will benefit immensely by way of universal financial solutions, holistic view of customers, Omni channel delivery, simplified & centralised processes, reduced operational expenses etc. Once the migration work is completed, the scale up phase will gain momentum in alignment with the vision set forth as part of SBS journey.

PERFORMANCE OVERVIEW

During the period under review, your Bank continued to deliver on stakeholder expectations both in terms of topline and bottom line and registered a net profit of ₹ 566.82 crore. Overall growth was backed by 20% business growth, 18% net loan book growth, and 21% deposit growth. Your Bank was able to grow faster than the average industry growth trend in terms of deposits and advances.

In the Financial year 2023-24, the total income grew by ₹ 876.17 crore to ₹ 3,511.83 crore from ₹ 2,635.66 crore in the corresponding previous financial year. During the same period, Interest Income increased by ₹ 607.89 crore to ₹ 2,927.54 crore from ₹ 2,319.65 crore and Non-Treasury Other Income Increased by ₹ 223.07 crore to ₹ 536.64 crore from ₹ 313.57 crore in the corresponding previous financial year. During the same period, Net Treasury Income increased by ₹ 45.21 crore to ₹ 47.65 crore from ₹ 2.44 crore in the corresponding previous financial year.

During FY 2023-24, the total Operating Profit of the Bank increased by ₹ 72.52 crore to ₹ 779.92 crore from ₹ 707.40 crore and Net Profit increased by ₹ 19.46 crore to ₹ 566.82 crore from ₹ 547.36 crore in the corresponding previous financial year. The profit came in the backdrop of a strong growth in net interest income (NII). Non- interest income, backed by processing fee, commissions on selling third party products and charges collected from deposit accounts.

In the same period, the Bank's gross advances grew by ₹ 3,730.08 crore to ₹ 24,571.75 crore led by 82% growth in retail loan to ₹ 2,115 crore from ₹ 1,162 crore, 28% growth in SME/MSME to ₹ 3,200 crore from ₹ 2,507 crore and 22% growth in gold loans to ₹ 11,818 crore from ₹ 9,694 crore.

Deposits grew by ₹ 5,212.99 crore to ₹ 29,718.80 crore from ₹ 24,505.81 crore in the corresponding previous financial year.

Gross non-performing assets (GNPAs) increased by ₹ 98.51 crore to ₹ 361.07 crore as on March 31, 2024, from ₹ 262.56 crore as on March 31, 2023. Net non-performing assets (Net NPAs) increased by ₹ 53.08 crore to ₹ 124.90 crore as on March 31, 2024, from ₹ 71.82 crore as on March 31, 2023. The gross NPA as percentage of advances increased by 21 basis points to 1.47% as on March 31, 2024 as against 1.26% as on March 31, 2023. Net NPAs increased by 16 basis points to 0.51% as of March 31, 2024, from 0.35% as on March 31, 2023. Provision Coverage Ratio (including write-off) stood at 86.44% at the end of the financial year as against 92.11% in the corresponding previous financial year.

Total Assets have increased by ₹ 6,893.71 crore and stood at ₹ 36,055.99 crore as on March 31, 2024, as against

₹ 29,162.28 crore as on March 31, 2023. Net Advances have increased by ₹ 3,684.93 crore and stood at ₹ 24,335.58 crore as on March 31, 2024, as against ₹ 20,650.65 crore as on March 31, 2023.

FINANCIAL PERFORMANCE

Net Interest Income (NII) increased to ₹ 1,476.41 crore in FY 2023-24, from ₹ 1,333.85 crore in FY 2022-23. Non-Treasury Other Income increased to ₹ 536.64 crore in FY 2023-24 from ₹ 313.57 crore in FY 2022-23. Net Treasury Income also increased to ₹ 47.65 crore in FY 2023-24, from ₹ 2.44 crore in FY 2022-23.

Provisions other than taxes decreased by ₹ 44.69 crore from ₹ (26.21) crore to ₹ 18.48 crore. The Operating Profit for the FY 2023-24, was ₹ 779.92 crore before taxes and provisions as against ₹ 707.40 crore in the FY 2022-23 mainly on account of increased net interest income and other income excluding treasury profits.

The Net Profit for the FY 2023-24, was ₹ 566.82 crore as compared to a Net Profit of ₹ 547.36 crore in the FY 2022-23.

DIVIDEND

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

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

Though the Bank posted a highest ever net profit in its history during the financial year under review, with the object of conserving profits in the form of reserves for future expansion plans as well as strengthening its balance sheet, your directors do not propose to recommend any dividend for the financial year ended March 31, 2024.

The Dividend Distribution Policy is available on the Bank's website at https://www.csb.co.in/sites/default/files/annexure-IX_17_dividend_distribution_policy.pdf.

CHANGE IN THE NATURE OF BUSINESS

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

BOARD'S REPORT (Contd.)

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, 2024 and the date of the Directors' Report.

CAPITAL STRUCTURE

The Authorised share capital of the Bank stood at ₹220.00 crore divided into 22 crore equity shares with a face value of ₹10/- each as on March 31, 2024. During the financial year under review, there has been no change in the Authorised share capital of the Bank.

The Paid-up Equity Capital of the Bank stood at ₹173.49 crore comprising 17,34,85,827 fully paid-up Equity Shares of ₹10/- each as on March 31, 2024. The Bank has not allotted any shares during the FY 2023-24, and as a result, the paid-up capital of the Bank remains unchanged, i.e., ₹173.49 crore, in the said period.

RESERVES

The free reserves and surplus stood at ₹ 2,736.63 crore as on March 31, 2024, as against ₹2,309.41 crore as on March 31, 2023.

The Bank's Net owned funds grew to ₹ 3,563.64 crore from ₹ 2,964.10 crore as of the previous financial year, and market capitalisation stood at ₹ 7,000.15 crore as on March 31, 2024 as against ₹ 4,252.14 crore as on March 31, 2023.

CAPITAL ADEQUACY RATIO

The Bank's overall Capital Adequacy Ratio (CRAR) under Basel III stood at 24.47% at the end of fiscal 2024, well above the benchmark requirement of 11.50% stipulated by Reserve Bank of India. Of this, the Common Equity Tier I (CET I) CRAR was 23.10% (against minimum regulatory requirement of 8.00%) and Tier I CRAR was 23.10% (against minimum regulatory requirement of 7.00%). As on March 31, 2024, the Bank's Tier II CRAR under Basel III stood at 1.37% as against 1.23 % as on March 31, 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2023-24 and of the profit and loss of the Bank for that period.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The directors had prepared the annual accounts for the financial year ended on March 31, 2024 on a going concern basis.
- The directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PROMOTER HOLDING – FIH MAURITIUS INVESTMENTS LTD

FIH Mauritius Investments Ltd (FIHM), the promoter of the Bank holds 49.72 % of the paid-up capital of the Bank in line with Reserve Bank of India Master Direction, viz., (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 (“**Master Direction**”) read with Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies (“**Guidelines**”), dated January 16, 2023. FIHM holding in the Bank is subject to dilution schedule as mandated by Reserve Bank of India as part of the terms of the approval and the relevant RBI guidelines as applicable, from time to time, subject to the permission to hold 26% in the paid-up equity capital of the Bank beyond 15 years from the date of completion of investments. There is no change in the promoter holding during the financial year under review.

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

DISCLOSURE OF CERTAIN TYPE OF AGREEMENTS BINDING THE BANK

The Bank has entered into an Investment Agreement (“**Agreement**”) dated February 20, 2018, with FIH Mauritius Investments Ltd (FIHM), the promoter of the Bank, which was superseded and replaced by Amended and Restated Investment Agreement dated October 15, 2018, read with Addendum No. 1 dated October 19, 2020 (“**Addendum**”) to the Amended and Restated Investment Agreement dated October 15, 2018. The salient features of the agreement in terms of Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with clause 5A of paragraph A of Part A of Schedule III of the SEBI Listing Regulations is as follows:

Subject to the terms of the Investment Agreement, FIHM is entitled to the following rights:

[For the purpose of this disclosure, the term ‘Investor’ wherever mentioned should mean ‘FIH Mauritius Investments Ltd’, the promoter of the Bank.]

Board Composition. Unless otherwise agreed to in writing by the Bank and the Investor, the Board of Directors shall consist of a maximum of 11 (eleven) Directors, including the Investor Directors. The majority of the Board of Directors shall be independent directors. The maximum number of 11 (eleven) Directors does not include the directors appointed by the RBI, if any pursuant to Section 36AB of the Banking Regulation Act, 1949. Not less than 51% (fifty one per cent) of the total number of Directors on the Board of Directors shall be persons who satisfy the conditions laid down in Section 10A(2) of the Banking Regulation Act, 1949.

Investor Directors. For as long as the Investor holds such number of Equity Securities as represents 12% (twelve per cent) of the Equity Share Capital on a Fully Diluted Basis, the Investor shall have the right to nominate to the Board of Directors, up to 4 (four) Directors (collectively, the “Investor Directors”). The Investor Directors nominated to the Board will be required to comply with such provisions as may be applicable to Non-Executive Directors of a banking company in India under applicable Law. The Investor Directors, if required to retire by rotation under the Act, shall be required to retire by rotation and shall be eligible for re-appointment to the Board in accordance with the provisions of the Act.

Anti-Dilution. Notwithstanding anything contained under this Agreement and unless otherwise agreed to in writing by the Bank and the Investor, the Bank shall not, at any time after the Completion Date and until the Fall Away Date, issue any Equity Securities of any type or class to any Person (“Proposed Issuance”) unless the Bank has offered

the Investor the right to subscribe for up to such number of Equity Securities as would result in the percentage of the Investor's shareholding in the Bank immediately following the completion of the Proposed Issuance, on a Fully Diluted Basis, being maintained at the same percentage as the percentage of the Investor's shareholding in the Bank immediately prior to the completion of the Proposed Issuance, on a Fully Diluted Basis (“Investor's Pro Rata Share”), in accordance with the provisions of the articles of association of the Bank, Section 12B of the Banking Regulation Act, 1949, and master directions and circulars issued by the RBI, from time to time, on shareholding and voting rights of shareholders in private sector banks. The Investor may, subject to applicable Law, rules and regulations, choose to exercise such right itself or through renunciation in favour of an Affiliate.

Issuance of Equity Shares pursuant to the ESOP Plans. In the event that the Bank proposes to issue any Equity Shares pursuant to the exercise of any Employee Stock Options under the ESOP Plans, such issuance of Equity Shares shall also be deemed a Proposed Issuance, and the Bank shall be required to comply with the relevant clauses of Investment Agreement, provided that in such instance, the price at which the Investor shall be entitled to subscribe to the Investor's Pro Rata Share of the Proposed Issuance shall be the fair market value of such Equity Shares.”

Committee Composition. For as long as the Investor holds such number of Equity Securities as represents 12% (twelve per cent) of the Equity Share Capital on a Fully Diluted Basis, the Investor shall have the right to nominate an Investor Director to be a member of each committee constituted by the Board (“Committees”). The relevant provisions shall apply mutatis mutandis to all Committees constituted by the Board, and all meetings of such Committees. Any Committees required to be constituted by the Board under Applicable Law shall be so constituted in the manner required under Applicable Law.

Nomination & Remuneration Committee.

- The Board shall re-constitute its nomination and remuneration committee (“**NRC**”) to provide that, for as long as the Investor holds such number of Equity Securities as represents 12% (twelve per cent) of the Equity Share Capital on a Fully Diluted Basis, at least one of the members of such NRC shall be an Investor Director.
- For as long as the Investor holds such number of Equity Securities as represents 12% (twelve per cent) of the Equity Share Capital on a Fully Diluted Basis (i) all decisions in relation to the appointment, termination or replacement of any Directors, key managerial personnel

BOARD'S REPORT (Contd.)

(as defined under the Act), officers or senior executives of the Bank, or any alteration in the terms of their appointment or engagement (“**NRC Matters**”), shall, require an approval from a majority of the members of the NRC; and (ii) any matter which constitutes an NRC Matter may only be tabled for the Board for consideration if such matter has first been tabled before the NRC, approved by the NRC and thereafter referred to the Board for approval by the NRC.

Reporting requirements: Ongoing annual and quarterly reporting requirements relating to financial statements (in accordance with IFRS), certifications from CEO and CFO relating to internal controls, business performance reports and any other financial information as required to be disclosed to Fairfax India Holdings Corporation (“**FIHC**”) for regulatory filings by FIHC and / or any of its affiliates under Canadian securities laws or as may be deemed necessary by FIHC or FIHM.

The agreement entered with FIHM is hosted at <https://www.csb.co.in/pdf/Reg30FIHMAgreement>

The Bank has not entered into any other subsisting material agreement, other than in the ordinary course of business. Further, neither the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Bank, have entered into an agreement among themselves or with the Bank or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Bank or impose any restriction or create any liability upon the Bank.

QUALITY INITIATIVES

Bank focuses on maintaining highest standards of quality through innovative technology platforms thereby ensuring superior services to customers and other stakeholders. Bank is having ISO 27001:2013 certification for Information Technology, Information Security, Primary and Secondary and Near Disaster Recovery Centres.

CSB Institute of Learning & Development (CSBILD) has achieved a remarkable milestone with 100% of employees trained in various online, campus, and external programs. For the fiscal year 2023-24, the total training hours for all employees was 1,97,259.56 with a per-person learning average of 25.09 hours. For male employees, this average was at 24.53 hours and 26.30 hours for females.

Among the various initiatives undertaken in the current financial year, CSBILD introduced ‘Neev’, a structured onboarding program lasting 5 days, held every first day of the week for new joiners. CSB Institute of Learning &

Development (CSBILD) has retained its ISO 9001:2015 certification obtained during the previous financial year.

CREDIT RATINGS OF DEBT INSTRUMENTS

CRISIL, vide letter dated May 22, 2024, 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 22, 2024, 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 17, 2023, has reaffirmed its rating of ‘IND A’ with Outlook Stable, to the proposed ₹ 500 crore Tier II, Basel III compliant bonds issue Programme of the Bank.

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

The further details of all credit ratings obtained by the Bank along with revisions thereto, if any, during fiscal 2024, for all the debt instruments outstanding as on March 31, 2024, are provided in the Report on Corporate Governance, forming part of this annual report.

DEPOSITS ISSUANCE PROGRAMME

During the period under review, your Bank raised ₹ 2,910 crore (FV) under the Certificate of Deposits programme from various mutual funds and banks, and out of the same, the outstanding as on March 31, 2024, was ₹ 1,030 crore (FV). The Bank has not raised deposits under the Short Term Fixed Deposits Programme during the period under review.

ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

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

ISSUE OF SWEAT EQUITY SHARES

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

EMPLOYEES STOCK OPTION SCHEME

CSB Employees Stock Option Scheme 2019

The Bank, on receipt of approval of the shareholders by postal ballot on May 04, 2019, formulated and adopted a stock option scheme called “CSB Employees Stock Option Scheme 2019” (“**ESOS 2019**” or “**Scheme**”). The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 which was subsequently

repealed and replaced with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

The Scheme shall be administered through an employee stock option trust (“**ESOS Trust**”) in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws.

Under the Scheme, 8,63,972 stock options were granted in the FY 2023-24. All the options were granted at market price, to be vested subject to the vesting conditions/ malus and claw back arrangements and be exercised within the period as per the terms of the grant and the Scheme.

During the period under review, 4,96,537 options were vested in line with the vesting schedule. In the same period 5,97,318 options were exercised by the grantees, which includes 1,00,781 options that were vested in the previous period. In the same period, 45,672 options were lapsed prior to its vesting schedule due to the resignation/separation of employment by the grantees. As on March 31, 2024, the number of options in force is 23,53,456 of which 1,87,957 are vested options.

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

Pursuant to the approval received from Reserve Bank of India on December 20, 2023, the Nomination & Remuneration Committee of the Board on January 08, 2024, granted 39,123 stock options to Mr. Pralay Mondal, Managing Director & CEO, at an exercise price of ₹ 407.50 per option for the performance period from September 15, 2022 to March 31, 2023.

Amendment proposed in the CSB Employees Stock Option Scheme 2019

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

CSB Employees Stock Option Scheme – Statutory Compliance

A Certificate of Secretarial Auditors of the Bank pursuant

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

CSB Bank's century-long legacy is steeped in trust, ethics, and transparency. Throughout its history, the Bank has prioritised serving the needs-based sections of society, by delivering banking services responsibly and transparently. This unwavering commitment has made a significant impact on the communities it serves. While maintaining focus on its core business, CSB Bank consistently emphasises environmental, social, and governance concerns, evident in its approach and activities. Upholding exemplary corporate governance standards, the Bank ensures transparency and disclosure as fundamental principles.

The Bank in compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) read with the SEBI circular no. SEBI/HO/CFD/CFD – SEC - 2/P/ CIR/2023/122 dated July 12, 2023, presents the Business Responsibility and Sustainability Report (BRSR) of the Bank for the FY 2023-24, being the third report of its kind, in the format as specified by SEBI, describing the initiatives taken by the Bank from an environmental, social and governance perspective, forms part of this Report as **Annexure-II**.

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

The report has also been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations>General meetings>Annual General Meeting-2024>.

BOARD'S REPORT (Contd.)

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

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

DISCLOSURE RELATED TO DETAILS OF DEPOSITS ACCEPTED

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

SUBSIDIARIES AND ASSOCIATES

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

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

Bank has formulated a Policy for determining material subsidiaries pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at: https://www.csb.co.in/pdf/Annexure-I_Policy_for_Determining_Material_Subsidaries_15072024.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

A set of Policies, that include Fraud Risk Management Policy, Whistle Blower Policy and Anti-Bribery & Anti-Corruption Policy, are devised and formulated by the Vigilance

Department as part of its ongoing Vigilance mechanism. These are scrupulously followed, for surveillance, control, and monitoring of day-to-day activities, in order to prevent frauds and thereby manage the risk of eventual financial loss or damage to the reputation of the Bank. These policies are in tune with the directions of RBI, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

One such policy, the Whistle Blower policy is an effective tool to report concerns regarding unethical behaviour, violation of systems & procedures, questions of law, wrong business practices or grave misconduct by the employees. As per this Policy / Mechanism, all stake holders viz. Directors and Employees of the Bank, Customers, Non-Governmental Organisations (NGO) and others can lodge complaints. It is published on the Website of the Bank to create awareness amongst all the stake holders. The Audit Committee of the Board (ACB) oversees the vigil mechanism through its committee processes. The Chairman of ACB directly hear grievances/ victimisation of employees, who use this mechanism to report such genuine concerns. No employee who is aggrieved is denied access to ACB under this policy. It provides reassurance/protection to the whistle blower from victimisation, discrimination or reprisals for having blown the whistle, in good faith and in the interest of the Bank. The investigation under this policy shall be completed within 60 days from the date of receipt of the complaint and the report thereof should be placed before the ACB.

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

Similarly, another policy devised as part of the said Vigilance mechanism is the Fraud Risk Management policy. Under this policy every instance of fraud reported, is thoroughly investigated. It ensures that all the systems and procedures are scrupulously followed by all its employees. Bank is taking stringent action against those employees who fail to comply with the instructions of the Bank. Deficiencies/ irregularities/Lacunae in the system and procedures, if any observed during the investigation, are plugged and wherever necessary systemic corrections are suggested and placed before the ACB, for necessary directions. Further, with regard to the irregularities committed, the concerned branch officials are suitably cautioned so that such deficiencies do not recur, and incidents of frauds are prevented. Vigilance Department issues Caution Note

on a regular basis that create awareness with regard to the different modus operandi adopted by the fraudsters, including those that have occurred in our Bank. This enables the Branches / Offices to prevent similar kind of fraudulent attempts in future. This policy is reviewed every year by the Board and suitably amended, as required. A reference to the Whistle Blower Policy/Vigil Mechanism is also made in every caution note issued by the Vigilance Department.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Bank has designed and implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. For the year ended March 31, 2024, 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.

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

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

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

CORPORATE GOVERNANCE

The Bank continues its endeavor to adopt the best prevalent corporate governance practices. A separate section/ Report on corporate governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and the rules made thereunder are incorporated in the Corporate Governance Report that forms part of this Report.

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

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.

BOARD'S REPORT (Contd.)

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

As directed by the RBI, the Bank is submitting half yearly Proforma Ind AS financial statements within the stipulated timeline.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub – section (1), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business, hence being excepted from disclosure requirements under Section 134(3)(g) of the said Act.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Bank has obtained prior approvals of the Audit Committee, the Board, and the members of the Bank via postal ballot /at the annual general meeting for all related party transactions/material related party transactions. Your Bank has obtained the omnibus approval of the Audit Committee for those transactions with related parties that are repetitive in nature. Further, the Audit Committee of the Board has reviewed all the transactions with the related parties on a quarterly basis.

No transactions were entered into with related parties, which were not in the ordinary course of the business of the Bank or which were not on an arm's length basis.

During fiscal 2024, the Bank has not entered into any materially significant transactions with its related parties, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into with them in the ordinary course of its business.

The particulars of contracts or arrangements with related parties entered into during the period under review in terms of Section 188(1) of the Companies Act, 2013, are provided in Form AOC-2 as **Annexure -V** in terms of 134(3)(h) of the Companies Act, 2013.

The 'Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions' has been reviewed by the ACB and the Board and the same is available on the website of the Bank at https://www.csb.co.in/pdf/Annexure-II_Policy_on_dealing_with_Related_Party_Transaction_15072024.pdf

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank acknowledges society as a primary stakeholder and consistently places Corporate Social Responsibility (CSR) activities at the forefront of its priorities. The Bank's CSR policy is designed with the primary goal of integrating CSR as a crucial business process for the sustainable development of society. This policy functions as a guiding document, assisting in the identification, execution and monitoring of CSR projects, all in alignment with the spirit of the statute.

In the FY 2023-24, the Bank budgeted a total of ₹ 10.82 crores for CSR activities, a significant increase from ₹ 6.72 crore in the previous FY 2022-23. Of this budget, ₹ 7.03 crore was expended on various CSR initiatives. The remaining ₹ 3.79 crore has been earmarked for Project Dialysis, a venture undertaken by the Fairfax India Charitable Foundation. This project is set to be an ongoing commitment of the Bank.

The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 2.98 crores, however due to unforeseen reasons the project was slightly impleaded and the foundation was able to spend ₹ 2 crore only. The Bank, hence, on request of the foundation, decided to classify the project as an ongoing project with an additional contribution of ₹ 2.81 crore which is proposed to be completed on or before March 31, 2025. The unspent amount of ₹ 3.79 crores pertaining to the said ongoing projects were transferred to Unspent CSR account on April 15, 2024, which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2025.

The projects identified by the Bank spread across areas such as healthcare, sanitation, education, housing, gender equality etc., as per the annual action plan approved by the Corporate Social Responsibility Committee and the Board of the Bank. As a responsible citizen, the Bank will persist in implementing a slew of measures to honour its commitment to society at large.

The Annual Report on Corporate Social Responsibility Activities of the Bank for the FY 2023-24, has been provided in **Annexure - VI** to this report.

The Corporate Social Responsibility Policy as recommended by the CSR Committee and as approved by the Board is available on the website of the Bank and can be accessed at https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf.

AUDITORS

a) Statutory Auditors

The members of the Bank in the 102nd Annual General Meeting of the Bank held on August 08, 2023, approved the appointment of Walker Chandio & Co LLP, Chartered Accountants, Mumbai as one of the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 102nd Annual General Meeting till the conclusion of the 105th Annual General Meeting of the Bank.

Mukund M. Chitale & Co., Chartered Accountants, Mumbai was the other Joint Statutory Auditors of the Bank to audit the accounts for the financial year ended March 31, 2024 and the Bank obtained approval of the shareholders for their appointment in the 100th Annual General Meeting held on August 12, 2021, to hold office from the conclusion of 100th Annual General Meeting till the conclusion of the 103rd Annual General Meetings of the Bank.

Bank in terms of Section 30(1A) of the Banking Regulation Act, 1949, obtained approval of Reserve Bank of India for the appointment of Mukund M. Chitale & Co, Chartered Accountants, Mumbai and Walker Chandio & Co LLP, Chartered Accountants, Mumbai as the Joint Statutory Central Auditors of the Bank for the FY 2023-24.

As per Reserve Bank of India Guidelines No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, regarding "Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) in Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" read with FAQ dated June 11, 2021 and the Bank's policy with regard to Appointment of Statutory Auditors, Mukund M. Chitale & Co, Chartered Accountants, Mumbai, who will be completing continuous tenure of three (3) years as the Statutory Auditors of the Bank in the ensuing Annual General Meeting, will not be eligible for re-appointment in terms of the said guidelines and in their place, the Board on recommendation of the Audit Committee

of the Board, recommends the appointment of Sundaram & Srinivasan, Chartered Accountants, Chennai as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 103rd Annual General Meeting till the conclusion of the 106th Annual General Meeting of the Bank, 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, obtained approval of Reserve Bank of India for appointment of Walker Chandio & Co LLP, Chartered Accountants, Mumbai together with Sundaram & Srinivasan, Chartered Accountants, Chennai as the Joint Statutory Auditors of the Bank for the FY 2024-25 for their 2nd year and 1st year in the office, respectively.

Pursuant to the amendment made to Rule 3 of the Companies (Audit and Auditors) Rules, 2014 via the Companies (Audit and Auditors) Amendment Rules, 2018, effective from May 07, 2018, the requirement of seeking ratification of the members for the re-appointment of the Statutory Auditors has been withdrawn from the Statute. Hence, ratification of the members for re-appointment of Walker Chandio & Co LLP, Chartered Accountants, Mumbai as one of the Joint Statutory Auditors of the Bank at the ensuing Annual General Meeting is not being sought for. However, the Bank will continue to seek approval of the shareholders for payment of fees/ remuneration to the Auditors on a yearly basis though approval of the shareholders be sought for their appointment for a period of three years together, in line with the extant guidelines.

Pursuant to the Regulation 33(1) (d) of the SEBI (Listing 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.

The Board places on record their appreciation and gratitude to Mukund M. Chitale & Co., Chartered Accountants, Mumbai, for the valuable services rendered by them as Statutory Auditors of the Bank.

b) Independent Auditors' Report

The Joint Statutory Auditors of the Bank viz., Mukund M. Chitale & Co, Chartered Accountants, Mumbai and Walker Chandio & Co LLP, Chartered

BOARD'S REPORT (Contd.)

Accountants, Mumbai, have audited the accounts of the Bank for the FY 2023-24 and their Report is annexed.

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

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for FY 2023-24.

c) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed Bhandari & Associates, Company Secretaries, Mumbai as its Secretarial Auditors to conduct the secretarial audit of the Bank for the Financial Year 2023-24. The Bank produced all necessary records to the Secretarial Auditors for the smooth conduct of their Audit.

The Report of Secretarial Auditors for the said period is enclosed to this report as **Annexure -VII**. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2023-24.

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, 2024, from Bhandari & Associates, Company Secretaries, Mumbai, the Secretarial Auditors of the Bank on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges within the prescribed timelines.

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

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a Certificate from Bhandari & Associates, Company Secretaries, Mumbai, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the companies either by the Securities and Exchange Board of India or the Ministry of

Corporate Affairs or any other Statutory / Regulatory Authorities. The said certificate is Annexed to this Report.

f) Reporting of frauds by Auditors

During financial year ended March 31, 2024, pursuant to Section 143(12) of the Companies Act, 2013, except as detailed below, neither the Statutory Auditors nor the Secretarial Auditor of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

Walker Chandio & Co LLP and Mukund M. Chitale & Co., statutory auditors of the Bank, vide their letter dated March 30, 2024, had reported to the Audit Committee a fraud involving an amount of ₹ 2.79 crore. The disclosures as required under Section 143(12) of the Companies Act, 2013, read with Rule 13 of The Companies (Audit and Auditors) Rules, 2014, is given below:

1.	Nature of Fraud with description;	The staffs of State Bank of India ('SBI') Gara Branch allegedly took gold packets from their branch and later pledged with different financial institutions, including CSB Bank Limited, through the main perpetrator Ponnada Tirumala Rao of Lohithakshi Loan Consultancy. The majority of the stolen ornaments were purportedly pledged at Srikakulam, Amadalavalsa, and Arasavilli Road branches of the Bank. The same was happened due to lapses on the Bank's branch staff members in adhering to the gold loan policies of the Bank.
2.	Approximate Amount involved;	The aggregate loan amount is ₹2.79 crore which has been reported under 55 loan gold accounts.

3.	Parties involved, if remedial action not taken; and	Branch officials
4.	Remedial actions taken.	Regular training/orientation are given to the branch officials in order to update them on the internal processes and policies. Policies/SOPs/ guidelines etc. are amended suitably from time to time to plug loopholes in the system, if any. Branch officials are advised/cautioned to exercise due diligence while undertaking day-to-day business transactions. Preventive vigilance Audits, surprise checks, etc. are being undertaken on a regular basis to detect irregularities at an early stage, which helps with early rectifications. Caution notes, advice, circulars, etc. are issued periodically to create awareness amongst the employees from falling prey to such frauds/perpetrators. The employees are encouraged to make use of the "Whistle Blower Policy", whereby the officials are encouraged to bring to light the irregularities/ violations noticed by them, so that such deviations are nipped in the bud. Moreover, stern action is being initiated against those employees who violate extant policies/ circulars/guidelines/SOPs of the Bank, in order to create a sense of deterrence.

COMPLIANCE TO SECRETARIAL STANDARDS

Your Bank is in compliance with the relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings (SS-1) and the General Meeting (SS-2) during the FY 2023-24. Further, the Bank has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

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

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

Since the Bank had not declared any dividends since the FY 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the **"Fund"**) by the Bank for the financial year ended March 31, 2024.

All the unclaimed dividends pertaining to the prior period/ financial years were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

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

Since the Bank had not declared any dividends since the financial year 2014-15, no shares were required to be transferred to the Investor Education and Protection Fund Authority by the Bank for the financial year ended March 31, 2024.

BOARD'S REPORT (Contd.)

UNCLAIMED SHARE APPLICATION MONEY

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

COMPENSATION/ REMUNERATION POLICY

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

The details of the policy have been included in the Report on Corporate Governance, which forms part of this Report. The Policy was last reviewed by the Nomination and Remuneration committee and the Board in their respective meetings held on January 29, 2024.

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

NOMINATION POLICY

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

The Nomination Policy was last reviewed by the Nomination and Remuneration Committee and the Board in their respective meetings held on December 14, 2023 and the same is displayed on the website of the Bank at: https://www.csb.co.in/sites/default/files/annexure-VI_9_nomination_policy.pdf

PARTICULARS OF EMPLOYEES

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

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

In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the members, excluding the aforesaid Annexure. The said Annexure is available for inspection at the registered office of the Bank, and any member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank at secretarial@csb.co.in.

BOARD OF DIRECTORS

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

As on the date of this report, the Board comprises of ten (10) Directors, out of which six (6) are Independent Directors, two are Non-executive, Non-Independent Directors and two are Executive Directors. The Directors possess rich experience and specialised knowledge in various areas of relevance to the Bank viz. like Agriculture, Rural Economy, Banking, Accountancy, Co-operation, Information Technology, Economics, Finance, MSME, Payment & Settlement Systems, Human Resources, Risk Management and Business Management, etc.

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

Appointment/changes in the Board Directors of the Bank since the last Board's Report dated June 22, 2023 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 held on August 08, 2023.

PART-TIME CHAIRPERSON

The term of appointment of Ms. Bhama Krishnamurthy as the Part-Time Chairperson of the Bank ends on September 28, 2024, which is coterminous with her second term of appointment as Independent Director of the Bank. The Bank has initiated necessary steps for appointment of next Part-Time Chairperson of the Bank with effect from September 29, 2024.

APPOINTMENT OF INDEPENDENT DIRECTORS

1. Appointment of Ms. Renu Kohli (DIN:07981627) as an Independent Director

Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Bank in their meeting held on December 14, 2023, appointed Ms. Renu Kohli (DIN:07981627) as an Additional Director (Non-Executive Independent category) of the Bank w.e.f. December 14, 2023 for a period of 5 (five) years pursuant to the provisions of Section 149, 161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**) and Article 133 of the Articles of Association of the Bank. The appointment is subject to the approval of the Shareholders of the Bank and the approval of the shareholders was obtained for the appointment of Ms. Renu Kohli as Independent Director with effect from December 14, 2023 by postal ballot resolution dated March 06, 2024.

Ms. Renu Kohli is representing 'Majority Sector – Banking, Economics, Agriculture and Rural Economy and Small Scale Industry' on the Board.

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

Board appointed Ms. Renu Kohli, as Additional Director of the Bank under “Non-Executive Independent” category based on the extensive due diligence carried out by the NRC on the declarations submitted by her in terms of fit & proper criteria and other applicable statutory guidelines issued by Reserve Bank of India from time to time.

Board noted that Ms. Renu Kohli, is an economist with research and practitioner experience on macroeconomic policies and issues. She has previously worked with the RBI, the IMF and thinktanks including ICRIER and the Institute of Economic Growth.

Adverting to the above, in the opinion of the Board, the said Independent Director appointed on December 14, 2023, possesses the requisite qualifications, proficiency, expertise, track record, integrity, independence, as well as vast and rich experience in the field of Banking.

2. Appointment of Mr. Deepak Maheshwari (DIN: 08163253) as an Additional Director (Non-Executive Independent category)

Pursuant to the recommendation of the Nomination & Remuneration Committee in their meeting held on June 11, 2024, the Board of Directors of the Bank, vide resolution passed by circulation on June 12, 2024, appointed Mr. Deepak Maheshwari (DIN: 08163253) as an Additional Director (Non-Executive Independent category) of the Bank w.e.f. June 12, 2024, for a period of 3 (three) years pursuant to the provisions of Section 149, 161(1) of the Companies Act, 2013 and Rules made thereunder, SEBI Listing Regulations and Article 133 of the Articles of Association of the Bank. The said appointment is subject to the approval of the Shareholders of the Bank.

Mr. Deepak Maheshwari is an experienced banker, with a track record of building best-in-class loan portfolios at HDFC Bank and Axis Bank. Mr. Deepak Maheshwari has a solid track record in credit decision making across banking hemisphere with expert knowledge of Indian banking regulations. Mr. Deepak Maheshwari is currently in the Board of Axis Finance Limited as Non-Executive Director, and in GR Highways Investment Manager Pvt. Ltd. as Independent Director. Prior to that he was the Group Executive and Chief Credit Officer of the Axis Bank and was responsible for credit underwriting, policy and monitoring. He joined at Axis Bank after a stint of two decades at HDFC Bank, where he was Group Head of the Wholesale Credit function, responsible for asset quality, sanctions, policy, and monitoring of the entire wholesale credit portfolio of that Bank. Prior to that he had spent another two decades in SBI in various Credit and Management functions, with his last major posting being as Vice President (Credit) SBI (Canada), Toronto. Mr. Maheshwari is a B.Com. graduate and a Certified Associate of the Indian Institute of Bankers (CAIIB).

Necessary resolution seeking approval of the members in connection with appointment of Mr. Deepak Maheshwari as an Independent Director of the Bank, forms part of the notice of the ensuing Annual General Meeting. The detailed profile of Mr. Deepak Maheshwari recommended for his

BOARD'S REPORT (Contd.)

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

Mr. Deepak Maheshwari has special knowledge/practical experience in "Agriculture and Rural Economy, Small Scale Industry, Banking and Risk Management" and the same comes under "Majority Sector". However, he is not eligible to represent 'majority sector' in view of the restriction due to his substantial interest in companies and firms in terms of Section 5(n)(e) and 10A(2)(b) of the Banking Regulation Act, 1949, even though he has special knowledge or practical experience as per Section 10A(2)(a) of the said Act.

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

Board appointed Mr. Deepak Maheshwari as an Additional Director of the Bank under "Non-Executive, Independent" category based on the extensive due diligence carried out by the NRC on the declarations submitted by him in terms of fit & proper criteria and other applicable statutory guidelines issued by Reserve Bank of India from time to time.

Board noted that Mr. Deepak Maheshwari is an experienced banker, with a track record of building best-in-class loan portfolios across wherever he worked. Mr. Deepak Maheshwari has a solid track record in credit decision making across the banking hemisphere with expert knowledge of Indian banking regulations.

Adverting to the above, in the opinion of the Board, the said Independent Director appointed on June 12, 2024, possesses the requisite qualifications, proficiency, expertise, track record, integrity, independence, as well as vast and rich experience in the field of Banking.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) was reappointed for a second term as a Non-Executive Independent Director of the Bank, at the Annual General Meeting of the Bank held on August 08, 2023, for a period of 5 (five) years commencing January 31, 2024, up to January 30, 2029 (both dates inclusive). Mr. Sudhin Bhagwandas Choksey is not liable to retire by rotation, in terms of Section 149(13) of the Act.

Mr. Sudhin Bhagwandas Choksey has special knowledge/practical experience in banking, small-scale industry, finance, and accountancy and the same comes under "Majority Sector". However, he is not eligible to represent the majority sector in view of the restriction due to his substantial interest in companies and firms in terms of Section 5(n)(e) and 10A(2)(b) of the Banking Regulation Act, 1949, even though he has special knowledge or practical experience as per Section 10A(2)(a) of the said Act.

APPOINTMENT OF MR. B.K. DIVAKARA AS WHOLE-TIME DIRECTOR (EXECUTIVE DIRECTOR)

Pursuant to the approval received from Reserve Bank of India on March 4, 2024 in terms of Section 35B of the Banking Regulation Act, 1949, for the appointment of Mr. B K Divakara as Whole-time Director (designated as Executive Director) of the Bank for a period of 3 (three) years with effect from taking charge, the Board of Directors of the Bank in its meeting held on March 15, 2024, on the recommendations of the Nomination & Remuneration Committee, elevated and appointed Mr. B K Divakara, Head Strategy & Corporate Legal as the Whole-time Director (designated as Executive Director) of the Bank, for a period of 3 (three) years, with effect from March 15, 2024, up to March 14, 2027 (both dates inclusive).

The approval of the shareholders was obtained on April 18, 2024, for the appointment as well as the terms, including remuneration, of Mr. B K Divakara as Whole-time Director (designated as Executive Director).

Mr. B. K. Divakara, is representing "Majority Sector – Accountancy, Agriculture and Rural Economy, Banking, Economics, Finance, Law, SSI, Risk Management and Human Resources" on the Board of the Bank.

COMPLETION OF TERM OF APPOINTMENT

Mr. Sunil Srivastav (DIN: 00237561) who was appointed as Director (Non-Executive & Independent) on the Board of the Bank for a tenure of 3 (three) years with effect from June 8, 2021, ceased to be a Director of the Bank with effect from close of office hours on June 7, 2024, upon completion of his term as an Independent Director on the said date.

RESIGNATION OF INDEPENDENT DIRECTOR

Mr. Biswamohan Mahapatra (DIN: 06990345) resigned from the position of the Non-Executive Independent Director of the Bank with effect from June 14, 2024, as he was not able to devote sufficient time for the work relating to his role as an Independent Director of the Bank due to his other personal and professional commitments.

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Clause 7B of Part A of Schedule III, Mr. Biswamohan Mahapatra confirmed that there are no material reasons for his resignation from the position of Independent Director of the Bank other than on personal and professional commitments.

The Board places on record its appreciation for the valuable contributions made to the Bank and for the support and cooperation extended by Mr. Biswamohan Mahapatra, during his tenure as an independent director of the Bank. The Board also acknowledged with thanks the professional and unbiased approach that Mr. Biswamohan Mahapatra had taken at the Board and the Committee meetings.

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 three independent women directors on the Board of the Bank. Ms. Bhama Krishnamurthy (DIN: 02196839) has been appointed since September 03, 2018, Ms. Sharmila Abhay Karve (DIN: 05018751) since July 20, 2020 and Ms. Renu Kohli (DIN: 07981627) since December 14, 2023.

DIRECTORS RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, Non-Executive Director, Mr. 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 (DIN: 06920646) was at first appointed as an Additional Director of the Bank with effect from September 03, 2018, under Section 161(1) of the Companies Act, 2013 and his appointment was regularised at the 97th AGM held on September 29, 2018 and he was liable to retire by rotation.

Mr. Sumit Maheshwari (DIN: 06920646) was last reappointed as a director to retire by rotation at the 101st Annual General Meeting held on September 27, 2022, 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 (DIN: 06920646) as Non- Executive, Non-Independent Director of the Bank.

The detailed profile of Mr. Sumit Maheshwari (DIN: 06920646) recommended for reappointment in the ensuing Annual General Meeting will be provided in the Notice of the

Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

INDEPENDENT DIRECTORS - COMPLIANCE STATUS

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

Sl. No	Name of the Independent Director	Term	Term of appointment is up to
1	Ms. Bhama Krishnamurthy (DIN: 02196839)	Second	September 28, 2024
2	Ms. Sharmila Abhay Karve (DIN: 05018751)	Second	July 19, 2028
3	Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	Second	January 30, 2029
4	Mr. Sharad Kumar Saxena (DIN: 08238872)	First	February 18, 2025
5	Ms. Renu Kohli (DIN: 07981627)	First	December 13, 2028
6	Mr. Deepak Maheshwari (DIN: 08163253)	First	June 11, 2027

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

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

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have confirmed of having complied with the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with 25(8) of the Regulations that they meet the criteria of independence laid down thereunder. Further, they have also complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management. There has been no change in the circumstances affecting their status as Independent Directors of the Bank.

BOARD'S REPORT (Contd.)

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

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

FAMILIARISATION PROGRAMMES OF INDEPENDENT DIRECTORS

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

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

Details of familiarisation programmes attended by all Directors including Independent Directors are provided at https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf, pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPOINTMENT/ CHANGES IN KEY MANAGERIAL PERSONNEL

Mr. B. K. Divakara, Head - Strategy and Corporate Legal has been elevated and appointed as Whole-time Director (Executive Director), for a period of 3 (three), with effect from March 15, 2024 up to March 14, 2027 (both dates

inclusive). He has been designated as Key Managerial Personnel of the Bank with effect from his date of appointment as Whole-time Director on March 15, 2024.

Mr. Pralay Mondal, Managing Director & CEO, Mr. Satish Gundewar, Chief Financial Officer and Mr. Sijo Varghese, Company Secretary, continues to be the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

BOARD AND ITS COMMITTEES

Board and Number of Meetings

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

The Board met 13 (thirteen) times during the FY 2023- 24 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder and the applicable SEBI Listing Regulations.

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

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

Committees of the Board

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

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

AUDIT COMMITTEE

The Bank has constituted the Audit Committee of the Board in terms of the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee discharges the functions laid down in the Companies Act, 2013 and those prescribed by the Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also discharges the functions delegated by the Board of Directors from time to

time. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

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

ANNUAL EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also in line with Board evaluation policy, Bank has put in place criteria for annual evaluation of performance of Chairperson, Managing Director & CEO, Executive Directors, Non-executive Directors, Independent Directors, Board Level Committees and the Board as a whole.

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

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

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

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

The Board evaluation policy is displayed on the website of the Bank at: https://www.csb.co.in/pdf/Annexure-III_Board_Evaluation_PolicY_15072024.pdf

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

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

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

a) Conservation of Energy

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

b) Technology Absorption

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

c) Foreign Exchange Earnings and Outgo

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the FY 2023-24, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Bank's operations in future.

MAINTENANCE OF COST RECORDS

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

CEO & CFO CERTIFICATION

Pursuant to Regulation 17(8) of the SEBI Listing Regulations, the Certificate issued by Mr. Pralay Mondal, Managing Director & CEO and Mr. Satish Gundewar, Chief Financial Officer of the Bank, for the financial year ended March 31, 2024, was placed before the Board at its meeting held on April 26, 2024.

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

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

The Bank has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information

BOARD’S REPORT (Contd.)

relating to complaints received and redressed during the FY 2023-24, is disclosed in the Report on Corporate Governance, which forms part of this Annual report.

STRICTURES AND PENALTIES

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

DISCLOSURE UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Being a banking company, the disclosures required as per Rule 8(5)(xi)&(xii) of the Companies (Accounts) Rules, 2014, on the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year and the details of difference

between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are not applicable to the Bank.

However, being a banking company, during the period under review, your Bank was part of the Corporate Insolvency Resolution Process (CIRP) initiated against the two corporate debtors before NCLT for a total book value of ₹ 4.06 crore.

ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return (MGT-7) as on March 31, 2024, will be displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2024.

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 Agent, Depositories and rating agencies for their continued support and guidance. The Board of Directors would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage.

The Board also expresses its deep sense of appreciation and heartfelt thanks to every member of the CSB family for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led the Bank towards reinforcing its customer centric image and making commendable progress in today’s challenging environment. The Board looks forward to their continued, dedicated and sincere service to take the Bank to new heights.

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

By Order of the Board

Place: Thrissur
Date : June 24, 2024

Sd/-
Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

ANNEXURES FORMING PART OF THIS REPORT

The following Annexures as referred to in this Report form part of the Board’s Report:

Annexure	Particulars
Annexure – I	Disclosures under SEBI (share Based Employee Benefits And Sweat Equity) Regulations, 2021 and/or the Companies Act, 2013.
Annexure – II	Business Responsibility and Sustainability Report (BRSR) of the Bank for the FY 2023-24.
Annexure – III	Management Discussion and Analysis.
Annexure – IV	Report on Corporate Governance.
Annexure – V	Form AOC-2 - The particulars of contracts or arrangements with related parties entered in terms of Section 188(1) of the Companies Act, 2013.
Annexure – VI	The Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year 2023-24.
Annexure -VII	Secretarial Audit Report.
Annexure -VIII	Disclosure under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	: L65191KL1920PLC000175
2	Name of the Listed Entity	: CSB Bank Limited
3	Year of incorporation	: 1920
4	Registered office address	: Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur – 680020, Kerala, India
5	Corporate address	: Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur – 680020, Kerala, India
6	E-mail	: secretarial@csb.co.in
7	Telephone	: 0487 - 2333 020
8	Website	: www.csb.co.in
9	Financial year for which reporting is being done	: April 01, 2023 to March 31, 2024
10	Name of the Stock Exchange(s) where shares are listed	: 1. BSE Limited 2. National Stock Exchange of India Limited
11	Paid-up Capital (In ₹)	: ₹ 173.49 crore
12	Name and contact details (telephone, e-mail address) of the person who may be contacted in case of any queries on the BRSR report	: Mr. Sijo Varghese Company Secretary & Compliance Officer Tel: 0487 - 6619 228 e-mail: secretarial@csb.co.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	: On a standalone basis.
14	Name of assurance provider	Not Applicable for the financial year ended March 31, 2024.
15	Type of assurance obtained	Not Applicable for the financial year ended March 31, 2024.

II. Products/services

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

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

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

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

III. Operations

18. Number of locations where plants and/or branches or operations/offices of the entity are situated:

Location	Number of plants	Number of Branches	Number of offices	Total
National*	NA	779	37	816
International	NA	NIL	NIL	NA

*As on March 31, 2024

19. Markets served by the entity:

a. Number of locations where plants or branches or operations/offices of the entity are situated:

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

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Being a banking company, there is no export earnings.

c. A brief on types of customers

The Bank offers a wide range of asset and liability products, third-party insurance products and investment products etc. For customers, there are various deposit products such as fixed deposits, recurring deposits, savings accounts, and current accounts. On the asset side, the Bank provides gold loans, business loans (SME including MSME), home loans, education loans, vehicle loans, agriculture loans etc. The Bank also offers third-party products such as life insurance, general and health insurance, as well as investment options like mutual funds and online trading accounts.

In the priority sector, the Bank provides loans to agriculture, small & marginal farmers, weaker sections, and micro-enterprises. Through the Financial Inclusion scheme, the bank offers Pradhan Mantri Jan Dhan Yojana (PMJDY), as well as three social security schemes: Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY).

The Bank serves corporate clients through Corporate Lending/Wholesale Banking, focusing on medium-sized enterprises, capital markets, securitisation, and supply chain finance.

IV. Employees

20. Details as at the end of Financial Year: March 31, 2024.

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	7863	5389	68.54	2474	31.46
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	7863	5389	68.54	2474	31.46
WORKERS*						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Workers (F + G)	NA	NA	NA	NA	NA

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

b. Differently abled Employees and workers:

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

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

21. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	3	27.27 %
Key Managerial Personnel (KMP)	4	0	0%

22. Turnover rate for permanent employees and workers

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

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	46.3	48.4	47.0	51.20	46.32	49.90	28.95	26.45	28.24
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

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

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

VI. CSR Details

24.

(i) Whether CSR is applicable as per section 135 of the Companies Act, 2013	: Yes
(ii) Turnover	: ₹ 35,11,82,87,765.90
(iii) Net worth	: ₹ 35,63,63,77,816.33

VII. Transparency and Disclosure Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	(If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	YES	https://www.csb.co.in/pdf/ESG_Policy_17042024.pdf https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf	NIL	NIL	NIL	NIL	NIL	NIL
Investors (other than shareholders)	YES	https://www.csb.co.in/pdf/ESG_Policy_17042024.pdf https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf	NIL	NIL	NIL	NIL	NIL	NIL

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	(If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	YES	As per SEBI Listing Regulations https://www.csb.co.in/pdf/Annexure-5_21112023.pdf	5	0	Investor complaint received through SEBI Scores platform of the Bank and Bank's Registrar and Share Transfer Agent.	1	0	Investor complaint received through SEBI Scores platform of Bank's Registrar and Share Transfer Agent.
Employees and workers	YES	As per internal policies and https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf	16	3	Bank has initiated timely measures for an effective redressal of grievances.	12	6	Bank has initiated timely measures for an effective redressal of grievances.
Customers	YES	Various policies on customer rights as provided in the following link https://www.csb.co.in/bank-policies https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf	20854	43	The pending cases are under process and will be settled in a timely manner.	12621	45	All pending complaints were subsequently attended and closed.
Value Chain Partners	YES	https://www.csb.co.in/pdf/Anti_Bribery_Anti_Corruption_Policy_08012024.pdf https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf	NIL	NIL	NIL	NIL	NIL	NIL
Other (please specify)	NA	NA	NA	NA	NA	NA	NA	NA

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

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Response to Climate Change	Risk	Credit Risk due to climate change can emerge from exposures to units with high carbon emission, units following technologies that fail to shift and comply with ESG guidelines. Further collapse of real estate prices due to natural hazards will have a serious impact leading to higher LGD when impairment happens.	As a policy matter, to reduce the greenhouse effect, the Bank does not finance borrowers for setting up new units producing/ consuming Ozone Depleting Substances (ODS) and small/ medium scale units engaged in the manufacturing of aerosol units using Chlorofluorocarbons (CFC) which enables a reduction in the greenhouse effect.	Negative

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Opportunity	Bank has a wide scope of lending money to the Development and use of emerging technologies such as renewable energy, battery storage, energy efficiency, making advances in LED lighting technology, industrial motor technology, electrical vehicles.		Positive
2	Corporate Governance – Board oversight, Conflict of Interest, Ethics, Risk and Compliance, Succession Planning	Risk	Strong corporate governance is core to achieving the organisation's mission and any risks can undermine stakeholder trust, damage reputation and disrupt business.	The bank has established a strong corporate governance framework per regulatory guidelines. The Bank has in place a fair, transparent & accountable Corporate Governance structure across its hierarchy to safeguard the interests of all stakeholders. - There is an effective mechanism, supported by strong policies to supervise the Executive Management and oversee the Bank's critical functions. - There is an effective grievance redressal mechanism for the customer to address their concerns.	Negative
3	Social Responsibility	Opportunity	The business must be rooted in the community and be in alignment with the community's larger interests. Any adverse relationship can hurt the company's ability to create longer-term value.	Fostering communities, job creation, skill development, supporting local relief efforts wherever required in times of crisis and paying taxes.	Positive
4	Brand Reputation	Opportunity	Improve the CSB brand equity by promoting/ structuring products and services to uplift society and improve social/living standards.	Bank has created separate verticals for promoting educational loans, housing loans, MSME, Agri and Micro segments, targeting its responsibility towards upliftment of society through serving the needs of those who aspire to higher education, building houses, and starting micro/small enterprises. The bank is also in a big way extending loans to SHG/JLG to cater for the needs of weaker and socially backward societies. Through gold loans, the bank addresses the urgent needs of the public. The portfolio of the bank also includes direct assignment transactions wherein the ultimate beneficiary is the economically weak borrowers.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Incase of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Waste management	Risk	Non-compliance with the emerging regulations around recycling and waste management can lead to penalties and reputational risk.	The Bank has taken Green initiatives such as a Document Management System, E-passbook, video KYC, etc.	Negative
6	Employee Practices and Benefits	Opportunity	The bank's dedication to employee welfare and development directly demonstrates its commitment to supporting its workforce and aligning them with the Bank's growth.	The Bank is dedicated to the development and growth of our employees, and we believe that this commitment will help align our team with the company's success. We prioritise talent development, compensation, and employee benefits to attract and retain skilled individuals. Our investment in learning and development, performance support, career growth, and diversity and inclusion initiatives reflect our dedication to our employees and their professional growth. Additionally, our hiring process prioritises local representation and focuses on continuous improvement.	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1.	a.	Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	b.	Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
			Policies of the Bank are recommended by respective Committees of the Board and approved by the Board. The Policies of the Bank are signed by the respective departmental Heads and Managing Director & CEO before placing it to the Committee and Board for approval /annual review.								
	c.	Web Link of the Policies, if available	Y	Y	Y	Y	Y	Y	N	Y	Y
			The policies are available on the Bank's website at https://csb.co.in/investor-relations and https://csb.co.in/bank-policies								
			The policies other than those which are available on the Bank's website, being internal documents are available only to the employees through the Bank's intranet.								
2.		Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	N	Y	Y
			Guidelines and Standard Operating Procedures have been framed to the extent required in line with and covering 8 principles related to the respective policy.								
3.		Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
			In general No. However, specifically applicable wherever the same policies have been incorporated specifically in the Memorandum of Understanding executed between the Bank and value chain partners.								

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The Bank has obtained ISO 9001:2015 certification during FY 2021-22. The Bank is also having ISO 27001:2013 certification for IT, IS and data centres.								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	The nature of business is banking and not involved in any manufacturing or factory-related activities, Bank is committed to enhancing the business and other core activities with minimal impacts on the environment and society. The Bank has a focus on digitalisation of various manual activities thereby reducing the usage of natural resources and minimising the carbon footprints.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	There has been no reported adverse impact to the environment due to the business activities. All efforts are being made to limit the usage of material resources which affects the environment and society as a whole. Substantial reduction in paper use is achieved through the Go Green initiative and reduction in power usage through installation of energy saving equipment in major centres. The Bank offers a wide range of banking products to fulfil customer expectations through an extensive network of branches, ATMs/CDMs, and technologies like Mobile Banking, WhatsApp Banking, Internet Banking, Point of sale services and UPI. Bank has taken Green initiatives such as a Document Management System, E-passbook, video KYC etc. The Bank's digital banking initiatives enable the customers to do banking activities, without being physically present at the Bank's branch/office, which substantially reduces carbon footprint, unnecessary travel, and wastage of time and energy. These products are safe and secure to use and contribute to sustainability throughout their life cycle. For more details please refer to the ESG Section from page no. 42 of the Annual Report.								

Governance, leadership and oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Bank is committed to make the business truly sustainable and socially responsible. Further details of the same are provided in the Chairman's letter on page No. No. 22 and MD's message on page No. 26.													
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Corporate Social Responsibility (CSR) Committee													
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Corporate Social Responsibility Committee of the Bank is responsible for decision-making on sustainability-related issues. The members of the Committee as on March 31, 2024, are as under: <table><tr><th>Name</th><th>Designation</th></tr><tr><td>Ms. Bhama Krishnamurthy, Part-time Chairperson -Independent</td><td>Chairperson</td></tr><tr><td>Mr. Pralay Mondal, Managing Director & CEO</td><td>Member</td></tr><tr><td>Mr. Sumit Maheshwari, Non-Executive Non-Independent Director</td><td>Member</td></tr><tr><td>Mr. Sudhin Choksey, Non-Executive Independent Director</td><td>Member</td></tr><tr><td>Ms. Renu Kohli, Non-Executive Independent Director</td><td>Member</td></tr></table>		Name	Designation	Ms. Bhama Krishnamurthy, Part-time Chairperson -Independent	Chairperson	Mr. Pralay Mondal, Managing Director & CEO	Member	Mr. Sumit Maheshwari, Non-Executive Non-Independent Director	Member	Mr. Sudhin Choksey, Non-Executive Independent Director	Member	Ms. Renu Kohli, Non-Executive Independent Director	Member
Name	Designation														
Ms. Bhama Krishnamurthy, Part-time Chairperson -Independent	Chairperson														
Mr. Pralay Mondal, Managing Director & CEO	Member														
Mr. Sumit Maheshwari, Non-Executive Non-Independent Director	Member														
Mr. Sudhin Choksey, Non-Executive Independent Director	Member														
Ms. Renu Kohli, Non-Executive Independent Director	Member														
10.	Details of Review of NGRBCs by the Company:														

Disclosure Questions			P1		P2		P3		P4		P5		P6		P7		P8		P9		
Subject for Review			Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
			P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action			Y	Y	Y	Y	Y	Y	NA	Y	Y	Annually.									
			Yes. Directors, Committee of Board, Board and any other Committee to the extent as applicable.																		
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances			Yes. Directors, Committee of Board, Board and any other Committee to the extent as applicable									Quarterly.									
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.			P1		P2		P3		P4		P5		P6		P7		P8		P9		
			NO		NO		NO		NO		NO		NO		NO		NO		NO		
			Evaluation is done through internal mechanisms and seeks external assistance and advice as and when required.																		
			The policies are annually reviewed /approved by the Committee/Board. The Compliance Department reviews the policies periodically for submission to the Committee and Board and the concerned department monitors adherence to the implementation of policy mandated by RBI and other regulators.																		

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7*	P8	P9
The entity does not consider the principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)	NA								
Any other reason (please specify)	*In the case of Principle No. 7, the Bank does not engage in policy advocacy directly but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry.								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year: 2023-24.

Segment	Total Number of Trainings and Awareness Programmes Held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	2	Familiarisation programme on "Empowering Board governance through enhanced GRC Practices" and "ESG-Reporting Trends and Updates"	100%
Key Managerial Personal	10	ESG- Reporting Trends and Updates, Vigilance Awareness Challenge : 2023, Certification Programme in IT and Cyber Security for Senior Management, etc.	100%
Employees other than Board of Directors and KMPs	220	Liability/ Gold Products & Processes, Insurance, Compliance Paathshala, Survey on Environmental, Social, and Governance (ESG)Awareness, Cybersecurity Awareness Training, Compliance & KYC Challenge, awareness module on Prevention of sexual harassment of women at workplace ((PoSH) Act 2013), Compliance Paathshala etc.	100%
Workers	NA	NA	NA

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

Monetary

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

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL	NA	NA	NA
Punishment	NIL	NA	NA	NA

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

Not applicable as no fines/penalties etc. have been levied or paid by the Bank.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

The Bank does have a specific policy viz. Anti-Bribery & Anti-Corruption Policy. Your Bank is committed to upholding the highest moral and ethical standards and does not tolerate bribery or corruption in any form.

The policy is available on the Bank's website at: https://www.csb.co.in/pdf/Anti_Bribery_Anti_Corruption_Policy_08012024.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24	FY 2022-23
Directors	NIL	NIL
Key Managerial Personnel	NIL	NIL
Employees	NIL	NIL
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors.	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs.	NIL	NA	NIL	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	40	36

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	NA	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	Metrics	FY 2023-24	FY 2022-23
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	NIL	NIL
	b. Sales (Sales to related parties / Total Sales)	NIL	NIL
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	Please refer to page no. 142 of the Annual Report FY 2023-24.	Please refer to page no. 110 of the Annual Report FY 2022-23.
	d. Investments (Investments in related parties / Total Investments made)	NIL	NIL

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL	NA	NA

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? **(Yes/No)**
If Yes, provide details of the same.

Yes.

The Bank has a process in place to monitor and manage conflicts of interest involving members of the Board. As part of the process, the Bank obtains an annual declaration from the Board of Directors regarding the entities they are interested in. Any changes in interests are immediately obtained, including approvals required under the statute and the Bank's policies before transacting with any individuals and entities in which directors are interested.

The 'Code of Conduct and Ethics for the Board of Directors and senior management personnel of the Bank and the policy document on corporate governance, principles, and procedures apply to the board members and senior management. This includes explaining the circumstances to avoid, which may likely lead to a conflict of interest. Furthermore, the Bank obtains an annual declaration from all independent directors to the effect that they meet the criteria of independence as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, 2013.

Additionally, the Bank, in compliance with 'Para 10(ii) of RBI Circular No. DBOD.No.BP.BC.71/21.01.01/2004-05 dated February 28, 2005 – Guidelines on Ownerships and Governance in Private Sector Banks, conducts a fit and proper exercise on all the directors on an annual basis, with a cutoff date of 31st March to ensure that all the directors meet the 'Fit and Proper' criteria to continue to hold the office of directorship of the Bank.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R & D	0%	0%	Not applicable to being a Banking company.
Capex	Bank's capital investments in information technology for digital services, viz. Mobile banking, internet banking, various ATMs and CRMs, and other digital initiatives, reduce the impact on environmental and social issues, thereby indirectly reducing carbon footprints. The Bank is presently in the process of migrating from the Core Banking Solution 'Maarvel' to 'Oracle Flexcube'. Upon completion of this implementation, the Bank will be in a position to reduce environmental and social impacts further as 'Oracle Flexcube' is recognised as a top-tier Core Banking Solution that complies with international standards.		

2.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)-
No.

As a financial institution, the Bank focuses on maximising resource efficiency and reducing waste. While digitisation has reduced paper usage, the Bank continues to work on further reducing paper consumption through sustainable sourcing.

- b. If yes, what percentage of inputs were sourced sustainably? – N.A

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposal at the end of life, for

- a) Plastics (including packaging) – The plastic waste is transported to Local Government bodies/vendors for processing and disposal.
- b) E-Waste – Handling E-Waste is crucial not only from a security point of view but also from an environmental angle. Computers and related accessories are handed over to vendors or certified disposal agencies.
- c) Hazardous Waste – There is no hazardous waste generation owing to the nature of the business.
- d) Other waste – Not relevant, given the nature of business of the Bank.

4. Whether Extended Producer Responsibility (EPR) applies to the entity's activities(Yes/No).

Not Applicable.

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? (Yes/No).

Not Applicable.

If not, provide steps taken to address the same.

Not applicable to the Bank.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? (If yes, provide details in the following format?)

Not applicable to the Bank.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not applicable to the Bank.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not applicable to the Bank.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable to the Bank.					
E-waste						
Hazardous waste						
Other Waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Not applicable to the Bank.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1.

a. Details of measures for the well-being of employees:

Category	% of employees covered by Insurance Policies										
	Total A	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Numbers (B)	% (B/A)	Numbers (c)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	5389	5389	100	5389	100	NA	NA	5389	100	5389	100
Female	2474	2474	100	2474	100	2474	100	NA	NA	2474	100
Total	7863	7863	100	7863	100	2474	100	5389	100	7863	100
Other than Permanent Employees											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

b. Details of measures for the well-being of workers

Category	% of workers covered by Insurance Policies										
	Total A	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Numbers (B)	% (B/A)	Numbers (c)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Being a banking company, the entire workforce is categorised as 'Employees' and none as 'Workers'. Hence in all sections, details sought of the 'Workers' category are Not Applicable to the Bank.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.38%	0.58%

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2023- 24			FY 2022- 23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and Deposited with The authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and Deposited with the authority (Y/N/N.A.)
PF or Pension including NPS®	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	0	NA	0	0	NA	0
Others	NA	NA	NA	NA	NA	NA

® Employees who are part of National Pension Scheme are not covered under PF Scheme of the Bank.

3. **Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? (Yes/No) If not, whether any steps are being taken by the entity in this regard.

Yes.

As per the regulatory requirements, all branch/office premises are designed and provided for easy access to differently-abled employees. Ramps are facilitated wherever possible in the premises of Bank branches and ATMs.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? (Yes/No) If so, provide a web-link to the policy.

No.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100	83.5	NA	NA
Female	86.1	87.8	NA	NA
Total	91.7	86.0	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker?(Yes/No) If yes, give details of the mechanism in brief.

Yes.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent workers	NA
Other than permanent workers	NA
Permanent employees	Yes. The Bank has established a grievance redressal mechanism which includes a policy framework in the form of PoSH Policy, Whistle Blower Policy, Anti-Corruption and Anti-Bribery Policy, as applicable, for the employees to raise their concerns. Additionally, the Bank has internal guidelines to address the grievances of all employees. There is a Transfer Grievance Committee available for award staff to handle transfer-related grievances. This committee comprises a group of executives who review the grievances and recommend a course of action based on the merit of each case.
Other than permanent employees	Yes. The grievance redressal mechanism available to permanent employees and detailed in the preceding paragraph is available and extended to employees other than permanent employees. However, there is no such categories of employees in the Bank for the period under review.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total Employees / Workers in respective category (A)	No of employees or workers in respective category, who are part of the association(s) or Union (B)	% B/A	Total Employees / Workers in respective category (C)	No of employees or workers in respective category, who are part of the association(s) or Union (D)	% D/C
Total Permanent Employees	7863	950	12.08	6830	1034	15.14
- Male	5389	593	11.0	4680	650	13.89
- Female	2474	357	14.43	2150	384	17.86
Total Permanent Workers	NA	NA	NA	NA	NA	NA
- Male	NA	NA	NA	NA	NA	NA
- Female	NA	NA	NA	NA	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

8. Details of training given to employees and workers

Category	FY 2023-24					FY 2022-23				
	Total A	On health and safety measures		On skill upgradation		Total D	On health and safety measures		On skill upgradation	
		No. B	% B/A	No. C	% C/A		No. E	% E/D	No. F	% F/D
Employees										
Male	5389	201	3.73	5373	99.70	4691	3484	74.26	4614	98.35
Female	2474	89	3.60	2464	99.60	2150	1565	72.79	2120	98.60
Total	7863	290	3.69	7837	99.67	6841	5049	73.80	6734	98.43
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total A	Total B	B/A %	Total D	Total E	E/D %
Employees						
Male	5389	3663	68.0	4691	2889	61.58
Female	2474	1700	68.7	2150	1283	59.67
Total	7863	5363	68.2	6841	4172	60.98
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes.

Due to the nature of our business, there are no major occupational health risks at the Bank operating premises. However, we have set definite standards for the well-being of our employees. We have introduced Group Personal Accident (GPA) insurance cover for all active employees as a preventive measure. Currently, we have Group Term Life, Group Personal Accident, and Group Medical Insurance schemes in place for our employees. We ensure the effectiveness of our internal safety systems periodically, including safety alarms, fire extinguishers, and CCTV equipment across our premises

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Being a banking company, there are no major threats anticipated. However, we conduct periodic fire drills to assess risks, and employees have access to first aid mechanisms.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

No.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes.

11. Details of Safety Related Incidents in the following format:

Safety Incident /Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of Fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Bank ensures that it is committed to being a responsible business entity by providing a fair and safe working environment for all its employees through various initiatives detailed in principle 3.

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed During the Year	Pending Resolutions end of the year	Remarks	Filed During the Year	Pending Resolutions end of the year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments of the year:

	% of your plants and Offices/Branches that were assessed (by the entity or by the authorities or third parties)
Health & Safety Practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not applicable.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N) – Yes, the Bank provides its employees with, personal accident cover and future service gratuity liability in addition to medical insurance.

(B) Workers (Y/N) - NA.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

NA.

Not applicable generally, however, the Bank ensures that statutory dues, wherever applicable, are deducted and paid to respective authorities by the Bank or by the compliance partner on behalf of the Bank if the same part of the engagement letter /agreement is executed due to legal/ regulatory requirements.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	No of affected employees/workers		No of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	0	0	0
Workers	NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? **(Yes/No)**

No.

The Bank believes in hiring well-qualified talent on merits and continuously upskills the workforce to align with the changing business environment.

5. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	0
Working Conditions	0

6. Provide details of any corrective actions taken / underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Being a banking company, the stakeholders are investors, regulators, employees, customers and the community at large. The Bank follows structured processes for the identification and prioritisation of stakeholder groups. The Bank focuses more on creating organisational excellence that leads to increased employee satisfaction, customer satisfaction, and shareholder value. Further, the Bank, through high standards of corporate governance, ensures that it balances the interests of diverse stakeholder groups in all strategic decision-making processes and timely responds to their concerns.

Specific teams in the Bank are responsible for engaging with each stakeholder group

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half Yearly/ Quarterly/ Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customer	No	E-mail, SMS's, Customer meets. Official communication channels: Advertisements, publications, website and social media, Conferences events, Phone calls, e-mails and meetings.	On-going basis	Services, digital banking operations and customer satisfaction surveys.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half Yearly/ Quarterly/ Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Intranet portal, Newsletters, Employee satisfaction surveys – Emails and meetings, Training programs, Performance appraisal, Grievance redressal mechanisms, Notice boards.	Intranet – Daily Newsletter – Quarterly Emails – Otherwise on-going basis.	Performance Appraisal, Career growth, fair remuneration, skill development, employee satisfaction and grievance redressal mechanism.
Suppliers	No	Vendor assessment and review, Official communication channels: website and social media.	As and when required.	Service and existing business.
Investors/ Shareholders/ Analyst	No	E-mail, website, newspaper releases, Analyst meets and conference calls, Annual General Meeting, and Stock exchange intimations. A, publications, and social media, roadshows.	Quarterly/ Annually or otherwise on event-based/ corporate action.	Financial Performance and other relevant information including corporate action.
Institutions & Industry Bodies	No	Networking through meetings, sessions, discussions, etc.	As and when required.	Networking to be abreast of new opportunities in the sector and drive change.
Governments & Regulatory Authorities	No	Press releases, publications, website and social media, Phone calls, emails and meetings, Regulatory audits/ inspections.	As and when required.	Highest standards of Corporate Governance and Compliance.
Communities & Civil Society/ NGOs	No	E-mail, Newspaper, Advertisements, publications, website and social media, Complaints and grievance mechanism.	Frequent and as when required.	Support CSR projects, financial inclusion and other relevant matters affecting the communities and the Bank's involvement therein.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Bank regularly communicates with all stakeholders through the Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Customer Service Committee meetings and standing Committee on Customer Service, which involve participants from branch to board levels. The Bank conducts customer surveys regularly to assess customer satisfaction with its services. The feedback from these surveys is critical in developing new products and services, as well as enhancing existing ones. The Bank takes note of suggestions for the benefit of long-term value generation.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.

Yes. The Bank has always maintained a regular and proactive engagement with the Bank's key stakeholders, allowing it to effectively work on its ESG strategies and be transparent about the outcomes. In response to current regulations and interactions with stakeholders, the Bank performs periodic evaluations to update and reissue policies as needed.

Through proactive engagement with the stakeholder groups, the Bank identified key focus areas, especially CSR intervention. Further, the inputs and suggestions of stakeholders are being incorporated into the policies and activities wherever considered feasible.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker sections, etc., and government-led initiatives to improve access to financial services for disadvantaged, vulnerable, and marginalised stakeholders. Under Financial Inclusion, the Bank is rendering services to rural/semi-urban sections of society. The Bank has appointed individual business correspondents for the distribution of old-age pensions in Tamil Nadu. In addition, the Bank has also engaged financial literacy counsellors in seven blocks in the state of Kerala for financial literacy activities.

Apart from the above, there are CSR initiatives of the Bank to improve the living conditions of the underprivileged and marginalised sections of society.

PRINCIPLE 5: Businesses should respect and promote human rights.

Essential Indicators.

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total A	No of Employees/ workers covered (B)	% (B/A)	Total C	No of Employees/ workers covered (D)	% (D/C)
Employees						
Permanent	7863	7836	99.66	6841	6256	91.44
Other than permanent	0	0	0	0	0	0
Total Employees	7863	7836	99.66	6841	6256	91.44
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total Workers	NA	NA	NA	NA	NA	NA

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimal Wage		More than Minimal Wages		Total (D)	Equal to Minimal Wage		More than Minimal Wages	
		(B)	% (B/A)	(C)	% (C/A)		(E)	% E/D	(F)	% F/D
Employees										
Permanent	7863	0	0.00	7863	100	6841	1	0.01	6840	99.99
Male	5389	0	0.00	5389	100	4691	1	0.02	4690	99.98
Female	2474	0	0.00	2474	100	2150	0	0.00	2150	100.00
Other than Permanent	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Male	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Female	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Workers										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Details of remuneration /salary/wages

- a. Median remuneration /wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) – Part-time Chairman #	0	-	1	16,20,000
Key Managerial Personnel (KMP) \$	4	1,09,90,326	Nil	Nil
Employees other than BoD and KMP #	8192	2,74,136	3767	2,07,663
Workers	0	0	0	0

#Payment of remuneration to the Managing Director & CEO, Whole-time Director and the Chairperson is subject to the approval of the Reserve Bank of India and shareholders of the Bank. The Chairperson is paid honorarium, and directors other than the Managing Director & CEO, Whole-time Director and Non-executive, Non-Independent Directors, including the Chairman, are paid sitting fees for attending the Board and Committee meetings.

\$Managing Director & CEO, Whole-time Director, Chief Financial Officer and Company Secretary are the key managerial personnel of the Bank.

For further details, please refer to the 'Remuneration of the Directors' as part of the Corporate Governance section of the Annual Report.

- b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	23.0%	24.4%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Every staff member of the Bank has the right to be treated with dignity and respect. For any grievances on human rights issues, the employees have access to raise their concerns through the Human Resources Department, apart from the mechanisms mentioned in P3 E6, as above.

6. Number of Complaints on the following made by employees and workers:

Complaints	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolutions end of the year	Remarks	Filed during the year	Pending resolutions end of the year	Remarks
Sexual Harassment	5	0	All cases are resolved	7	3	#Pending
Discrimination at workplace	0	0	NA	0	0	NA
Child Labor	0	0	NA	0	0	NA
Forced labor/Involuntary labor	0	0	NA	0	0	NA
Wages	NA	NA	NA	NA	NA	NA
Other human rights related issues	0	0	0	0	0	NA

#The Bank has initiated timely measures for an effective redressal of grievances and is within the statutory resolution period. All cases including those pending at the beginning of the financial year were also redressed within the timeline.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH)	5	7
Complaints on PoSH as a % of female employees / workers	0.2%	0.3%
Complaints on PoSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Bank does not tolerate or encourage any kind of discrimination at any of its workplaces. Employees can raise any concerns about discrimination and harassment at the workplace with the HR Department. The department initiates appropriate and stringent action if guilt is proven post enquiry.

Apart from the above, the Bank has put in place an appropriate policy on Prevention of Sexual Harassment of Women at Workplace in accordance with the provisions of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees. Internal Committees ("IC") have been in force in all zones to receive and address complaints of any sort of sexual harassment from women in a time-bound and extremely confidential manner. The ICs have adequate power to investigate the sexual harassment complaints and redress them in the manner enumerated under the PoSH Act and PoSH Rules.

Further, The Bank sensitises the employees on the prevention of sexual harassment and discrimination at the workplace periodically through internal communications and awareness programmes.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No.

10. Assessments of the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/Involuntary Labour	100
Sexual Harassment	100
Discrimination at workplace	100
Wages	100
Others – please specify	-

All assessments have been done internally as part of business operations.

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable.

Leadership Indicators

- Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.
The Bank through its various policies on human rights, viz. PoSH, Anti-corruption and bribery related etc., protects the rights of employees in raising their concerns through proper mechanisms in place and thereby prevent unethical activities at the workplace. No modifications were carried out in the business process as a result of addressing human rights/grievances/complaints during the reporting period.
- Details of the scope and coverage of any Human rights due-diligence conducted.
The details and coverage of human rights due diligence are covered in the essential indicators of principle 5.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

All offices, premises, branches and ATMs are accessible to differently-abled visitors to the extent possible. Ramps are provided wherever feasible to accommodate aged senior citizens, and physically challenged customers/visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0
Discrimination at workplace	0
Child Labour	0
Forced Labour/Involuntary Labour	0
Wages	0
Others – please specify	-

The Bank does not conduct any assessment of value chain partners.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	69712 GJ	28080 GJ
Total fuel consumption (B)	63914 GJ	63694 GJ
Energy consumption through other sources (C)	0.00	-
Total energy consumed from renewable sources (A+B+C)	133626 GJ	91774 GJ
From non-renewable sources		
Total electricity consumption (D)	-	-
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	-	-
Total energy consumed (A+B+C+D+E+F)	133626 GJ	91774 GJ
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	38.05 GJ / Crore of Turnover	34.82 GJ / Crore of Turnover
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	NA	NA
Energy intensity in terms of physical output	NA	NA
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface Water	2,20,867.62	448.60
(ii) Ground Water	9,007.31	1485.01
(iii) Third party water	4,715.00	1275.65
(iv) Seawater / Desalinated water	0	3.61
(v) Others	695.03	2394.93
Total Volume of Water Withdrawn (in kilolitres) (i+ii+iii+iv+v)	2,35,284.96	5607.80
Total volume of water consumption (in kilolitres)	2,35,284.96	5346.062
Water Intensity per rupee of turnover (Total water consumption / Revenue from operations)	67.01	2.02
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	NA	NA
Water intensity in terms of physical output	NA	NA
Water Intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: -

Not applicable, as there are no other emissions other than GHG emissions.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	4524.53	4747.68
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	13748	6318
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Per rupee of turnover (In Crores)	5.20	4.19
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Not Applicable	NA	NA
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Not Applicable	NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

8. Does the entity have any project related to reducing Green House Gas emissions? (Yes/No).If Yes, then provide details

Not applicable.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total waste generated (In metric tonnes)		
Plastic Waste (A)	34.47	23.13
E-Waste (B)	5.71	25.31
Bio Medical Waste (C)	37.30	26.81
Construction and Demolition Waste (D)	0	1.35
Battery Waste (E)	3.1	6.91
Radioactive Waste (F)	0	0.03
Other Hazardous waste (G)	0	0.58
Other Non-hazardous Waste generated (H) . Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	0	2.14
Total (A+B+C+D+E+F+G+H)	80.58	86.27

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	FY 2023-24	FY 2022-23
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.02	0.03
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	NA	NA
Waste intensity in terms of physical output	NA	NA
Waste intensity (optional) – the relevant metric may be selected by the entity	--	--
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	0	3.18329
(ii) Re-Used	0	0.3351
(iii) Other recovery options	0	0.5267
Total	0	4.04509
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of Waste		
(i) Incineration	2.67	1.64
(ii) Landfilling	1.92	6.55
(iii) Other disposal operations	14.73	74.03
Total	19.32	82.22

* Please refer to Para P6 EI-1

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a banking company, no hazardous or toxic chemicals are used in operations, resulting in the generation of such waste. For further details, please refer to P2 EI 3.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable. The Bank does not have any facilities in and around ecologically sensitive areas, and as such, no special environmental/ clearances are required. However, in the case of the Bank's offices situated near ecologically sensitive areas (ESA), the local body/statutory clearances are obtained by the Bank for its property, and the same is obtained by the landlord for leased premises.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable for the period under review.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Bank is compliant with the applicable environmental law/regulations/guidelines in India to the extent as applicable.

Leadership Indicator

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not Applicable

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kilolitres)	NA	NA
Total volume of water consumption (in kilolitres)	NA	NA
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)	NA	NA

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	The Bank is in the process of calculating Scope 3 Emissions.	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives as per the following format:

Not Applicable. As mentioned above, the usages are normal and limited to personal /office usage only.

5. Does the entity have a business continuity and disaster management plan?(Yes/No)

Yes.

Details of the entity at which business continuity and disaster management plan are placed or web link.

Web link : https://www.csb.co.in/pdf/Business_Continuity_Management_Statement_20062024.pdf

The Bank has a comprehensive Business Continuity Plan (BCP) to ensure continuity of critical business operations of the Bank (identified through criticality assessment using Business impact analysis (BIA) at times of disruptions. In line with the Business Continuity Plan, the Bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and invoke the business continuity plan as needed. A core team called Emergency Operation Team, comprising of Senior Executives of the Bank is also in place to act immediately upon a crisis and for the supervision of recovery under alternative operations arrangements during a disaster and the team ensures that the business functions are back to normalcy with minimum delay. Secured Work-from-home facilities are provided for critical teams. Disaster Recovery drill for the core banking system (CBS) and critical systems of the Bank is conducted at regular intervals to ensure the competence of the same during emergencies apart from undertaking periodical testing of the recovery speed of critical applications from alternate locations.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures taken by the entity in this regard.

No significant adverse impact is envisaged due to the nature of business activities and arrangements with value chain partners.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

0%

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations
3 (three)
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Banks' Association	National
2	Fixed Income Money Market & Derivatives Association	National
3	Foreign Exchange Dealers Association of India	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

No incidents of anti-competitive behaviour were reported during the review period.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

No, the Bank does not engage in policy advocacy but is actively involved in consultation/ discussion forums with the government and other bodies relevant to the banking industry.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

No projects have been undertaken which require Social Impact Assessments (SIA)

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

No projects have been undertaken which require Rehabilitation and Resettlement (R&R)

3. Describe the mechanisms to receive and redress grievances of the community.

The Bank has systems in place to receive and redress grievances of various stakeholder groups, including customer complaints. The stakeholders can register their grievances through various modes by accessing the Bank's website. The Bank has a mechanism in place to monitor the implementation of the CSR projects and the concerns of the beneficiary community. The Bank may assess by an external agency the impact of the projects and their reach, if necessary.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

Not applicable given the nature of the business carried out.

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY 2023-24	FY 2022-23
Rural	3%	3%
Semi-urban	26%	30%
Urban	26%	31%
Metropolitan	45%	36%

(Place to be categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

Sl. No.	State	Aspirational District	Amount spent (In ₹)
1	Assam	Barpeta	5,51,785.78
2	Assam	Darrang	5,51,785.78
3	Assam	DHUBRI	5,51,785.78
4	Assam	Goalpara	5,51,785.78

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)
No.
- (b) From which marginalized /vulnerable groups do you procure?
Not applicable, considering the nature of business.
- (c) What percentage of total procurement (by value) does it constitute?
0%
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.
Nil
5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.
Not applicable
6. Details of Beneficiaries of CSR Projects

S No.	CSR Project	No of Persons Benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Project Dialysis for undertaking dialysis activities across the country - Fairfax India Charitable Foundation.*	1,600+	100%
2	Financial aid for purchase of Cryostat Microtome Machine to be used in the Histopathology Lab of the Hospital run by Sevarth Sansthan Seth Bimal K Jain Trauma and Physio Dharmarth Samiti.*	5,000+	100%
3	Financial aid to Trichur Archdiocese Buon Natale Trust for empowering women, setting up homes and hostels for women and Orphans.	3	100%
4	Financial aid towards CSBRESTH – Catholic Syrian Bank & RK HIV Aids Research & Care Centre Efforts for Stamping out Tuberculosis (TB) from every Household in Mumbai.*	5,000+	100%
5	Financial aid for the education and skill development projects by Jan Jagrati Sevarth Sansthan.*	10,000+	100%
6	Financial aid for Installation of Book shelf as part of establishment of a multifunctional knowledge centre and Women Technology Park in Providence Women's College, Kozhikode.	2000+	100%
7	Financial aid for construction of Sewage Treatment Plant for Hospital sanitisation in Saveetha Institute of Medical & Technical Sciences, Erode.*	20,000+	100%
8	Financial aid to Kerala State Coastal Area Development Corporation Ltd (KSCADC) for formation of Fisheries Training Centre for empowering marginalised fisherwomen.*	1,000+	100%

*Since the project is in implementation stage, the number of persons benefitted from the CSR project will be ascertained at a later stage.

For further details, please refer to the Annexure IV of the Boards Report on Annual Report on CSR Activities of the Bank for the financial year 2023-24.

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to customer complaints and feedback.

As per the RBI guidelines, the Bank has a three-tier structure for handling customer complaints. Customers, in general, approach the branch for redressal of their grievances. Those within the powers of branch managers are resolved at the branch level itself. Other complaints are escalated to the Zonal Office and Head Office levels for customer service redressals. The Bank has taken various initiatives to handle customer complaints promptly, and the Complaint Management System (CMS) portal is an effective tool for handling customer complaints to track and ensure proper resolution. The Branch Service Department at the Head Office is following up with branches/departments to ensure early resolution/closure of complaints and sharing weekly MIS on pending complaints. Customers can also reach out to call centres through the customer care number to register their grievances.

The Bank conducts online customer satisfaction surveys, and the results of the survey are being continuously monitored. The Bank also conducts branch-level customer service committee meetings at all branches on the 15th of every month. During these meetings, customer feedback, suggestions, etc. about various products are directly collected and consolidated. Feasible suggestions for improvements on service/products are implemented and monitored at various forums, including the standing committee on customer service and the Customer Service Committee of the Board.

The Bank appointed a Principal Nodal Officer for grievances, a Nodal Officer for customer grievances and Zonal Nodal Officers at respective zones. The Bank also appointed an Internal Ombudsman under the Banking Ombudsman Scheme.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about.
0%

Not applicable considering the nature of the business.

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received During the Year	Pending Resolution at the end of the year		Received During the Year	Pending Resolution at the end of the year	
Data Privacy	NIL	NIL	NIL	NIL	NIL	NIL
Advertising	NIL	NIL	NIL	NIL	NIL	NIL
Cyber Security	NIL	NIL	NIL	NIL	NIL	NIL
Delivery of Essential Services	NIL	NIL	NIL	NIL	NIL	NIL
Restrictive Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Unfair Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Other (Customer Complaints including ATMs related complaints)	20854	43	Nil	12621	45	NIL

4. Details of instances of product recalls on account of safety issues:

Not applicable considering the nature of the business.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes.

The Bank is having Information Security Policy in which data privacy policy is defined. In addition, the Bank has a Cybersecurity Policy and Cyber Crisis Management Plan in place. The Bank is ISO 27001:2013 certified for its IT, IS and data centres. The Bank is following industry standard like CIS benchmarking, zero trust Architecture and role-based

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

access to enhance the security posture of the Bank. The Bank is in the process of getting PCI DSS certified. Data leakage prevention solutions for endpoints, web and email are in place. External drives/USBs are blocked in the Bank's network. Internet access is restricted through Proxy and only whitelisted websites can be accessed. DNS Security solution is in place to prevent C&C calls and data exfiltration through Domain generation algorithms and tokenisation. Data is encrypted as per industrial standards at rest, in use and in transit. User Behavior analysis and sandbox enabled Endpoint Detection and response solution is available in all endpoints to detect and prevent malicious activities. Have AI and ML based SIEM in place for incident detection and response.

The web-link of the framework /policy: <https://online.fliphtml5.com/qasrw/tidw/?1635162501701#p=10>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Bank always strives to have a cordial relationship with its customers and attempts to have an amicable settlement of any disputes. In the ordinary course of banking business, some customers may raise disputes with Bank which could result in their filing a civil suit or a customer complaint against the Bank alleging deficiency of services. In such cases, the Bank intervenes and sorts unresolved issues amicably. But only in rare instances, where the issues cannot be settled mutually, legal recourse is resorted. Further no complaints were received on cyber security and data privacy in the reporting period. Rest of the cases are not applicable, considering the nature of business.

7. Provide the following information relating to data breaches:

a	Number of instances of data breaches :	NIL
b	Percentage of data breaches involving personally identifiable information of customers :	NIL
c	Impact, if any, of the data breaches :	NA

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All information regarding business and products and services being offered can be accessed through the Bank's website at www.csb.co.in and in its periodic disclosures such as the annual report. Link - <https://www.csb.co.in/investor-relations>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Bank through its website, WhatsApp messages and e-mails, promotional materials like brochures and by SMS's, educate customers on its various products and services. Further in general, public are made aware of various safety measures to be adopted by customers for preventing ATM frauds, Phishing attacks, etc., by sending bulk SMSs, e-mails, auto voice calls from call centers to reiterate not to share ATM PIN, Internet/Mobile banking passwords, One Time Passwords (OTP), etc.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The Bank informs the customers in the event of any disruption/discontinuation of essential services via e-mails and SMS, as well as through display in the Bank branches through notice boards.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.

Yes.

As the Bank operates in a highly customer-focused sector, product-related transparency and communications are of the utmost priority to us. In line with the guidelines of Reserve Bank of India, the Bank provides transparent information on its products through its website (www.csb.co.in) and at its branches. This includes details on product features, service charges, and fees applicable. Interest rates are published and updated on the website as and when there is a change in interest for various deposit/loan schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates, and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied on their account.

Further, the Bank through its brochures and posters displayed within the branches communicates the various features of products to its customers at large. Further, on opening of an account, a welcome voice call will be originated from call centre/ centralised hub detailing the product features and other criteria in maintaining the account. Further, the Bank through its website, WhatsApp messages and e-mails, educate customers on its various products and services and also mark caution to avoid sharing of ATM PIN, Internet Banking passwords, OTPs, etc.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes.

By Order of the Board

Sd/-

Bhama Krishnamurthy

Chairperson

(DIN: 02196839)

Place : Thrissur

Date : June 24, 2024

ANNEXURE - V

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis in fiscal 2024

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board (latest approvals)	Amount paid as advances, if any	Date of passing special resolution
NIL								

2. Details of material contracts or arrangements or transactions at arm's length basis in fiscal 2024

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	IIFL Finance Limited * (Promoter Group)	The transaction pertains to acquisition of Gold Loan receivables by way of Direct Assignment Transactions (DA) / Pass through Certificate (PTC), originated by IIFL Finance, up to ₹ 1,200 Crore for the period from April 01, 2023 to March 31, 2026. This is in continuation of the arrangement entered pursuant to the Board resolutions dated July 20, 2020, September 22, 2021 and February 24, 2022, and further, the postal ballot resolution passed by the shareholders on March 30, 2022. By the nature of the transactions, the Bank has no direct exposure on IIFL Finance, but the exposure is on the underlying borrowers.	The approval was taken for the period from April 01, 2023 to March 31, 2026. However, during the financial year IIFL Finance Limited ceased to the related party of the Bank w.e.f December 22, 2023.	Transaction(s) up to a value of ₹ 1,200 crore. Rate of interest to be fixed from time to time for each pool at prevalent market rate on an arm's length basis. No processing fee is charged, provided other banks are not stipulating processing fees on similar type of transactions.	The Audit Committee and the Board, in their respective meetings held on October 21, 2022, and approval of the shareholders postal ballot resolution dated December 08, 2022.	No advance paid

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
2.	FIH Mauritius Investments Ltd^ (Promoter)	Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws.	For the remaining period of the financial year ending on March 31, 2024 and upto the date of the ensuing Annual General Meeting of the Bank for the financial year 2023-24.	The value of each transaction/ value of all transactions together/ the balance in any such account for which approval accorded, on any day, shall not exceed ₹ 5,000 crores. Currently, no interest is paid by the Bank on current account balance maintained by a customer. The Bank levies normal banking charges on the current account customers for various services. For any other similar accounts/ other types of accounts, levy of charges, fees, and payment interest, as applicable, shall be made in accordance with the Bank's policies and RBI norms, and further the same is in line with or similar to all customers who are not related to/ part of any related parties of the Bank.	The Audit Committee and the Board, in their respective meetings held on February 02, 2024 and January 29, 2024, and approval of the shareholders vide postal ballot resolution dated March 06, 2024	No advance paid

ANNEXURE - V (Contd.)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
3.	FIH Private Investments Ltd@ (Promoter Group)	Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws.	For the remaining period of the financial year ending on March 31, 2024 and upto the date of the ensuing Annual General Meeting of the Bank for the financial year 2023-24.	The value of each transaction/ value of all transactions together/ the balance in any such account for which approval accorded, on any day, shall not exceed ₹ 5,000 crores. Currently, no interest is paid by the Bank on current account balance maintained by a customer. The Bank levies normal banking charges on the current account customers for various services. For any other similar accounts/ other types of accounts, levy of charges, fees, and payment interest, as applicable, shall be made in accordance with the Bank's policies and RBI norms, and further the same is in line with or similar to all customers who are not related to/ part of any related parties of the Bank.	The Audit Committee and the Board, in their respective meetings held on February 02, 2024 and January 29, 2024, and approval of the shareholders vide postal ballot resolution dated March 06, 2024.	No advance paid
4.	FIH Mauritius Investments Ltd^ (Promoter)	Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange	For the remaining period of the financial year ending on March 31, 2024 and upto the date of the ensuing Annual General Meeting of the Bank for the financial year 2023-24.	The Bank offers or undertakes such transactions as an authorised dealer in the normal course of its banking business. However, the value of such banking transactions may not exceed ₹ 5000 Crores under any circumstances. The terms of transactions are based on the requirements of the Bank and related parties and is subject to RBI	The Audit Committee and the Board, in their respective meetings held on February 02, 2024 and January 29, 2024, and approval of the shareholders vide postal ballot resolution dated March 06, 2024	No advance paid

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
				norms and Bank's internal policies of respective products which are applicable to all customers (related/unrelated).		
5.	FIH Private Investments Ltd@ (Promoter Group)	Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange.	For the remaining period of the financial year ending on March 31, 2024 and upto the date of the ensuing Annual General Meeting of the Bank for the financial year 2023-24.	The Bank offers or undertakes such transactions as an authorised dealer in the normal course of its banking business. However, the value of such banking transactions may not exceed ₹ 5000 Crores under any circumstances. The terms of transactions are based on the requirements of the Bank and related parties and is subject to RBI norms and Bank's internal policies of respective products which are applicable to all customers (related/unrelated).	The Audit Committee and the Board, in their respective meetings held on February 02, 2024 and January 29, 2024, and approval of the shareholders vide postal ballot resolution dated March 06, 2024.	No advance paid

*IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL.

^ No transactions were carried out by the Bank with FIH Mauritius Investments Ltd during the reporting period

@ No transactions were carried out by the Bank with FIH Private Investments Ltd during the reporting period.

For further details, please refer to 'Accounting Standard 18 -Related Party Disclosures' provided in Schedule 18, which forms part of the financial statements.

By Order of the Board

Sd/-

Bhama Krishnamurthy

Chairperson

(DIN: 02196839)

Place: Thrissur
Date: June 24, 2024

ANNEXURE - VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Bank.

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

The policy serves as a guiding principle/document to help identify, execute and monitor CSR projects/activities as well as formulation of the annual action plan in pursuance and in keeping with the spirit of the policy.

The annual action plan for CSR activities of the Bank includes the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act, the manner of execution of such projects or programmes, the modalities of utilisation of funds and implementation schedules for the projects or programmes, monitoring and reporting mechanism for the projects or programmes, etc.

The Bank's Annual Action Plan has been consistently focused on healthcare, education, and gender equality, and the financial year 2023-24, is no exception, and the Bank in the said financial year spent more than 90% of the CSR budget for the said activities in line with the Annual Action Plan and CSR Policy of the Bank. The Bank, while selecting a project as part of its CSR plan ensures that the benefit of the programme reaches out to the maximum number of deserved people, irrespective of caste, creed or religion.

During the financial year 2023-24, the Bank has performed its CSR activities through own initiatives and also by partnering with various like-minded eligible charitable organisations. The Bank has also encouraged its business units or functions to seek out opportunities for performing CSR activities.

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

2. Composition of CSR Committee:

Constitution of the Corporate Social Responsibility Committee (CSR Committee) in the Bank is in line with Section 135 of the Companies Act, 2013 and rules made thereunder. The CSR Committee is empowered to monitor the CSR activities as per the CSR policy and annual action plan and the CSR Committee is responsible for overall governance of CSR activities in the Bank as per the policy.

The composition of the CSR Committee during the financial year 2023-24, was as follows:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Bhama Krishnamurthy, Part-time Chairperson, Independent Director	Chairperson	3	3
2.	Mr. Pralay Mondal, Managing Director & CEO	Member	3	3
3.	Mr. Sumit Maheshwari, Non-Executive Director	Member	3	2
4.	Mr. Sudhin Choksey, Independent Director	Member	3	2
5.	Ms. Renu Kohli*	Member	3	0

*Ms. Renu Kohli was appointed as Member of the Committee w.e.f. March 16, 2024.

Except as mentioned above, there was no change in the composition of the CSR Committee during the financial year 2023-24.

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee:	https://www.csb.co.in/pdf/List_of_Sub-Committees_of_the_Board_w.e.f.25.06.2024_24062024.pdf
CSR Policy:	https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf
CSR projects approved by the Board:	https://www.csb.co.in/corporate-social-responsibility

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not applicable for the financial year.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

Financial Year 2020-21	₹ 292.89 crore
Financial Year 2021-22	₹ 595.87 crore
Financial Year 2022-23	₹ 733.81 crore
Average Net Profit/(Loss) before tax of the Bank for the last 3 financial years :	₹ 540.86 crore
(b) Two percent of average net profit of the company as per sub-section (5) of section 135.	₹ 10.82 crore
(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	NIL
(d) Amount required to be set-off for the financial year, if any.	NIL
(e) Total CSR obligation for the financial year [(b)+(c)-(d)]	₹ 10.82 crore

(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	₹ 7.03 crore
(b) Amount spent in Administrative Overheads.	NIL
(c) Amount spent on Impact Assessment, if applicable.	NA
(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	₹ 7.03 crore

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 7,02,95,814.00	₹ 3,79,04,186.00	April 15, 2024		NIL	

(f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	10.82 crore
(ii)	Total amount spent for the Financial Year	7.03 crore
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount Spent in the Financial Year (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to section 135(5), if any	Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer	
Not applicable							

ANNEXURE - VI (Contd.)

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐

Yes

☒

No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short Particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Bank had sanctioned the Project Dialysis conducted by Fairfax India Charitable Foundation to be undertaken as an ongoing projects during the FY 2023-24 and the unspent amount of ₹ 3.79 crore pertaining to the said ongoing project were transferred to Unspent CSR account on April 15, 2024, which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2025.

The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 2.98 crore, however due to unforeseen reasons the project was slightly impleaded and the foundation was able to spend ₹ 2 crore only. The Bank, hence, on request of the foundation, decided to classify the project as an ongoing project with an additional contribution of ₹ 2.81 crore, which is proposed to be completed on or before March 31, 2025.

Sd/-

Pralay Mondal

Managing Director & CEO

(DIN: 00117994)

Place: Thrissur

Date: June 24, 2024

Sd/-

Bhama Krishnamurthy

Chairperson – CSR Committee

(DIN: 02196839)

ANNEXURE - VII

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

CSB BANK LIMITED**CIN: L65191KL1920PLC000175**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CSB Bank Limited (hereinafter called 'the Bank'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended March 31, 2024 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended March 31, 2024 according to the provisions of:

- The Companies Act, 2013 ('the Act') and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank does not have any Overseas Direct Investment and External Commercial Borrowings.
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
 - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#;
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#; and
 - The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

- The Banking Regulation Act, 1949.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.

ANNEXURE - VII (Contd.)

- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI Listing Regulations'].

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

We further report that –

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors at least seven days in advance to schedule the Board Meetings other than those held at a shorter notice. Agenda and detailed notes on agenda were sent in advance for the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period, the Bank has no specific events/actions, having a major bearing on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Bhandari & Associates
Company Secretaries
Unique Identification No: P1981MH043700
Peer Review Certificate No.: 611/2019

Sd/-
Manisha Maheshwari
Partner
ACS No.: 30224; C P No.: 11031
Mumbai | June 24, 2024
ICSI UDIN: A030224F000607845

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

‘ANNEXURE A’

To,
The Members,

CSB BANK LIMITED
CIN: L65191KL1920PLC000175

Our Secretarial Audit Report for the financial year ended **March 31, 2024** of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries
Unique Identification No: P1981MH043700
Peer Review Certificate No.: 611/2019

Sd/-
Manisha Maheshwari
Partner
ACS No.: 30224; C P No.: 11031
Mumbai | June 24, 2024
ICSI UDIN: A030224F000607845

ANNEXURE - VIII

PARTICULARS OF EMPLOYEES

The Bank had 7863 employees as on March 31, 2024. The disclosure under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended are given below:

1. DISCLOSURE AS PER RULE 5(1) –THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE’S REMUNERATION AND OTHER DETAILS:

SI No.	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the FY 2023-24.	Part-time Chairperson (Non-Executive Independent)	18.46 x
		Ms. Bhama Krishnamurthy – Refer Note I	
		Managing Director & CEO	135.45 x
		Mr. Pralay Mondal – Refer Note II	
		Whole-time Director	1 x
		Mr. B K Divakara (15.03.2024 to 31.03.2024) - Refer Note III	
		Independent Director	9.6.8 x
		Ms. Sharmila Abhay Karve - Refer Note IV	
		Independent Director	8.16 x
2	The percentage increase in remuneration of each director, CEO, CFO, CS in the FY 2023-24	Independent Director	8.50 x
		Mr. Sunil Srivastav - Refer Note IV	
		Independent Director	12.38 x
		Mr. Sharad Kumar Saxena - Refer Note IV	
		Independent Director	9.34 x
		Mr. Biswamohan Mahapatra (20.06.2023 to 31.03.2024) - Refer Note IV	
		Independent Director	0.82 x
		Ms. Renu Kohli (14.12.2023 to 31.03.2024) - Refer Note IV	
		Managing Director & CEO	82.91 %
3	The percentage increase in remuneration of each director, CEO, CFO, CS in the FY 2023-24	Mr. Pralay Mondal – Refer Note II	
		Whole-time Director	(59.75) %
		Mr. B K Divakara - Refer Note V	
4	The percentage increase/ (decrease) in the median remuneration of employees in the FY 2023-24	Chief Financial Officer	N.A
		Mr. Satish Gundewar (05.06.2023 to 31.03.2024) - Refer Note VI	
		Company Secretary	(11.66) %
5	The number of permanent employees on the rolls of the Bank as on March 31, 2024	Mr. Sijo Varghese - Refer Note VII	
		Median remuneration of the employees in the FY 2023–24 stood at 23.65 %, as compared to 25.26% in the previous FY 2022–23.	
		Bank has 7863 permanent employees as on March 31, 2024.	
6	Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the FY 2023-24 and its comparison with the percentile increase/ (decrease) in the managerial remuneration and justification thereof. Point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage of salaries of employees other than managerial personnel in the FY 2023–24 has increased by 40.51% due to an increase in head count of approximately 46%, which includes new hires at senior management level other than managerial personnel as well during the said financial year. The average percentage of the salaries of the managerial personnel (Managing Director & CEO, Chief Financial Officer and Company Secretary) in FY 2023–24 has increased by 72.76% (Refer Note II)	
		There are no exceptional circumstances for an increase in managerial remuneration.	

SI No.	Requirements	Disclosure
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	The Bank has a Board approved Compensation Policy, which is in line with the RBI guidelines and the applicable provisions of the Companies Act, 2013. We affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank

Note:

- I. Ms. Bhama Krishnamurthy was appointed as the Non-Executive Independent Chairperson of the Bank with effect from November 17, 2022. There is no increase in the percentage of remuneration paid to Ms. Bhama Krishnamurthy, who apart from being paid sitting fees for the Board/Committee meetings attended by her is also eligible to a honorarium of ₹ 18 lakh per annum as per the approval of Reserve Bank of India.
- II. The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore per annum to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,30,00,000 p.a. to ₹ 2,42,00,000 p.a., with effect from April 01, 2023.
- The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 31,64,384/- to Mr. Pralay Mondal for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022, out of which ₹ 15,82,192/- shall be in non-cash form (stock options) and the balance in cash .
- Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 1,25,00,000/- to Mr. Pralay Mondal, Managing Director & CEO for the performance period from September 15, 2022 to March 31, 2023, out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash..
- III. Mr. B K Divakara has been appointed as Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence the remuneration considered for calculating the ratio start from the period of March 15, 2024 and till March 31, 2024 only.
- IV. During the financial year under review, the Bank has not paid any compensation in the form of fixed remuneration to Non-Executive Directors of the Bank except for the payment of honorarium to Ms. Bhama Krishnamurthy, Non-Executive Independent Chairperson of the Bank as per approval received from RBI and hence sitting fees paid to other Non-Executive Directors (excluding Non-Executive Non-Independent Directors) have been considered as remuneration while calculating the ratio of the remuneration to the median remuneration of the employees of the Bank. No sitting was paid to Non-Executive Non-Independent Directors for attending the meeting of the Board and its Committees.
- V. The percentage of increase in remuneration for Mr. B K Divakara who held the position of CFO upto June 04, 2023 and subsequently on March 15, 2024 elevated and appointed as Whole-time Director (designated as Executive Director) of the Bank is prorated for the period he held the respective positions. Mr. B K Divakara had held the position of Head-Strategy and Corporate Legal from June 05, 2024 till he has been elevated and appointed as Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024 and the remuneration paid for the said positions were only considered while calculating the percentage.
- VI. Mr. Satish Gundewar was appointed as the Chief Financial Officer and Key Managerial Personnel w.e.f. June 5, 2023. From the date of his appointment as Chief Financial Officer till March 31, 2024, there was no increase in his remuneration.
- VII. The remuneration of Mr. Sijo Varghese for the FY 2022-23 includes a one-time settlement amount due to the change in role from the IBA Structure to the CTC structure and hence, reported a decrease in overall remuneration even though there is an increase 14.5% of in his remuneration during the FY 2023-24.

ANNEXURE - VIII (Contd.)

- VIII. The remuneration for the purpose of this table includes gross salary, including NPS and PF contributions paid out during the financial year, excluding exceptional items of the nature of LFC, PL encashment, gratuity, pension etc., and stock options.
- IX. 'X' denotes the median remuneration of the employees in the Financial Year which is calculated in line with point No. II.

Place: Thrissur
Date: June 24, 2024

By Order of the Board

Sd/-
Bhama Krishanmurthy
Chairperson
(DIN: 02196839)

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWOK AT CSB BANK

The foundation of corporate governance framework at CSB Bank rests upon three pillars: an effective independent Board, clear demarcation between the Board's supervisory role from executive management, and specialised board committees to oversee vital areas and functions. As of March 31, 2024, the majority of board-level committees were predominantly comprised of independent directors, and most committees were chaired by independent directors. This framework ensures a high level of transparency and accountability in the Bank's operations.

BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

The corporate governance philosophy of the Bank underscores the importance of fostering corporate fairness, excellence in business practices, transparency, accountability, integrity, social responsibility, and adherence to regulatory standards. The Bank's code of conduct is centred on this philosophy and the Bank within the framework of this philosophy, is ingrained in its dedication to achieving excellence across its portfolio, operations, and reputation, with a concerted effort towards enhancing systems and controls. The Bank consistently embraces to changes in corporate governance practices and strives to align its standards with global best practices to enhance enduring value for all its stakeholders.

Your Bank believes that sound corporate governance is essential to reinforce and maintain the trust of all stakeholders. Your Bank's commitment to corporate governance steams is not only based on the letter of law, but also on an inherent belief in doing business the right way, and to achieve this, the Bank consistently monitor its policies, practises, actions, and decisions of top management and all the affected stakeholders. Your Bank always endeavours to leverage its all available and accessible resources to translate opportunities into reality, create awareness of corporate vision and mission, spark dynamism and entrepreneurship among all resources.

As a banking institution, your Bank serves as a custodian of public money, upholding the highest standards of corporate governance with a commitment to ensuring accountability, fairness, diversity, and transparency, taking extraordinary measures in governance matters to earn the public's trust and goodwill. The corporate governance principles are being followed by the Bank to ensure that Bank takes into account the interest of not only of a group of people who have a right to access in resources and decision but also of the communities within which it operates. This approach is central to its operations, with the Board of Directors acting as the guiding force, laying down robust principles, foundations, policies, and processes for the day to day

functioning of the Bank, implementation of its business strategy, all while maintaining high ethical standards.

CODE OF BUSINESS CONDUCT AND ETHICS

The Bank's Code of Conduct and Ethics for Board of Directors and Senior Management personnel envisages and expects the members covered under the Code to have highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with situations/ aspects in relation to the business of the Bank and thus maintain high standards of Corporate Governance.

The Bank expects all Directors and the Senior Management to exercise good judgment, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organisation. The Directors and the Members of the Senior Management, while discharging their duties of their office, must act honestly and with due diligence. They are expected to act with utmost care and prudence, which an ordinary person is expected to take in his/her own business.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior Management forms part of the Annual Report. Further, the Bank has "Code of Conduct- Prohibition of Insider Trading Policy" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

BOARD COMPOSITION

In line with the Bank's corporate governance philosophy and principles, your Bank has a broad-based board comprises of seasoned professionals from various backgrounds with a diversity of thought, background, skills, expertise, and integrity which ultimately creates a culture of leadership in the Bank to deliver a long term vision, ensure good governance and protect interest of all stakeholders. Prioritising independence and diversity within the board, your Bank ensures robust oversight and strategic direction, crucial for sustaining long-term success and stakeholders interest.

The constitution of Board is in compliance with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949 and the extant guidelines issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the Articles of Association of the Bank and all other applicable laws and in align with the best corporate governance practices.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Bank, as on March 31, 2024, has eleven (11) directors on its Board chaired by the Non-Executive-Independent Chairperson and the Composition of Board are furnished as under:

Sl. No.	Name of the Director	Nature of Directorship	Category
1.	Ms. Bhama Krishnamurthy	Non – Executive Chairperson	Independent
2.	Mr. Pralay Mondal	Managing Director & CEO	Executive Director
3.	Mr. B K Divakara*	Whole-time Director	Executive Director
4.	Mr. Madhavan Menon ¹	Non – Executive Director	Non– Independent
5.	Mr. Sumit Maheshwari	Non – Executive Director	Non– Independent
6.	Ms. Sharmila Abhay Karve	Non – Executive Director	Independent
7.	Mr. Sudhin Choksey [@]	Non – Executive Director	Independent
8.	Mr. Sunil Srivastav	Non – Executive Director	Independent
9.	Mr. Sharad Kumar Saxena	Non – Executive Director	Independent
10.	Mr. Biswamohan Mahapatra [#]	Non – Executive Director	Independent
11.	Ms. Renu Kohli [§]	Non – Executive Director	Independent

¹Elevated and appointed as Whole-time Director (designated as Executive Director) of the Bank for a tenure of three (3) years with effect from March 15, 2024, pursuant to receipt of the approval of Reserve Bank of India.

[@]Re-appointed as Director (Non-executive, Non- Independent category) of the Bank at the Annual General Meeting (AGM) of the Bank held on August 08, 2023, liable to retire by rotation at the AGM.

[#]Re-appointed for the second term as Director (Non-executive, Independent category) of the Bank for a tenure of five (5) years with effect from January 31, 2024, at the Annual General Meeting (AGM) of the Bank held on August 08, 2023.

[§]Appointed as Director (Non-Executive, Independent Category) of the Bank for a tenure of five (5) years with effect from June 20, 2023, at the Annual General Meeting of the Bank held on August 08, 2023.

[§]Appointed as Director (Non-Executive, Independent Category) of the Bank for a tenure of five (5) years with effect from December 14, 2023, as per the resolution passed through Postal Ballot dated March 06, 2024.

POLICY ON BOARD DIVERSITY

Your Bank believes that a diversified board will improve the quality of decisions made at the board level, resulting in sustainable and balanced development. Diversity is ensured in the Bank through consideration of a number of factors, including but not limited to skills, regional, age and industry experience, background, gender and other qualities. Informing its perspective on diversity, the Bank also takes into account, factors based on its own business model and specific needs from time to time.

The Policy on Board Diversity of the Bank sets out the approach to ensure diversity on the Board in terms of thought, experience, knowledge, perspective and gender, based on the Listing Regulations, the Banking Regulation Act, 1949, Companies Act, 2013, as well as other laws, rules and regulations applicable to the Bank subject to satisfying the Fit and Proper Criteria for Directors as per the regulatory requirement of RBI and the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board as designed according to the policy, reflects a diversity of thought, backgrounds, skills, experiences and expertise and a range of tenures that are appropriate given the Bank's current and anticipated circumstances and that collectively, enable the Board to perform its oversight functions effectively.

The Nomination & Remuneration Committee has responsibilities for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making board appointments, the requirement as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of at least one woman director on the Board of the Bank is also considered.

PROFILE OF DIRECTORS

Ms. Bhama Krishnamurthy

DIN: 02196839

Non – Executive Independent (Part – Time) Chairperson

Educational qualification : Master's Degree in Science

Date of Joining the Board : September 03, 2018

Sectorial representation on the Board : Banking, Human Resource, Risk Management and Small Scale Industry

Tenure on the Board : > 5 years

No. of shares held : Nil

Ms. Bhama Krishnamurthy has been appointed as the Part-time Chairperson of the Bank with effect from November 17, 2022. She has been on the Board of the Bank since September 03, 2018 and appointed as an Independent Director since September 29, 2018.

Ms. Bhama Krishnamurthy is a seasoned banker with a sparkling career spanning over 35 years in IDBI (presently IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations, viz., Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk Management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch operations and member of various credit committees. She has also handled Human Resources Development division covering recruitment, training and promotion aspects. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also served on the Boards of several companies, venture funds and CIBIL as Nominee of SIDBI. Ms. Bhama Krishnamurthy was instrumental in bringing about several policy changes in various State Financial Corporations, while serving on the Boards, as nominee of SIDBI.

Mr. Pralay Mondal

DIN: 00117994

Managing Director & Chief Executive Officer

Educational qualification: Engineering from IIT, Kharagpur and Management graduate from IIM, Calcutta

Date of Joining the Board : February 17, 2022

Sectorial representation on the Board : Banking

Tenure on the Board : > 2 Year

No. of shares held : Nil

Mr. Pralay Mondal has been elevated and appointed as the Managing Director & CEO of the Bank with effect from September 15, 2022. He held the position of Deputy Managing Director of the Bank from February 17, 2022 and

up to September 14, 2022, and prior to that, he held the position of President (Retail, SME, Operations and IT). He was appointed as the Managing Director & CEO (Interim) from April 01, 2022, till September 14, 2022.

Mr. Pralay Mondal has over 30 years of banking experience across multiple businesses and functions including retail assets, retail liabilities, business banking, products and technology. Prior to joining the Bank, Mr. Pralay was Executive Director & Head of Retail Banking at Axis Bank. Before joining Axis Bank, Mr. Pralay was the Senior Group President and Head of Retail and Business Banking at Yes Bank. He was instrumental in setting up the entire retail franchise in that bank in a short period of time. At Yes Bank, Mr. Pralay used to frequently meet the Investors and Analysts and have been part of the core group engaging with relevant people in India or overseas to represent the bank for raising capital. Prior to that he had a successful 12 years stint at HDFC Bank and was earlier associated with Standard Chartered Bank, Wipro InfoTech and Colgate Palmolive.

Mr. Pralay's achievements include pioneering efforts in doorstep banking and direct sales, creating deep geography distribution, and building and scaling up of retail businesses. He is also credited with building capital market, wealth management, private banking, NBFC, credit cards, payments and digital businesses, from scratch.

Mr. B K Divakara

DIN: 06439053

Whole-Time Director (Executive Director)

Educational qualification: BBM, ACA, ACMA, ACS

Date of Joining the Board : March 15, 2024

Sectorial representation on the Board : Banking, Accountancy, Agriculture and Rural Economy, Economics, Finance, Law, Small Scale Industry, Risk Management and Human Resources

Tenure on the Board : < 1 Year

No. of shares held : Nil

Mr. B K Divakara has been elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank for a tenure of three (3) years with effect from March 15, 2024, pursuant to receipt of the approval of Reserve Bank of India. Mr. B. K. Divakara was holding the position of Head - Strategy & Corporate Legal at the Bank with effect from June 05, 2023 till March 14, 2024. Prior to that, he had held the position of Chief Financial Officer from February 5, 2020 till June 04, 2023.

Mr. B K Divakara has varied banking experience spanning across different spheres over a period of 37 years. He had worked closely in Finance, Credit, Priority Sector Lending,

REPORT ON CORPORATE GOVERNANCE (Contd.)

Balance Sheet Management, Profit Planning & Forecasting, Capital Raising Program, Investors Relations, Credit Monitoring, Recoveries, Operations, Treasury, Internal Audit, Risk Management, Transaction Banking etc. and gained enough experience. Prior to joining the CSB Bank, Mr. B K Divakara was Executive Director of Central Bank of India for a period of five years, from January 23, 2014 to January 22, 2019. He had held various senior positions at Corporation Bank, including that of General Manager, Credit, till he moved to Central Bank of India. He was also the Non-Executive Chairman of Centbank Financial Services Ltd. and Centbank Home Finance Ltd.

Mr. Madhavan Karunakaran Menon**DIN:** 00008542**Non-Executive Non-Independent Director**

Educational qualification : BA (Business), Master's Degree in Business Administration from the George Washington University

Date of Joining the Board : September 03, 2018

Sectorial representation on the Board : Banking, Economics, Finance, Human Resource and Business Management

Tenure on the Board : >5 years

No. of shares held : 9897 (0.0057% of the share capital of the Bank)

Mr. Madhavan Menon was the Part-time Chairman of the Bank for the period from April 24, 2019 and up to July 21, 2020.

Mr. Madhavan Menon has a varied background having commenced his career in ANZ Grindlays Bank and subsequently worked in Citibank, Emirates Bank and in the Financial Services Division of the Aditya Birla Group. His areas of interest include Treasury, Corporate Lending, Operations, Corporate Governance and Strategic Planning. Mr. Menon is presently the Chairman & Managing Director of Thomas Cook (India) Ltd (TCIL), a Fairfax Company, which is the leading integrated travel and travel related financial services company in the country, offering a broad spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa & Passport Services and E-Business. Mr. Menon holds Directorships in various subsidiaries of TCIL and is also the Chairman of the Fairfax India Charitable Foundation that focuses on bringing down the cost of treating kidney related ailments in the country.

Mr. Sumit Maheshwari**DIN:** 06920646**Non-Executive Non-Independent Director**

Educational qualification : Master's Degree in Commerce, Master of Business Administration & a member of the ICAI

Date of Joining the Board : September 03, 2018

Sectorial representation on the Board : Economics, Finance, Accountancy and Business Management

Tenure on the Board : > 5 Years

No. of shares held : Nil

Mr. Sumit Maheshwari joined Fairbridge Capital in 2011 and has been the Managing Director of Fairbridge Capital since May 2018. Mr. Maheshwari is responsible to source, evaluate, negotiate, execute and exit investment opportunities. He is also responsible to monitor the portfolio companies. Mr. Maheshwari has been involved in the investments of Bangalore Airport, Sanmar Group, CSB Bank, Fairchem Organics, Seven Islands Shipping, Thomas Cook, Quess Corp and Sterling Holidays amongst others. Mr. Maheshwari serves on the board of directors of many of Fairfax's portfolio companies. Prior to joining Fairbridge Capital, Mr. Maheshwari worked with KPMG in India and the UK in their audit and accounting advisory functions. Mr. Maheshwari is a resident of Mumbai, Maharashtra, India.

Ms. Sharmila Abhay Karve**DIN:** 05018751**Non – Executive Independent Director**

Educational qualification : Bachelor's Degree in Commerce and a member of the ICAI

Date of Joining the Board : July 20, 2020

Sectorial representation on the Board : Economics, Finance and Accountancy

Tenure on the Board : 4 Years

No. of shares held : Nil

Ms. Sharmila Karve has over three decades of association with the Network of Price Waterhouse firms in India in various capacities till she retired on June 30, 2019. In the Price Waterhouse India network, Ms. Sharmila held various positions. She was an audit partner for several Indian and Multinational clients for many years. She was appointed as the Ethics and Business Conduct Leader for the firms and was also elected to the Partnership Oversight Committee (POC) which is responsible for governance and oversight. Later, she took over as the Head of Audit. She has also

been the Head for Risk & Quality, which restructured the risk profile of their clients' products and services and implemented mitigating controls. In 2017, she was appointed as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

Mr. Sudhin Bhagwandas Choksey**DIN:** 00036085**Non – Executive Independent Director**

Educational qualification : Bachelor's Degree in Commerce and also a fellow member of the ICAI

Date of Joining the Board : March 30, 2021

Sectorial representation on the Board : Banking, Finance, Small Scale Industry and Accountancy

Tenure on the Board : > 3 years

No. of shares held : 6000 (0.0035% of the share capital of the Bank)

Mr. Sudhin Choksey has over 40 years of professional experience, both in India and overseas. Mr. Sudhin Choksey was the former Managing Director of GRUH Finance Ltd. which was merged with Bandhan Bank. As a part of the scheme of merger, Mr. Sudhin Choksey joined Bandhan Bank as Executive Director (Designate) in October 2019 and retired on February 16, 2021. Mr. Sudhin Choksey was an experienced CEO at GRUH Finance with a demonstrated history of working in the mortgage finance business and skilled in lending business. During the span of 26 years of working with GRUH Finance, he has held various positions including that of General Manager, Executive Director, Chief Executive Director and Managing Director. At Bandhan Bank, he was the vertical head of the housing finance business. Mr. Sudhin Choksey has also served as an Independent Director on the Boards of many listed and unlisted companies. He was the recipient of BUSINESS LEADER – FINANCIAL SERVICES Award for 2015 from The Institute of Chartered Accountants of India, New Delhi.

Mr. Sunil Srivastav**DIN:** 00237561**Non – Executive Independent Director**

Educational qualification : Bachelor's Degree in Science, MBA from Banaras Hindu University and a Certified Associate of Indian Institute of Bankers

Date of Joining the Board : June 08, 2021

Sectorial representation on the Board : Banking, Business Management, Small Scale Industry and Agriculture & Rural Economy

Tenure on the Board : >3 Years

No. of shares held : Nil

Mr. Srivastav was associated with the State Bank of India for more than 38 years. He had joined State Bank of India in 1980 as a probationary officer and held various positions in State Bank of India until he retired as Deputy Managing Director of Corporate Banking from State Bank of India, in 2018. Mr. Srivastav's rich experience in banking includes Credit Risk, Project Finance, Corporate Finance, International Banking, Investment Banking, Corporate Strategy, National/elite Banking, Corporate Banking and Digital & Retail Banking with varied experience across geographies in India & abroad, having been a part of various cycles in the development of the Indian economy. Mr. Srivastav was a keen analyst and commentator on developments in the field of Corporate Finance and Banking. Post retirement in April 2018, Mr. Srivastav has been engaged as a Senior Advisor (Part time) with Edelweiss Group, Vedanta India, and The World Bank - Energy and Extractives program in India. Mr. Srivastav had previously served on the Boards of SBICAP Trustee and Custodial Services, West Bengal Financial Development Corp., National Payments Corporation of India and as a Member of Global Advisory Board of Master Card, to name a few. He also has a deep understanding of the NBFC Sector, gained while heading the Corporate Banking function of the SBI. He is currently serving as Independent Director on the Board of many companies.

Mr. Sharad Kumar Saxena**DIN:** 08238872**Non – Executive Independent Director**

Educational qualification : Engineering graduate in Electronics & Telecommunication and Certified Information System Auditor (CISA) from ISACA, US

Date of Joining the Board : February 19, 2022

Sectorial representation on the Board: Banking, Information Technology and Payment & Settlement System

Tenure on the Board : > 2 Year

No. of shares held : 5000 (0.0028% of the share capital of the Bank)

Mr. Sharad Saxena has more than 30 years of experience in banking and had held almost all the leadership positions in ICICI Bank technology group, like, heading the technology function for Corporate Banking, Commercial Banking, Asset products including Corporate & Retail Loans, International Banking, Credit Cards, Cash Management Services, Payment Systems, Core Banking, Switching, HR, CRM and Compliance & Fraud Management, Head of IT Infrastructure group including Networks and head of Technology Compliance for interfacing all audits and inspections. Some of his key accomplishments were execution of numerous business and productivity enabling projects, transformation and migration of live Data

REPORT ON CORPORATE GOVERNANCE (Contd.)

Centres across the cities, migration of large applications and technology platforms, co-creating new technology enabled business models, setting up of IT Governance and Compliance function within IT, etc. As a member of the core technical committees of RBI for the following initiatives, he was in-charge of automation of Regulatory Returns filing, NG-RTGS, RBI Core Banking and Interface with Government Departments and Managing Outsourcing Risks. Later, as Chief Technology Officer for amalgamated Bank of Baroda, as the Chief Technology Officer and the head of IT of Bank of Baroda, erstwhile Vijaya Bank, and erstwhile Dena Bank, successfully led the most complex and the biggest bank merger in the country. Made a strategic roadmap for IT landscape of the amalgamated bank to sustain its business strategies for the next five years. This included movement to cloud, renewal of IT infrastructure, development of big data lake platform, consolidation and movement of data centres and large-scale digitisation. Mr. Sharad Saxena is a Certified ISO 27001 Implementer and Certified Senior Examiner for Quality Management for the Indian Merchant's Chamber.

Mr. Biswamohan Mahapatra**DIN:** 06990345**Non – Executive Independent Director****Educational qualification :** M.A (English Literature), MBA (Finance), MSM (Master of Science in Management), CAIIB**Date of Joining the Board :** June 20, 2023**Sectorial representation on the Board :** Banking, Finance, Risk Management, Law and Payment Systems**Tenure on the Board :** > 1 Year**No. of shares held :** Nil

Mr. Mahapatra was a central banker, with a career spanning about 33 years in Reserve Bank of India (RBI) in various capacities and retired as Executive Director in August 2014. He had mostly worked in the areas of banking regulation & supervision, currency management, financial market operations and general administration at RBI. As Executive Director, he handled banking regulation and policy matters. He was instrumental in the implementation of Basel III regulations. The guidelines for setting up universal banks and differentiated banks like small finance banks and payments banks were overseen by him. He was associated with various working groups and committees and represented the RBI as a member/Chairman/Convenor

of these various working groups and committees. Post retirement, he was an advisor to the RBI on the bank licensing process. He was the convener of the Government of India Task Force to set up the Resolution Corporation under the Indian Financial Code.

Ms. Renu Kohli**DIN:** 07981627**Non – Executive Independent Director****Educational qualification :** DPhil Economics**Date of Joining the Board :** December 14, 2023**Sectorial representation on the Board :** Banking, Economics, Agriculture & Rural Economy and Small Scale Industry**Tenure on the Board :** < 1 Year**No. of shares held :** Nil

Ms. Renu Kohli, is an economist with research and practitioner experience on macroeconomic policies and issues. Ms. Renu Kohli is currently the Senior Fellow, at the Centre for Social and Economic Progress (CSEP) an independent, public policy think tank based in New-Delhi. She has previously worked with the RBI, the IMF and think tanks including ICRIER and the Institute of Economic Growth. Her work has focused on financial sector liberalisation, capital flows and exchange rate management in emerging markets with special India focus, international macroeconomic coordination, and recently, the macroeconomic impact of decarbonisation in India. She has diverse exposure to central banking and macroeconomic surveillance. Ms. Renu Kohli has been published in refereed journals such as the Review of Development Economics, Journal of Development Studies, Journal of Asian Economics, Oxford University Press, IMF Working Papers, RBI Staff papers, and contributed to edited volumes. She has exposure to multilateral surveillance including Article IV missions; as short-term expert with IMF Institute, her training missions include courses on financial programming & policies and macroeconomic diagnostics. Ms. Renu Kohli has wider engagement with the private financial sector and investors through talks, presentations and consultation on Indian macroeconomic policies.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

None of the Directors of the Bank are related to one another.

LIST OF CORE SKILLS/EXPERTISE/ COMPETENCIES IDENTIFIED BY THE BOARD

Board, in tune with the provisions of Section 10A (2) (a) of the Banking Regulation Act, 1949, guidelines issued by RBI from time to time, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations, have identified Accountancy, Agriculture, Rural Economy, Banking, Co-operation, Economics, Finance, Small Scale Industry, Law, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management as the Core Skills/ Practical Experience/Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively.

For appointment of Independent Directors, the balance of skills, knowledge, wide range of backgrounds and experience on the Board will also be considered while filling up position on the Board of the Bank.

Nature of interest/ core skills/expertise/ competencies	Name of the Director having the identified Skill/Expertise/ Competencies
Banking	1. Ms. Bhama Krishnamurthy
	2. Mr. Pralay Mondal
	3. Mr. B K Divakara
	4. Mr. Madhavan Menon
	5. Mr. Sudhin Choksey
	6. Mr. Sunil Srivastav
	7. Mr. Sharad Kumar Saxena
	8. Mr. Biswamohan Mahapatra
	9. Ms. Renu Kohli
Economics	1. Mr. B K Divakara
	2. Mr. Madhavan Menon
	3. Mr. Sumit Maheshwari
	4. Ms. Sharmila Abhay Karve
	5. Ms. Renu Kohli
Finance	1. Mr. B K Divakara
	2. Mr. Madhavan Menon
	3. Mr. Sumit Maheshwari
	4. Ms. Sharmila Abhay Karve
	5. Mr. Sudhin Choksey
	6. Mr. Biswamohan Mahapatra
Information Technology	1. Mr. Sharad Kumar Saxena
Payment and Settlement Systems	1. Mr. Sharad Kumar Saxena
	2. Mr. Biswamohan Mahapatra
Accountancy	1. Mr. B K Divakara
	2. Mr. Sumit Maheshwari
	3. Ms. Sharmila Abhay Karve
	4. Mr. Sudhin Choksey
Human Resources	1. Ms. Bhama Krishnamurthy
	2. Mr. B K Divakara
	3. Mr. Madhavan Menon
Risk Management	1. Ms. Bhama Krishnamurthy
	2. Mr. B K Divakara
	3. Mr. Biswamohan Mahapatra
Business Management	1. Mr. Sumit Maheshwari
	2. Mr. Madhavan Menon
	3. Mr. Sunil Srivastav
Small Scale Industry	1. Ms. Bhama Krishnamurthy
	2. Mr. B K Divakara
	3. Mr. Sudhin Choksey
	4. Mr. Sunil Srivastav
	5. Ms. Renu Kohli
Agriculture and Rural Economy	1. Mr. B K Divakara
	2. Mr. Sunil Srivastav
	3. Ms. Renu Kohli
Law	1. Mr. B K Divakara
	2. Mr. Biswamohan Mahapatra

REPORT ON CORPORATE GOVERNANCE (Contd.)

DETAILS OF ATTENDANCE OF EACH DIRECTOR AT BOARD MEETINGS AND AT THE LAST YEAR'S ANNUAL GENERAL MEETING

Name of Director	Executive / Non – Executive Director	Independent / Non-Independent Director	No. of Board Meetings Held during the Tenure	No. of Board Meetings Attended	% of Attendance	Attendance of last AGM held on 08.08.2023
Part-time Chairperson- Independent						
Ms. Bhama Krishnamurthy	Non – Executive	Independent	13	13	100%	Present
Managing Director & CEO						
Mr. Pralay Mondal	Executive	Non – Independent	13	13	100%	Present
Whole-Time Director						
Mr. B K Divakara	Executive	Non – Independent	1	1	100 %	NA
Non – Executive Directors						
Mr. Madhavan Menon	Non – Executive	Non – Independent	13	11	85%	Present
Mr. Sumit Maheshwari	Non – Executive	Non – Independent	13	9	69%	Present
Independent Directors						
Ms. Sharmila Abhay Karve	Non – Executive	Independent	13	12	92%	Present
Mr. Sudhin Choksey	Non – Executive	Independent	13	12	92%	Present
Mr. Sunil Srivastav	Non – Executive	Independent	13	11	85%	Present
Mr. Sharad Kumar Saxena	Non – Executive	Independent	13	13	100%	Present
Mr. Biswamohan Mahapatra	Non – Executive	Independent	10	10	100%	Present
Ms. Renu Kohli	Non – Executive	Independent	2	2	100%	NA

BOARD MEETINGS

During the Financial Year 2023–24, your Bank had 13 (thirteen) Board Meetings, as detailed below:

April	28.04.2023		September	25.09.2023
May	10.05.2023		October	20.10.2023
June	20.06.2023	22.06.2023	December	14.12.2023
July	07.07.2023	20.07.2023	January	29.01.2024
August	08.08.2023	26.08.2023	March	15.03.2024

DIRECTORSHIP DETAILS OF THE DIRECTORS IN THE LISTED ENTITIES AS ON MARCH 31, 2024

Sl. No.	Name of the Director	Names of the Listed Entities in which he/she is Director including the Bank	Category Directorships
1.	Ms. Bhama Krishnamurthy	1. CSB Bank Limited 2. Five- Star Business Finance Limited 3. Network18 Media & Investments Limited 4. Cholamandalam Investment and Finance Company Limited 5. Muthoot Microfin Limited 6. Thirumalai Chemicals Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director
2.	Mr. Pralay Mondal	1. CSB Bank Limited	Managing Director & CEO
3.	Mr. B K Divakara	1. CSB Bank Limited	Whole-time Director
4.	Mr. Madhavan Menon	1. CSB Bank Limited 2. Thomas Cook (India) Limited	Non-Executive Director Executive Chairman

Sl. No.	Name of the Director	Names of the Listed Entities in which he/she is Director including the Bank	Category Directorships
5.	Mr. Sumit Maheshwari	1. CSB Bank Limited 2. Fairchem Organics Limited 3. Thomas Cook (India) Limited	Non-Executive Director Nominee Director Director
6.	Ms. Sharmila Abhay Karve	1. CSB Bank Limited 2. Syngene International Limited 3. EPL Limited 4. Thomas Cook (India) Limited	Independent Director Independent Director Independent Director Independent Director
7.	Mr. Sudhin Choksey	1. CSB Bank Limited 2. Fairchem Organics Limited 3. India Shelter Finance Corporation Limited 4. Gujarat Ambuja Exports Limited	Independent Director Independent Director Nominee Director Independent Director
8.	Mr. Sunil Srivastav	1. CSB Bank Limited 2. SIS Limited	Independent Director Independent Director
9.	Mr. Sharad Kumar Saxena	1. CSB Bank Limited	Independent Director
10.	Mr. Biswamohan Mahapatra	1. CSB Bank Limited	Independent Director
11.	Ms. Renu Kohli	1. CSB Bank Limited	Independent Director

COMMITTEE MEMBERSHIP AND CHAIRPERSONSHIP DETAILS OF THE DIRECTORS AS ON MARCH 31, 2024

Sl. No.	Name of the Director	No. of other Directorships in Public Limited Companies including the Bank	No. of Committee Memberships		No. of Committee Chairpersonship	
			ACB	SRC	ACB	SRC
1.	Ms. Bhama Krishnamurthy	8	6	1	0	0
2.	Mr. Pralay Mondal	1	0	1	0	0
3.	Mr. B K Divakara	1	0	0	0	0
4.	Mr. Madhavan Menon	5	1	1	0	0
5.	Mr. Sumit Maheshwari	9	3	0	0	0
6.	Ms. Sharmila Abhay Karve	6	6	2	3	1
7.	Mr. Sudhin Choksey	6	3	3	2	1
8.	Mr. Sunil Srivastav	7	2	1	1	0
9.	Mr. Sharad Kumar Saxena	1	1	0	0	0
10.	Mr. Biswamohan Mahapatra	3	1	1	0	0
11.	Ms. Renu Kohli	2	0	0	0	0

Chairpersonship and Membership in committees denotes Audit Committee of the Board (ACB) and Stakeholders Relationship Committee (SRC) only, including membership details of the said committees in the Bank.

AFFIRMATION

Affirmation in terms of Regulations 17A and 26 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as under:

- None of the Directors of the Bank were members in more than ten committees or act as chairperson of more than five committees across all listed entities including public companies in which he/she is a director.
- None of the Directors of the Bank held Directorship in more than seven listed companies.

- Whole Time Director of the Bank is not serving as an Independent Director in any other listed company.

BOARD PROCEDURE

The Board functions as the governing body, evaluates its operational, strategic and financial performances, provides strategic and corrective directions, assesses the effectiveness of the Bank's policies, risks and opportunities as well as its conduct, to ensure that good corporate practices are being followed in the Bank. Board exercises its powers, duties and responsibilities as envisaged in line with the Banking Regulation Act, 1949, the extant guidelines

REPORT ON CORPORATE GOVERNANCE (Contd.)

issued by RBI from time to time, the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Bank and all other applicable laws and in accordance with the best corporate governance practices by clearly setting out the policy guidelines within which the Board expect the management to operate through clearly defined processes to get the desired results. Given the pivotal role, the Board and its Committees, oversee that the management serves long-term objectives and enhances stakeholder value. The Board has complete access to all the relevant information within the Bank.

The meeting of the Board and its Committee is scheduled well in advance and the information, including date, time and place of the meeting is circulated to all Directors as per the Secretarial Standards.

The meetings of the Board and its Committees are governed by a structured agenda. The agenda papers, which provide all relevant, adequate, material information, explanatory notes, etc., are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and Listing Regulations. The Board is presented with information on various important aspects of business operations, risk, new initiatives, budgets, financial results, human resources, compliance, financial inclusion, customer protection, cyber security, information technology, audit, minutes of the Committees of the Board, and such other matters as required to be placed before the Board in tune with the regulatory and statutory guidelines / instructions. The Bank follows the Reserve Bank of India circular no. DBR No.BC.93/29.67.001/2014-15 dated May 14, 2015, which advises banks to review/discuss seven critical themes prescribed by the Nayak Committee, namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion, and human resources. The members of the Board exercise due diligence in the performance of their functions as directors of the Bank and follow the highest degree of business ethics, transparent practices, and code of good governance amidst a cordial environment. Directors are being provided with all the agendas of the meetings of the Board and Committees in soft format by uploading the same to a digital meeting platform for exclusive use by them and the invitees to the meetings. The video conferencing facility is effectively used to facilitate the participation of directors who are unable to attend the meetings in person, complying with the provisions of the Companies Act, 2013 and SEBI LODR Regulations, 2015.

The Board and Committees also pass resolutions by circulation along with necessary papers which are circulated to enable the Directors for informed decision making and to seek clarification as may be required which are due to exigent business matters and the said resolutions are noted in the subsequent Board/ Committee Meetings.

Minutes of the Board and Board Committees are being circulated to all the Board and Committee Members within the timelines prescribed under the Companies Act, 2013 and other regulatory guidelines. The Bank has in place, a post meeting follow-up procedure, which tracks the observations/ decision taken by the Board/ Board Level Committee Meetings till the closure of such observations/ decision. An Action Taken Report (ATR) is being placed before the Board/ Board Level Committee on regular intervals. Periodical Compliance Report on various compliances as insisted under the Companies Act, 2013, SEBI Listing Regulations and as per the extant guidelines issued by the Bank, is placed to the Board and various committees for review and for rectifying instances of non-compliance, if any.

COMPLIANCE FRAMEWORK

The Bank has a robust and effective framework for monitoring compliances with applicable laws within the organisation and providing updates to senior management and the Board periodically. The Committees and the Board of Directors periodically review the status of the compliances with the applicable laws.

REMUNERATION OF THE DIRECTORS

1. Part-time Chairperson

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

The payment of remuneration/ honorarium and sitting fees to Ms. Bhama Krishnamurthy for the period is in accordance with the terms of appointment as approved by Reserve Bank of India and shareholders of the Bank.

Details of remuneration paid to Ms. Bhama Krishnamurthy for the FY 2023-24, is given below:

Name of the Chairperson	Honorarium	Sitting fee	Total
Ms. Bhama Krishnamurthy	18,00,000	28,15,000	46,15,000

2. Managing Director & CEO

Pursuant to the receipt of approval from Reserve Bank of India on September 15, 2022, in terms of Section 35B of the Banking Regulation Act, 1949, Mr. Pralay Mondal (DIN:00117994) has been appointed as the Managing Director & CEO of the Bank for a period of three years with effect from September 15, 2022.

The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore per annum to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2.30 crore per annum to ₹ 2.42 crore per annum with effect from April 01, 2023.

The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 31,64,384/-, out of which ₹ 15,82,192/- shall be in non-cash form (stock options)

Details of remuneration paid to Mr. Pralay Mondal, Managing Director & CEO for the FY 2023-24, are given below:

Name of the Managing Director & CEO	Fixed Pay	Variable Pay Cash Component		Total	Non-Cash Component Stock options granted	
		Upfront	Deferred		No. of Options	Exercise Price
Mr. Pralay Mondal	₹ 2,91,55,602.38	₹ 47,07,192.00	-	₹ 3,38,62,794.38	13145 options	₹ 293.80/ Option
					39123 options	₹ 407.50/ Option

During the FY 2023-24, Mr. Pralay Mondal, Managing Director & CEO exercised 42,750 options vested to him in the same period in line with the terms of the grant and as per CSB Employee Stock Option Scheme 2019 and the applicable provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

3. Whole-time Director

Pursuant to the receipt of approval from Reserve Bank of India on March 4, 2024, in terms of Section 35B of the Banking Regulation Act, 1949, Mr. B K Divakara (DIN: 06439053) has been elevated and appointed as Whole-time Director (designated as Executive Director) of the Bank, for a period of three (3) years, with effect from March 15, 2024 up to March 14, 2027 (both dates inclusive). Reserve Bank of India further approved a fixed pay of ₹ 80,00,000 per annum to Mr. B K Divakara for the position as Whole-time Director.

and the balance in cash, for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022. Pursuant to the said approval, the Nomination & Remuneration Committee of the Board on May 10, 2023, granted 13,145 stock options to Mr. Pralay Mondal at an exercise price of ₹ 293.80 per option, and the total value of the options granted is 15,82,132/- as per the fair value arrived based on the Black-Scholes model.

Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 1,25,00,000/-, out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash, for the performance period from September 15, 2022 to March 31, 2023, to Mr. Pralay Mondal, Managing Director & CEO. Pursuant to the said approval, the Nomination & Remuneration Committee of the Board on January 8, 2024, granted 39,123 stock options to Mr. Pralay Mondal at an exercise price of ₹ 407.50 per option, and the total value of the options granted is ₹ 62,49,899.25/- as per the fair value arrived based on the Black-Scholes model.

Remuneration paid to Mr. Pralay Mondal for the FY 2023-24 and disclosed includes payment of fixed pay made in the capacity as 'Managing Director & CEO' for the said period and payment of variable pay for the period from February 16, 2022 to September 14, 2022, during which he held the position of 'Deputy Managing Director of the Bank.

The Bank already obtained the approval of shareholders for payment of remuneration for the respective position.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The approval of the shareholders was obtained on April 18, 2024, for the appointment as well as the terms, including remuneration, of Mr. B K Divakara as a Whole-time Director (designated as Executive Director).

Remuneration paid to Mr. B.K. Divakara for the FY 2023-24 and disclosed hereunder includes payment of fixed pay and variable pay made to Mr. B K Divakara in the capacity of 'Chief Financial Officer/Head Strategy & Corporate Legal' for the period up to March 14, 2024, and thereafter from March 15, 2024, onwards, in the capacity of Whole Time Director.

Name of the Whole Time Director	Fixed Pay	Variable Pay Cash Component		Total	Non-Cash Component Stock options granted	
		Upfront	Deferred		No. of Options	Exercise Price
Mr. B.K. Divakara	₹ 60,00,000.00	₹ 19,50,000.00	-	₹ 79,50,000.00	-	-

4. Non-Executive Directors

Non-Executive Independent Directors were paid sitting fees at ₹ 85,000/- for attending the Board Meeting ₹ 55,000/- for attending Audit Committee, Credit Committee and Risk Management Committee Meetings and ₹ 35,000/- for attending rest of the Committee Meetings with effect from June 22, 2023. Prior to that, Non-Executive Independent Directors were paid sitting fees at ₹ 75,000/- for attending the Board Meeting, ₹ 45,000/- for attending Audit Committee, Credit Committee and Risk Management Committee Meetings and ₹ 20,000/- for attending the rest of the Committee Meetings.

No sitting fee was paid during the FY 2023-24 to the Non-Executive, Non-Independent Directors on the Board of the Bank for attending the Board and Committee meetings.

The Bank did not pay any amount to directors by way of salary and perquisites except to the Managing Director & CEO and Whole-time Director. However, the remuneration/honorarium paid to Ms. Bhama Krishnamurthy in their capacity as Part-time Chairperson of the Bank was in accordance with the terms of her appointment as Part-time Chairperson, which were approved by Reserve Bank of India and shareholders of the Bank.

During the year under review, there were no other pecuniary relationships or transactions with Non-Executive Directors and Non-Executive Independent Directors vis-à-vis the Bank except normal banking transactions, payment of sitting fees, reimbursement of expenses, and related party transactions, if any, which are disclosed in the Report to the extent as required.

The criteria of making payments to Non-Executive Directors and Non-Executive Independent Directors, is displayed on the website of the Bank : <https://www.csb.co.in/pdf/Remuneration-criteria-for-Non-Executive-or-Independent-Directors-27042022-.pdf>

Details of remuneration/sitting fee paid to Non-Executive Directors for attending Board and Committee Meetings for the FY 2023-24 are given below:

Name of the Directors		Amount in ₹
Ms. Bhama Krishnamurthy*	Part-time Chairperson	46,15,000
Mr. Madhavan Menon	Non-Executive Directors#	NIL
Mr. Sumit Maheshwari		NIL
Ms. Sharmila Abhay Karve	Non-Executive Independent Directors	24,20,000
Mr. Sudhin Choksey		20,40,000
Mr. Sunil Srivastav		21,25,000
Mr. Sharad Kumar Saxena		30,95,000
Mr. Biswamohan Mahapatra		23,35,000
Ms. Renu Kohli		2,05,000

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

*The amounts include the honorarium and sitting fee paid during the financial year.

SHAREHOLDING OF DIRECTORS

Directors' shareholdings in the Bank as on March 31, 2024, are given below:

Sl. No.	Name of the Director	No. of shares	Percentage of holding
1.	Mr. Madhavan Karunakaran Menon	9,897	0.0057 %
2.	Mr. Sudhin Bhagwandas Choksey	6,000	0.0035 %
3.	Mr. Sharad Kumar Saxena	5,000	0.0028 %

CRITERIA FOR APPOINTMENT AS DIRECTOR OF THE BANK

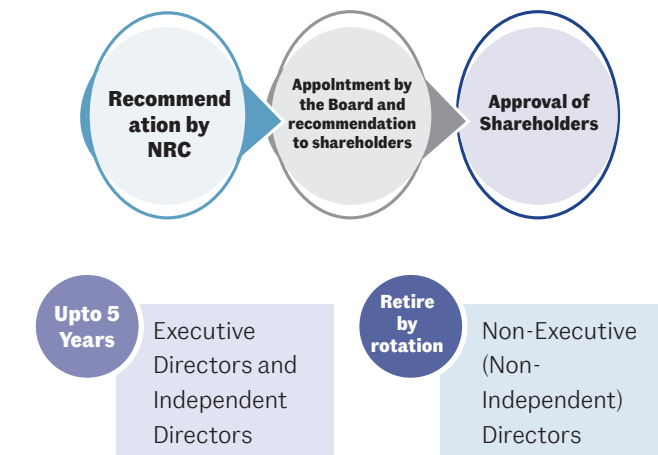
Nomination & Remuneration Committee (NRC)/Committee of the Board shall identify and ascertain the qualification, expertise, experience, track record, integrity, etc., of the person who is considered for being appointed/ reappointed as Director of the Bank and shall carry out the prescribed due diligence exercise in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria, applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may; Use the services of external agencies, if required; Consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates. In terms of RBI Letter dated September 11, 2023, on RBI Governor's meeting with MD & CEOs of banks, the Bank also perform an independent assessment aided/ supplemented by internal due diligence/external agencies and institute a robust system and processes to strengthen the appointment/re-appointment process of directors in the Bank.

PROCESS FOR APPOINTMENT OF DIRECTORS

Each Director of the Bank is appointed with the approval of the Board and Shareholders. All directors seek periodic re-appointment by the shareholders, none of the director has perpetual office. Subject to the maximum period of holding of directorship in the Bank in relevant category as mentioned under the head 'Nomination Policy- Policy for

Appointment of Directors, Key Managerial Personnel, and others' periodicity of re-appointment of directors is as under:



TERMS AND CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTORS

Appointment of Independent Directors and terms and conditions of the appointment shall be governed by the provisions of the Companies Act, 2013, the rules made thereunder, Listing Regulations from time to time, the provisions of the Banking Regulation Act, 1949, as amended from time to time and the extant guidelines of RBI and Articles of Association of the Bank.

The Bank will issue a formal Letter of Appointment to Independent Directors at the time of their appointment/ re-appointment covering the terms and conditions of the appointment.

The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank at https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

AFFIRMATION BY INDEPENDENT DIRECTORS

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder. They have also confirmed in terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that they have also met the criteria of independence as provided in clause (b) of sub-regulation (1) of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated,

REPORT ON CORPORATE GOVERNANCE (Contd.)

that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. On the basis of this, the Board of Directors opines that the Independent Directors of the Bank fulfils the conditions specified in Companies Act, 2013 and Listing Regulations and are independent of the management.

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

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Directors of the Bank are encouraged to attend the training programmes being organised by various regulators/ bodies/institutions on roles, rights, responsibilities in the Bank, nature of the banking industry, business model, risk management system and technology of the Bank. This enables the Directors to make informed decisions in the interest of the Bank and its stakeholders.

Directors are provided with a formal letter of appointment with all materials related to their roles, rights, responsibilities in the Bank as well as with the nature of industry and business model of the Bank at the time of their appointment as Director and through periodical presentations on economy & industry overview, key regulatory developments, strategy and performance. This enables the Directors to have a clear picture of the Bank and make informed decisions in the interest of the Bank and its stakeholders. Along with the letter of appointment, a welcome kit containing the brief history of the Bank, Memorandum and Articles of Association, Copy of Code of

Conduct to Directors and Senior Management, criteria of Independence applicable to Independent Directors, deed of covenant, Do's and Don'ts for the Directors of the Bank as per Reserve Bank of India Circular, Copy of Internal Code of Conduct for Prevention of Insider Trading, Copy of Internal Code of Conduct for dealing in securities of other Listed or to be Listed entities, Copy of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Copy of the Audited Accounts for that financial year, Asset and Liability Products of the Bank in brief, Copy of Credit Policy of the Bank are provided to every Director inducted on the Board.

Pursuant to the Listing Regulations, your Bank is required to impart familiarisation programme for Independent Directors of the Bank every year. Various training programme including IT and Cyber Security were also extended to all the directors of the Bank in the manner as prescribed.

The details of familiarisation programmes arranged in the FY 2023-24, are available in the website of the Bank at the link : https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf

SUCCESSION PLANNING

The Succession planning policy of the Bank aims to identify the competency requirements of critical and key positions, assess potential candidates, and develop required competency through planned development and learning initiatives. The policy also ensures the systematic and long-term development of individuals at the senior management level to replace whenever a need arises due to deaths, disabilities, retirements or any other unexpected occurrence.

Succession planning at the Bank includes the identification of Board, Key Management positions, Senior Managerial personnel and other specialised areas/functions which are critical for the Bank's business continuity, operations and growth. Succession planning at the Bank ensures that the Bank is prepared with a plan to support operations and business continuity and ensures the building up and nurturing of a talent pool of qualified, experienced and motivated employees for taking on higher roles and responsibilities as and when gaps arise. Careful planning and preparation are also necessary to manage the changes that result from a generational transfer of leadership as well as the ongoing changes that arise regularly when key personnel leave the Bank. The Succession Planning Policy of the Bank seeks to do so.

Nomination & Remuneration Committee of the Bank works with the Board on the leadership succession plan and also prepares contingency plans for succession in

case of any exigencies. The NRC periodically reviews and considers the list of senior managerial personnel due for retirement/attrition within the year. The Committee shall also consider the new vacancies that may arise out of business needs/up-gradation of Department(s)/ Regional Office(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Bank's future growth and development. The Committee is guided by Succession Planning Policy which involve assessing the likely gap in Board/leadership/management, developing the succession planning model, implementation of the plan and continuous evaluation and assessment. The Policy guide to identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.

In the event of any unexpected vacancy in the Board at the Executive level, particularly the position of the Managing Director & CEO, which may affect the day-to-day operations/ functioning of the Bank, NRC shall meet and recommend to the Board to entrust Executive Director, if any, or from a select pool of persons in case there is no Executive Director, with such designation as may be assigned, post event, to carry out the said functions on an interim basis, in line with section 10B (9) of the Banking Regulation Act, 1949.

SUMMARY OF COMMITTEE MEETING ATTENDANCE OF DIRECTORS FOR FY 2023-24

Sl. No.	Name of the Director	MC	CC	RMC	ACB	NPAMC	SRC	CMF	CSC	CSR	NRC	ITSC
Total No. of Meetings held		2	14	6	14	6	4	4	4	3	14	5
1.	Ms. Bhama Krishnamurthy	NM	14	6	NM	NM	NM	4	NM	3 ^{Si}	14	NM
2.	Mr. Pralay Mondal	2 ^{Si}	14	5	NM	6 ^{Si}	4	4	4	3	NM	5
3.	Mr. B K Divakara	NM	NM	NM	NM	NM	NM	NM	1	NM	NM	NM
4.	Mr. Madhavan Menon	NM	NM	6	13	6 ^{Si}	4	4	NM	NM	5	4
5.	Mr. Sumit Maheshwari	2	NM	NM	NM	NM	NM	4	NM	2	6	1
6.	Ms. Sharmila Abhay Karve	NM	NM	NM	14 ^{Si}	6	NM	3	0	NM	13	NM
7.	Mr. Sudhin Choksey	2	11	4	NM	NM	3 ^{Si}	NM	NM	2	NM	NM
8.	Mr. Sunil Srivastav	1	14 ^{Si}	NM	3	NM	NM	4 ^{Si}	NM	NM	NM	5
9.	Mr. Sharad Kumar Saxena	2	NM	6	14	6	NM	NM	4 ^{Si}	NM	14 ^{Si}	5 ^{Si}
10.	Mr. Biswamohan Mahapatra	NM	NM	5 ^{Si}	11	NM	3	NM	3	NM	9	NM
11.	Ms. Renu Kohli	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

NM-Not a Member

SI - Special Invitee

Chairman 

DIRECTORS AND OFFICERS INSURANCE

Pursuant to the Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Independent Directors, as well as other Directors and such officers, for risks as determined by the Board of Directors of the Bank from time to time.

BOARD'S COMMITTEES

The Committees of the Board are constituted under the provisions of the Companies Act, 2013, Listing Regulations, the Banking Regulation Act, 1949 and RBI Rules, Circulars & Recommendations, to deal with specific areas / activities as stipulated therein. These Committees have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. During the period under review, some of the committees of the Board were reconstituted; and terms of reference committees were revised to align with the provisions of the Companies Act, 2013, Listing Regulations, the Banking Regulation Act, 1949, and the relevant RBI guidelines in this regard.

No recommendation by the Committees, which is mandatorily required to be accepted, have been rejected by the Board in the financial year under review.

REPORT ON CORPORATE GOVERNANCE (Contd.)

AUDIT COMMITTEE OF THE BOARD (ACB)

The Audit Committee of the Board (ACB) was constituted by a resolution of the Board in its meeting held on June 06, 1994, and was last reconstituted by the Board vide Resolution No. DB-3 dated on July 07, 2023.

The objectives and Key Functions	a) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; b) Oversight of the integrity of the Bank's financial statements; c) Oversight of the Bank's systems of disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the Bank; d) Oversight of auditing processes of the Bank, both internal and external and independence of the audit function in the Bank; e) Oversight of the performance of the Bank's independent auditor, internal audit and compliance functions; f) Oversight of the Bank's compliances with legal and regulatory requirements.
Duties and responsibilities	a) Reviewing with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013; ii. changes, if any, in accounting policies and practices, and reasons for the same; iii. management letters/letters of internal control weaknesses issued by the statutory auditors/internal auditors of the Bank; iv. major accounting entries involving estimates based on the exercise of judgment by management; v. significant adjustments made in the financial statements arising out of audit findings; vi. compliance with listing and other legal requirements relating to financial statements; vii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Bank modified opinion(s) in the draft audit report. b) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter; c) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; the follow up and compliance of inspection/audit reports; d) Reviewing the inspection reports of specialised and extra-large branches and all branches with unsatisfactory ratings, obtaining and reviewing half yearly reports from the compliance officers appointed in the Bank, following up on all the issues raised in the long form audit report and following up on all the issues/concerns raised in the inspection reports of RBI; e) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank; f) Evaluation of internal financial controls and risk management systems; g) Approval of payments to statutory auditors for any other services rendered by the statutory auditors; h) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems; i) Discussion with internal auditors of any significant findings and follow up there on; j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; k) Reviewing the periodical reviews/returns/ statements placed before it as per the approved calendar of items. l) Approval or any subsequent modification of transactions of the Bank with related parties; m) Review internal audit reports relating to internal control weaknesses; n) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; o) Consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.

Other Responsibilities	a) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; b) Review of Statement of deviations: i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). ii. Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7). c) Review the functioning of the whistle blower mechanism; d) Oversight over the vigil mechanism established by the Bank and the Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns; e) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; f) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background, etc., of the candidate; g) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; h) Approval or any subsequent modification of transactions of the Bank with related parties; i) To define the term "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions; j) Scrutiny of inter-corporate loans and investments; k) Valuation of undertakings or assets of the company, wherever it is necessary; l) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee; m) To review Management discussion and analysis of financial condition and results of operations. n) Exercising oversight of IS Audit of the Bank. o) Review and approval of IS Audit policy. p) Review critical issues highlighted related to IT / information security / cyber security and provide appropriate direction and guidance to the Management.
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Composition of Audit Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Ms. Sharmila Abhay Karve	Chairperson	14	14
Mr. Madhavan Menon	Member	14	13
Mr. Sharad Kumar Saxena	Member	14	14
Ms. Biswamohan Mahapatra ¹	Member	11	11
Mr. Sunil Srivasatv [@]	Member	3	3

¹Appointed as a Member of the Committee w.e.f. July 08, 2023.

[@]Ceased to be a Member of the Committee w.e.f. July 08, 2023.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Bank held on August 08, 2023.

During the year under review, there were no instances of non-acceptance of the recommendation of the Audit Committee, by the Board of Directors.

During the year, Audit Committee met 14 (fourteen) times and not more than one hundred and twenty days lapsed between two consecutive meetings. The dates of the meetings are as under:

April	28.04.2023	October	16.10.2023	20.10.2023
May	10.05.2023	December	14.12.2023	
June	22.06.2023	January	29.01.2024	
July	20.07.2023	February	02.02.2024	
August	22.08.2023	March	15.03.2024	18.03.2024
September	25.09.2023			

REPORT ON CORPORATE GOVERNANCE (Contd.)

MANAGEMENT COMMITTEE (MC)

The Management Committee was last reconstituted by the Board vide Resolution No. DB-4 dated June 28, 2022.

Terms of reference

HR and Admin Functions	The Committee shall discharge and exercise the powers and functions, inter alia administrative, including financial matters related to human resource management.
Other functions	- Reviews the periodical Reviews/ Returns/ Statements placed before it as per the approved calendar of items. - Assist/support the Board and Management to develop business ideas and optimise the operations in a better and most efficient manner. - Empowered with the powers to take investment strategy/decision in Financial Markets. - Functioning as Review Committee in the mechanism for identification of borrowers as wilful defaulters. - Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time.

Composition of Management Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Pralay Mondal, MD & CEO	Chairman	2	2
Mr. Sumit Maheshwari	Member	2	2
Mr. Sudhin Choksey	Member	2	2
Mr. Sunil Srivastav	Member	2	1
Mr. Sharad Kumar Saxena	Member	2	2

The Committee met 2 (two) times during the FY 2023-24 and the dates of the meetings are as under:

July	20.07.2023	September	25.09.2023
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RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee was last reconstituted by the Board vide Resolution No. EB-3 dated on March 16, 2024.

Terms of reference

Risk Management Committee, the apex body of the Bank's risk management architecture, is responsible for aligning various risk management policies of the Bank with the risk appetite and risk philosophy articulated by the Board.

The role of the Committee	- To formulate a detailed risk management policy and strategy which shall include: - A framework for identification of internal and external risks specifically faced by the Bank, in particular including credit, financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee. - Measures for risk mitigation including systems and processes for internal control of identified risks. - Business continuity plan. - To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
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The role of the Committee	- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; - To periodically review the risk management policy and plan, every year, including by considering the changing industry dynamics and evolving complexity; - To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; - The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; - To effectively co-ordinate between the credit risk management committee, asset liability management committee and other risk management committees of the Bank, if any; - The Committee functions as the Managerial and Supervisory Committee of Directors for asset liability management functions; - To review cyber security related matters; - To review the periodical returns/reviews/statements placed before it as per the approved calendar of items; - To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary; - To maintain close co-ordination with Nomination & Remuneration Committee in order to achieve effective alignment between remuneration and risks; - To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors; - To review Stress Testing Results & Back-testing report; - To review the Asset Liability Management (ALM) of the Bank on a regular basis; and - Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.
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Composition of Risk Management Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Biswamohan Mahapatra ¹	Chairperson	5	5
Mr. Pralay Mondal, MD & CEO	Member	6	5
Mr. Madhavan Menon	Member	6	6
Ms. Bhama Krishnamurthy	Member	6	6
Mr. Sudhin Choksey [®]	Member	6	5
Mr. Sharad Kumar Saxena	Member	6	6
Ms. Renu Kohli [#]	Member	0	0

¹Inducted as a Member and appointed as Chairman of the Committee w.e.f. July 08, 2023.

[®]Ceased to be the Chairman w.e.f. July 08, 2023, but continued as a Member.

[#]Inducted as a Member of the Committee w.e.f. March 16, 2024.

The Committee met 6 (six) times during the FY 2023-24 and the dates of the meetings are as under:

June	30.06.2023		December	07.12.2023
September	06.09.2023	25.09.2023	February	26.02.2024
October	20.10.2023			

REPORT ON CORPORATE GOVERNANCE (Contd.)

NPA MANAGEMENT COMMITTEE (NPAMC)

The NPA Management Committee was last reconstituted by the Board vide Resolution No. EB-3 dated on March 16, 2024.

Terms of Reference	To lay added thrust on NPA recovery, a separate Committee of the Board named 'NPA Management Committee' has been formed exclusively for considering and sanctioning compromise settlement proposals of NPA accounts, for a speedy consideration and quick disposal of such proposals. The Committee shall be vested with discretion to consider and sanction all compromise settlement proposals of NPA accounts. The Committee also reviews the periodical Reviews/ Returns/Statements placed before it as per the approved calendar of items.
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Composition of NPA Management Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Madhavan Menon	Chairman	6	6
Ms. Sharmila Abhay Karve	Member	6	6
Mr. Sharad Kumar Saxena	Member	6	6
Ms. Renu Kohli®	Member	0	0
Mr. B K Divakara®	Member	0	0
Mr. Pralay Mondal, MD & CEO	Special Invitee	6	6

®Appointed as Member of the Committee w.e.f. March 16, 2024.

The Committee met 6 (six) times during the FY 2023-24 and the dates of the meetings are as under:

May	10.05.2023	November	08.11.2023
August	01.08.2023	December	19.12.2023
September	25.09.2023	March	15.03.2024

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

The Stakeholders Relationship Committee was last reconstituted by the Board vide Resolution No. DB-3 dated on July 07, 2023.

Terms of Reference	a. Resolving the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.; b. Review of measures taken for effective exercise of voting rights by shareholders; c. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the registrar and share transfer agent; d. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank; e. Issue and allotment of shares subject to the provisions of the Section 39 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank; f. To transfer, transposition and transmission of securities;
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Terms of Reference	g. To consider and approve, split, consolidation and duplication of shares or other securities; h. To approve dematerialisation and re-materialisation of shares; i. To seek any information it requires from the employees, directors of the Bank in order to perform its functions; j. To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes; k. Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.; and l. Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
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Composition of Stakeholders Relationship Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sudhin Choksey ¹	Chairman	4	3
Mr. Pralay Mondal MD& CEO	Member	4	4
Mr. Madhavan Menon®	Member	4	4
Mr. Biswamohan Mahapatra [#]	Member	3	3

¹Appointed as the Chairman of the Committee w.e.f. July 08, 2023.

®Ceased to be the Chairman of the committee w.e.f. July 08, 2023, but continued as a Member.

[#]Appointed as Member of the Committee w.e.f. July 08, 2023.

Mr. Sijo Varghese, Company Secretary is designated as the Compliance Officer.

The Committee met 4 (four) times during the FY 2023-24 and the dates of the meetings are as under:

June	22.06.2023	December	07.12.2023
September	25.09.2023	March	15.03.2024

SEBI Investor Complaints Redressal System (SCORES/ODR Mechanism)

SCORES platform of SEBI facilitates online filing of investor grievance/ complaints and online view of the status of the same. The Bank endeavours to redress the grievance/ complaints of the Investors within the prescribed time frame, from the date of lodgement of complaint in SCORES platform. The details of each grievance /complaint (category wise) received and redressed are furnished to the Stakeholders Relationship Committee of the Board (SRC) and to the Board on a quarterly basis.

Further, SEBI vide circular SEBI/HO/OIAE/OIAE_IAD- 1/P/CIR/2023/131 dated July 31, 2023, has introduced an Online Dispute Resolution (ODR) mechanism for investors/clients. As per the mechanism, shareholders can initiate dispute resolution through the ODR portal <https://smartodr.in/> login without having to go through the SCORES portal if the grievance lodged with the Company is not resolved satisfactorily. Dispute resolution through the ODR portal can be initiated only if such complaint/ dispute is not pending before any arbitral process, court, tribunal or consumer forum. In review period, no complaint was received through ODR portal.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Status of the investor complaints

Status of the Investor complaints received through SCORES platform during the period from April 01, 2023 and up to March 31, 2024, are given under:

Number of Investor Complaints including through SEBI SCORES platform received during the period 01.04.2023 to 31.03.2024	No. of Complaints
Investor complaints pending as on 01.04.2023	NIL
Investor complaints received during the period	
1. Investor complaints received through SEBI SCORES Platform of the Bank	1
2. Other Investor complaints received	4
Total number of complaints disposed off	5
Complaints pending as on 31.03.2024	NIL

COMMITTEE FOR MONITORING LARGE VALUE FRAUDS (CMF)

Pursuant to the directives of the RBI, the Bank has constituted a Committee for Monitoring Large Value Frauds (CMF) for the exclusive monitoring and follow up of cases of frauds involving amounts of ₹ 1 Crore and above.

The Committee for Monitoring Large Value Frauds was last reconstituted by the Board vide Resolution No. EB-3 dated on March 15, 2024.

The major functions of the Special Committee would be to monitor and review all the frauds of ₹ 1 crore and above so as to;

Terms of Reference	
a.	Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.
b.	Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.
c.	Monitor progress of CBI/Police Investigation and recovery position.
d.	Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
e.	Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
f.	Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
g.	To monitor and follow up Red Flagged Accounts and Fraud Accounts (Accounts beyond the threshold limit of ₹ 50 crores and above).
h.	Such other functions as may be decided/delegated by the Board of Directors/advised by the Reserve Bank of India, from time to time.

The meeting of the Committee has to be scheduled once in a quarter, and as and when a fraud involving an amount of ₹ 1 crore and above comes to light.

Composition of Committee For Monitoring Large Value Frauds

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sunil Srivastav	Chairman	4	4
Mr. Pralay Mondal, MD & CEO	Member	4	4
Mr. Madhavan Menon	Member	4	4
Mr. Sumit Maheshwari	Member	4	4
Ms. Bhama Krishnamurthy	Member	4	4
Ms. Sharmila Abhay Karve	Member	4	3
Mr. B K Divakara ¹	Member	0	0

¹Appointed as a Member of the Committee w.e.f. March 16, 2024.

The Committee met 4 (four) times during the FY 2023–24 and the dates of the meetings are as under:

June	22.06.2023	November	08.11.2023
August	01.08.2023	February	15.02.2024

CUSTOMER SERVICE COMMITTEE (CSC)

The Customer Service Committee was last reconstituted by the Board vide Resolution No. EB-3 dated March 15, 2024.

Terms of Reference	
	The Committee strives to bring about ongoing improvements in the quality of Customer Service provided by the Bank. The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service and improving the level of customer satisfaction for all categories of clientele.
	The functioning of the Committee shall be reviewed on a half yearly basis (September/March) and the review shall be put up to the Board of Directors within one month from the end of the relevant half-year.
	The meeting of the Committee has to be scheduled once in a quarter.

Composition of the Customer Service Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena	Chairman	4	4
Mr. Pralay Mondal, MD & CEO	Member	4	4
Mr. Biswamohan Mahapatra ¹	Member	3	3
Mr. B K Divakara [®]	Member	1	1
Ms. Sharmila Abhay Karve [#]	Member	1	0

¹Appointed as Member of the Committee w.e.f. July 08, 2023.

[®]Appointed as Member of the Committee w.e.f. March 16, 2024.

[#]Ceased to be a Member of the Committee w.e.f. July 08, 2023.

The Committee met 4 times during the FY 2023–24 and the dates of the meetings are as under:

June	30.06.2023	November	28.11.2023
August	01.08.2023	March	18.03.2024

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Corporate Social Responsibility Committee was last reconstituted by the Board vide Resolution No. EB-3 dated March 15, 2024.

In terms of Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Terms of Reference	a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a). c) Monitor the corporate social responsibility policy of the Bank from time to time. d) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely: i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act; ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4; iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes; iv. monitoring and reporting mechanism for the projects or programmes; and v. details of need and impact assessment, if any, for the projects undertaken by the Bank provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect. e) Make decisions on responsible business conduct and sustainability related issues.
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Composition of the Corporate Social Responsibility Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Ms. Bhama Krishnamurthy	Chairperson	3	3
Mr. Pralay Mondal, MD & CEO	Member	3	3
Mr. Sumit Maheshwari	Member	3	2
Mr. Sudhin Choksey	Member	3	2
Ms. Renu Kohli ¹	Member	0	0

¹Appointed as Member of the Committee w.e.f. March 16, 2024.

The Committee met 3 times during the FY 2023-24 and the dates of the meetings are as under:

June	30.06.2023	March	07.03.2024
December	14.12.2023		

NOMINATION & REMUNERATION COMMITTEE (NRC)

Nomination & Remuneration Committee, inter-alia, looks after the due diligence and recommendation process for appointment/ re-appointment of Directors and their remuneration, remuneration perquisites, ESOPs, etc., to MD & CEO and other key managerial and senior management personnel of the Bank, monitoring of the compensation policy of the Bank, etc. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors.

The Nomination & Remuneration Committee (NRC) was last reconstituted by the Board vide Resolution No. EB-3 dated March 15, 2024.

Terms of Reference	a) Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down; b) Undertake the due diligence of candidates before their appointment/re-appointment as directors; c) Recommend to the Board on appointment of directors, senior management personnel and their removal; d) Devising a policy on diversity of board of directors; e) Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees; f) Recommend to the Board the policy for evaluation of performance of board, its committees and individual directors; g) To oversee the framing, review and implementation of the Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme, etc., with a view to attract, motivate and retain employees and review compensation levels; h) To implement and administer the CSB Employee Stock Option Schemes; i) To formulate detailed terms and conditions of the scheme, administer and supervise the same and j) to allot shares in compliance with the scheme, guidelines and other applicable laws; k) To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the Schemes; l) To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board; m) To review the compensation structure/policy on a periodical basis; i. To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme, etc., and ii. To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/target achieved. n) Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board; o) Any other matters regarding compensation structure as and when permitted by the Board; p) To fulfill such other powers and duties as may be delegated to it by the Board; q) Specify the manner for effective evaluation of performance of Board, its committees and individual directors; r) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal; s) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and t) To allot shares pursuant to the options granted to the eligible employees/officers under the ESOP scheme which is existing and to be framed in future.
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Composition of the Nomination & Remuneration Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena	Chairman	14	14
Mr. Sumit Maheshwari ¹	Member	9	6
Ms. Bhama Krishnamurthy	Member	14	14
Ms. Sharmila Abhay Karve	Member	14	13
Mr. Biswamohan Mahapatra [®]	Member	9	9
Ms. Renu Kohli [#]	Member	0	0
Mr. Madhavan Menon [§]	Member	5	5

REPORT ON CORPORATE GOVERNANCE (Contd.)

[!]Appointed as a Member of the Committee w.e.f. July 08, 2023.

[@]Appointed as a Member of the Committee w.e.f. July 08, 2023.

[#]Appointed as a Member of the Committee w.e.f. March 16, 2024.

^{\$}Ceased to be a Member of the Committee w.e.f. July 08, 2023.

The Committee met 14 (fourteen) times during the FY 2023–24 and the dates of the meetings are as under:

April	28.04.2023		October	20.10.2023	
May	10.05.2023	10.05.2023	November	28.11.2023	
June	20.06.2023	22.06.2023	December	14.12.2023	
July	20.07.2023		January	08.01.2024	29.01.2024
August	26.08.2023		March	15.03.2024	
September	25.09.2023				

IT STRATEGY COMMITTEE (ITSC)

As per the RBI guidelines on Information Technology, all banks are advised to form an Independent IT Committee of the Board. The Bank formed the Committee on November 14, 2013.

The IT Strategy Committee was last reconstituted by the Board vide Resolution No. DB-3 dated July 07, 2023.

IT Strategy Committee, inter alia, approves IT strategy and policy documents, etc.

Terms of Reference, the powers, of the Committee	a)	Perform oversight functions over the IT Steering Committee (at a senior management level).
	b)	Investigate activities within this scope.
	c)	Seek Information from any employee.
	d)	Obtain outside legal or professional advice.
	e)	Secure attendance of outsiders with relevant expertise, if it considers necessary.
	f)	Work in partnership with other Board Committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies.
The roles and responsibilities of the Committee	a)	Approving IT strategy and policy documents.
	b)	Ensuring that the management has put an effective strategic planning process in place.
	c)	Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Bank towards accomplishment of its business objectives.
	d)	Ratify that the business strategy is indeed aligned with IT strategy.
	e)	Ensuring that the IT organisational structure complements the business model and its direction.
	f)	Ascertaining that management has implemented process and practices that ensure that the IT delivers value to the business.
	g)	Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
	h)	Ensuring the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives;
	i)	Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
	j)	Ensuring proper balance of IT investments for sustaining Bank's growth.
	k)	Becoming aware about exposure towards IT risks and controls, and evaluating effectiveness of management's monitoring of IT risks.

The roles and responsibilities of the Committee	l)	Assessing Senior Management's performance in implementing IT strategies.
	m)	Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks).
	n)	Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
	o)	Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the Bank;
	p)	Ensuring processes for assessing and managing IT and cybersecurity risks are put in place;
	q)	Review, on an annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management.
	r)	Committee has been empowered with the financial power in respect of the IT related matters.
	s)	The authority to sanction all expenses in respect of the IT and IT related matters.

Composition of the IT Strategy Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sharad Kumar Saxena	Chairman	5	5
Mr. Pralay Mondal, MD & CEO	Member	5	5
Mr. Madhavan Menon [!]	Member	4	4
Mr. Sunil Srivastav	Member	5	5
Mr. Sumit Maheshwari [@]	Member	1	1

[!]Appointed as a Member of the Committee w.e.f. July 08, 2023.

[@]Ceased to be a member of the Committee w.e.f. July 08, 2023.

The Committee met 5 (five) times during the FY 2023–24 and the dates of the meetings are as under:

April	13.04.2023	October	16.10.2023
August	01.08.2023	November	08.11.2023
		February	15.02.2024

CREDIT COMMITTEE (CC)

Credit Committee of the Board was constituted by Board vide resolution No.DB-4 dated June 28, 2022, delegating all the credit sanctioning powers and other related functions hitherto exercised by the Management Committee of the Board to it.

Terms of Reference:	Sanctioning Credit facilities
	a) shall discharge and exercise the Credit sanctioning powers delegated to it from time to time under Discretionary Powers for Sanctioning of Credit Facilities by the Board.
	b) Consider proposals for approval, renewal or any modification in sanctioned terms and conditions of various types of funded and non-funded credit facilities to customers within the delegated powers fixed by the Board from time to time.
	Other functions
	a) Reviews the periodical Reviews/Returns/Statements placed before it as per the approved calendar of items.
	b) Discharge such functions and other responsibilities as may be delegated by the Board of Directors from time to time related to credit sanctioning matters

REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition of the Credit Committee

Name of the Director	Category	No. of meetings held during the tenure	Meetings attended
Mr. Sunil Srivastav	Chairman	14	14
Mr. Pralay Mondal, MD & CEO	Member	14	14
Ms. Bhama Krishnamurthy	Member	14	14
Mr. Sudhin Choksey	Member	14	11

The Committee met 14 (fourteen) times during the FY 2023–24 and the dates of the meetings held are as under:

April	17.04.2023	October	16.10.2023
May	22.05.2023	November	08.11.2023 28.11.2023
June	20.06.2023	January	17.01.2024
July	28.07.2023	February	03.02.2024 15.02.2024
August	22.08.2023	March	07.03.2024 22.03.2024
September	12.09.2023		

MEETING OF THE INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance of Non– Independent Directors and the Board as a whole is to be evaluated by the Independent Directors.

Terms of Reference	a) Review the performance of Non–Independent Directors and the Board as a whole; b) Review the performance of the Chairperson of the Bank, taking into account the views of Executive Directors and Non–Executive Directors; c) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
Meeting of Independent Directors for the financial year	A Meeting of the Independent Directors of the year was held on February 29, 2024, for the period under review and all the Independent Directors attended the meeting.
Feedback and action	During the financial year, the Bank took action on the feedback received from the meeting of the independent directors conducted in FY 2022–23. The Board and Board Committees discussed the evaluation report and various suggestions received from independent directors in FY 2023–24 and agreed on an action plan.

BOARD LEVEL PERFORMANCE EVALUATION

In accordance with the relevant provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, Nomination and Remuneration Committee of the Board formulated the methodology and criteria/policy for evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Chairperson, Managing Director & CEO, Executive Directors, Committees of the Board and the Board as a whole. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

EVALUATION PROCESS

Process for Performance Evaluation	a) Independent Directors evaluate the performance of Non–Independent Directors including Chairman of the Bank and the Board as a whole. b) The Board evaluates the performance of the Independent Directors, excluding the Director being evaluated. On the basis of the report of the performance evaluation, it would be determined whether to extend or continue the term of appointment of Independent Directors. c) The Board evaluates the performance of Board level Committees. d) The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors.
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CRITERIA FOR PERFORMANCE EVALUATION

Performance Evaluation of Chairperson	Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and Awards to the Bank; Managing Relationships and Communications; Resources; Conduct of Meetings, effective leadership, open-mindedness, decisiveness, courteousness, display of professionalism, impartiality in conducting discussions, seeking of views and dealing with dissent.
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Performance Evaluation of Whole-time Directors	Knowledge, Experience & Competency, Qualification, Fulfilment of functions, Leadership qualities, Strategy formulation and execution, Financial planning, monitoring and evaluation of performance, Relationships with the Board, External Relations, Human Resources Management/Relations, Succession planning, Product/ Service Knowledge, actively and timely taking of initiatives with respect to various areas, Availability and Attendance, Contribution to conduct of Board and Committee meetings, Adequacy of preparation for the meetings, Integrity, Personal Qualities & Behaviour and seeking opportunities for self-development.
Performance Evaluation of Independent Directors	Attendance at meetings of the Board and Committees, knowledge & ethics, understanding of the roles, responsibilities and duties as Director/Chairman of the Committees; contributions at Board / Committee meetings including on strategy and risk management, professional conduct, adherence to standards, fulfilment of responsibilities and independence from the management as laid down in the code for Independent Directors as per Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Performance Evaluation of Non-Executive Directors	Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Updation of Knowledge; Performance of the Bank; Recognition and Awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.
Performance Evaluation of Board	Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Bank’s operations; Deliberations/ decisions on the Bank’s strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management’s performance and Quality of Decision making and Board’s Communication with all stakeholders.
Performance Evaluation of the Board Level Committees	The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the Board. The flow of information to the Board and its Committees is excellent.
Feedback and Action	The Board and Board Committees discussed the evaluation report and various suggestions received in the evaluation process in FY 2022–23, conducted in FY 2023-24 and further agreed on an action plan.
Outcome of the Board Evaluation for the FY 2023-24	The Board had a well-balanced composition and had received positive feedback on their effectiveness in all key aspects. Directors were satisfied with the agenda notes and discussions at meetings, as well as the management’s receptiveness to suggestions and feedback from the Board and Committees. The Management has taken all steps to implement suggestions received during the said period.

NOMINATION POLICY – POLICY FOR APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHERS

The Board of Directors of the Bank on the recommendation of the Nomination & Remuneration Committee, has adopted ‘Nomination Policy’ for appointment of Part–time Chairman, Managing Director & CEO, Directors (Executive and Non-Executive Directors), Key Managerial Personnel and Senior Management team in the Bank and the same is displayed on the website of the Bank at: https://www.csb.co.in/sites/default/files/annexure-VI_9_nomination_policy.pdf

As per the Policy, the Nomination & Remuneration Committee decides/ recommends on the Directors’ / KMPs’ and Senior Management team’s appointment, remuneration including criteria for appointment/ re– appointment. The appointment of Directors is subject to due diligence process in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria,

all other applicable provisions of the Companies Act, 2013, including any amendments from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination Policy of the Bank and Board and it’s Committees- Policy document on corporate governance, principles and procedures. Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere with the various provisions and guidelines.

The disclosures as per Section 178(3) and (4) of the Companies Act, 2013, are as given below:

a) Appointment Criteria and Qualifications

1. Subject to the extant RBI Guidelines as applicable, all other applicable provision of the Companies Act, 2013 including any amendments from time to time, SEBI (Listing Obligations and Disclosure

REPORT ON CORPORATE GOVERNANCE (Contd.)

- Requirements) Regulations, 2015, Articles of Association of the Bank and Nomination policy of the Bank, the Nomination & Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Part-time Chairman, Managing Director & CEO, Whole-time Directors, Non-Executive Directors, Non-Executive independent directors and recommend to the Board his / her appointment.
2. The Committee, while considering nomination/co-option of the Directors, should be guided by certain broad 'fit and proper' norms for Directors, viz. formal qualification, experience, track record, integrity, etc. For assessing integrity and suitability, features like criminal records, financial position, civil actions initiated to pursue personal debts, refusal of admission to or re-expulsion from professional bodies, sanctions applied by regulators or similar bodies, previous questionable business practices, etc. should be considered. The Committee has, therefore, evolved appropriate systems for ensuring 'fit and proper' norms for directors, which includes calling for information by way of self-declaration, verification reports from market, etc.
3. A person should possess adequate educational qualification, knowledge and skills, competence, expertise and experience, track record, integrity and judgement for performing the duties and responsibilities for the position he / she is considered for appointment/re-appointment. The Nomination & Remuneration Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
4. Special knowledge or practical experience in Banking, Accountancy, Agriculture and Rural Economy, Co-operation, Economics, Finance, Information Technology, Law, Small-Scale Industry, Payment & Settlement Systems, Human Resources, Risk Management and Business Management or any other field useful to the Banking Company in the opinion of Reserve Bank of India, from time to time.
5. The candidate shall be able to devote sufficient time and attention required to properly discharge his/her fiduciary duties in his/her capacity as Director of the Bank.
6. The prior experience of the candidate shall be suitable to the present and/or potential future needs and the requirements of the Bank vis-à-vis its stature and complexity of its operations.
7. The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
8. The Bank shall not appoint or re-appoint any person as Non-Executive Director if he/she has attained the age of seventy-five years.
9. The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
10. Subject to the statutory approvals required from time to time, the post of the MD&CEO or WTD cannot be held by the same incumbent for more than 15 years. Thereafter, the individual will be eligible for re-appointment as MD&CEO or WTD in the Bank, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the Bank or its group entities in any capacity, either directly or indirectly.
11. None of the Non-Executive Independent Director shall hold office continually for more than two consecutive terms on the Board, provided that a single term of appointment shall not exceed five years, and that the total tenure of directorship/appointment shall not exceed eight years altogether.
12. The total tenure of a Non-Executive Director, continuously or otherwise, on the Board of the Bank, shall not exceed eight years. Subject to Section 152 of the Companies Act, 2013, regarding retirement by rotation, the total tenure of Non-Executive Director(s) continuously or otherwise, on the Board of the Bank shall not exceed eight years. Post completion of the eight years' term, Non-Executive Director(s) may be considered for re-appointment only after a minimum gap of three years' cooling period. This will not preclude him/her from being appointed as a director in another Bank subject to meeting the requirements.

13. The candidate should normally be a graduate (which can be relaxed while selecting directors for the categories of farmers, depositors, artisans, etc.).
14. The Director shall furnish his/her Director Identification Number and a declaration that he/she is not disqualified to become a director under the Companies Act, 2013.
15. He / she should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.
16. He / she should not be a director in any other Bank.
17. Any other factors as the Nomination & Remuneration Committee may deem fit and in the best interests of the Bank and its stakeholders.

b) Criteria for determining Independence of a Director

The Criteria of Independence of a director is determined based on conditions as laid down in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

Further pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act.

The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link there to, is: https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf

c) Disqualification/Conflicts of interest

- The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act, 2013, the Banking Regulation Act, 1949 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to directorship of companies in general or banking companies in particular.

- Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank.
- A Director shall promptly inform the Board/Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

COMPENSATION/REMUNERATION POLICY

Compensation Policy of the Bank deals with the compensation and benefits of the employees, Material Risk Takers (MRTs), Whole-time Directors including Managing Director & CEO, Part-time Chairman, Executive and Non-Executive Directors of the Bank. This Policy is in tune with the guidelines issued by the Reserve Bank of India, provisions of the Companies Act, 2013, and the Listing Regulations, amended from time to time. The Policy is also in tune with Reserve Bank of India circular/guideline dated November 04, 2019 bearing number DOR. Appt.BC.No.23/29.67.001/2019-20 on "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers / Material Risk Takers and Control Function Staff."

The objectives of the compensation policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organisation.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus, etc.

While formulating the Policy, the Committee has strived to ensure that –

- the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully;

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- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Material Risk Takers (MRTs), Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay (as applicable) reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.

Remuneration of Part-time Chairperson

The Nomination & Remuneration Committee recommends the remuneration of the Part-time Chairperson to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals.

The remuneration payable to the Part-time Chairperson is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Part-time Chairperson requires approval from RBI. The remuneration payable to the Part-time Chairperson is also subject to approval of the shareholders as per the provisions of the Companies Act, 2013, and as per the Articles of Association of the Bank.

The Non-Executive Chairman of the Bank shall not be entitled to any profit linked commission and Stock Options.

Remuneration of Managing Director & CEO/ Whole Time- Executive Directors/Material Risk Takers (MRTs)

- The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.
- The variable compensation which is at least 50% of the total pay and up to 300% of the fixed pay is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organisational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth

creation, compliance, governance and misconduct risk, divergence in bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.

- The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments in the manner as per the compensation policy. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to limits as per the policy.
- Approval from Reserve Bank of India is to be obtained to decide compensation for MD & CEO/ WTDs. The payment of compensation also requires approval of the shareholders of the Bank pursuant to the Bank's Articles of Association read with the Section 196 of the Companies Act, 2013. Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.
- Variable pay including grant of share-linked instruments is subject to Malus and Clawback arrangement.

The Bank does not pay any commission/share of profits to the Managing Director & CEO/Whole Time Directors.

Remuneration of Non-Executive Directors / Independent Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as recommended by the Nomination & Remuneration Committee and approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, and other regulatory guidelines, as amended from time to time. Any change in sitting fees within the permissible limit shall be recommended by the Nomination & Remuneration Committee and approved by the Board of Directors of the Bank.

In addition to sitting fees and expenses related to attending meetings of the Board and its committees as per extant statutory norms/practices, the Bank may, subject to applicability of various regulations, provide for payment of compensation to NEDs in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for an NED, other than the Chair of the board, shall not exceed ₹ 20 lakh per annum.

A Non-Executive Director who is not a promoter or member of the promoter group, nor an independent director are eligible for stock option.

The Bank does not pay any commission on profit to the Non-Executive Directors.

The Non-Executive Directors are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

Remuneration of Key Managerial Personnel, Executives and Officers (IBA and Non IBA Package) and other officers and staff (IBA Package) of the Bank

The remuneration of all Key Managerial Personnel (KMPs), Executives, and other officers and staff of the Bank either on CTC or IBA pattern is governed by the compensation policy of the Bank.

(a) Key Managerial Personnel

The KMP's are paid salary and benefits as agreed upon by the Bank and the employee while making the offer for appointment which is in line with the compensation policy of the Bank.

(b) Risk control and compliance staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

The grant of total variable pay shall be based on individual performance as well as the organisational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOS) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOS) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOS policy.

(c) Senior Executives/Other Officers (Non IBA Scheme)

The compensation structure for officers other than on the IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at

entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank's compensation philosophy, the CTC shall be determined considering the role, market competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.

The grant of total variable pay shall be based on individual performance as well as the organisational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOS) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOS) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOS policy.

(d) Compensation paid to Other Officers and staff members on IBA Scheme

The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior Executives coming under Scale IV to VII is fixed based on 10th bipartite settlement / 7th Joint Note. However, it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in to and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the Bank, etc.

It is prerogative of the Bank either to utilise the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.

The ESOS scheme may be extended to select categories of employees at the discretion of the Board / Nomination & Remuneration Committee and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme. Grant of stock option is subject to Malus and Clawback arrangement.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of Remuneration paid to the Directors and Key Managerial Personnel during the financial year ended 2024, are given in the Form MGT-7, which forms part of the Report.

PARTICULARS OF SENIOR MANAGEMENT AND CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR

Particulars of Senior Management Personnel and changes since the close of the previous FY 2022-23:

Name of Senior Management Personnel ("SMP")	Designation	Changes if any, since the previous financial year (Yes / No)	Nature of change and effective date
Mr. K Rayar	Head- Treasury	Yes	Ceased w.e.f. 30.04.2023, on completion of tenure of appointment.
Mr. Tony Sebastian	Head- Treasury (Interim)	Yes	Appointed w.e.f. 01.05.2023 till 27.08.2023.
Mr. Alok Singh	Head- Treasury	Yes	Appointed w.e.f. 28.08.2023.
Mr. B K Divakara	Chief Financial Officer	Yes	Ceased w.e.f. 04.06.2023, as part of change in the role.
Mr. Satish S Gundewar	Chief Financial Officer	Yes	Appointed w.e.f. 05.06.2023.
Mr. B K Divakara	Head - Strategy & Corporate Legal	Yes	Appointed w.e.f. June 05.06.2023 and elevated as the Whole-time Director (designated as Executive Director) w.e.f 15.03.2024.
Mr. Vincy Louis Pallissery	Chief Compliance Officer	Yes	Ceased w.e.f. 19.06.2023 on completion of tenure of appointment.
Mr. Ajith Jose	Chief Compliance Officer	Yes	Appointed w.e.f. 30.06.2023.
Mr. Santhosh Kumar P	Head - Internal Audit (Interim)	Yes	Ceased w.e.f. 26.08.2023.
Mr. Punit Saruparia	Head - Internal Audit	Yes	Appointed w.e.f. 28.08.2023.
Mr. Arvind K Sharma	Chief Risk Officer	Yes	Ceased w.e.f. 30.09.2023, on completion of tenure of appointment.
Mr. Ragesh M	Chief Risk Officer (Interim)	Yes	Appointed w.e.f. 01.10.2023 till 06.01.2024.
Mr. Satyendra Sharma	Chief Risk Officer	Yes	Appointed w.e.f. 08.01.2024.
Ms. Runa Das	Head - Wholesale Banking	Yes	Ceased w.e.f. 17.01.2024, as part of change in the role.
Mr. Manish Modi	Head – Wholesale Banking	Yes	Appointed w.e.f. 18.01.2024
Mr. Narendra Kumar Dixit	Head – Retail Banking	No	-
Mr. Shyam Chandher Mani	Head- SME	No	-
Mr. Rajesh Choudhary	Chief Technology Officer	No	-
Mr. Manish Agarwal	Chief Credit Officer	No	-
Mr. K Chandrasekhar	Head – Operations	No	-
Mr. Jaikumar S	Chief Internal - Vigilance Officer	No	-
Mr. Raju Kumar Ojha	Business Planner	No	-
Mr. Sijo Varghese	Company Secretary	No	-
Mr. Harsh Kumar	Chief Human Resources Officer	No	-

GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

Location, time and where the General Body Meetings were held during the last three years:

No. of Meetings	Day, Date and Time	Venue of the Meeting	Special Resolution passed
100 th AGM	Thursday, August 12, 2021 at 11:00 a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	- Reappointment of Mr. Madhavan Aravamuthan (DIN: 01865555) as Non-Executive Independent Director of the Bank. - Reappointment of Ms. Bhama Krishnamurthy (DIN: 02196839) as Non-Executive Independent Director of the Bank. - Approve amendment in 'CSB Employee Stock Option Scheme 2019'
101 st AGM	Tuesday, September 27, 2022 at 11:00 a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	NIL
102 nd AGM	August 08, 2023, at 11:00 a.m.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") mode	- Re-appointment of Mr. Sudhin Bhagwandas Choksey (DIN: 00036085) as Non-Executive Independent Director of the Bank. - Appointment of Mr. Biswamohan Mahapatra (DIN: 06990345) as Non-Executive Independent Director of the Bank.

Whether any special resolution passed last year through postal ballot

Yes.

POSTAL BALLOT -1

The following special resolution was passed by postal ballot on March 06, 2024, pursuant to section 110 of the Companies Act, 2013:

SPECIAL RESOLUTION : Appointment of Ms. Renu Kohli, (DIN: 07981627) as Non-Executive Independent Director of the Bank.

Details of voting pattern

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	80647799	2305	80650104	100%	0%
Postal Ballot	NA	NA	NA	NA	NA
Total	80647799	2305	80650104	100%	0%

POSTAL BALLOT -2

The following special resolution was passed by postal ballot on April 18, 2024, pursuant to section 110 of the Companies Act, 2013:

SPECIAL RESOLUTION : Alteration of Article 128 of the Articles of Association of the Bank - Increase in the limit of the maximum number of directors on the board of directors of the Bank from 11 (eleven) to 15 (fifteen).

Details of voting pattern

Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	80254187	24708	80278895	99.97 %	0.03%
Postal Ballot	NA	NA	NA	NA	NA
Total	80254187	24708	80278895	99.97 %	0.03%

REPORT ON CORPORATE GOVERNANCE (Contd.)

A	Person who conducted the postal ballot exercise.	Mr. Vincent P.D, FCS, Practicing Company Secretary, Managing Partner, SVJS & Associates, Company Secretaries, 65/2364 A, Ponothe Road, Kaloore, Kochi- 682 017, Kerala. Membership No.3067 and Certificate of Practice No.7940
B	Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.
C	Procedure for the postal ballot.	The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 05, 2020, and subsequent circulars issued in this regard, the latest being 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs ("MCA") (hereinafter collectively referred to as "MCA Circulars"), SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 issued by the Ministry of Corporate Affairs.
D	Whether any extraordinary general meeting held during the FY 2023-24	No.

SHAREHOLDING PATTERN AS ON MARCH 31, 2024

Sr. No	Particulars	No. of Shareholders	No. of Shares	% of Shares
A.	Promoters & Promoters Group			
1	FIH Mauritius Investments Ltd	1	8,62,62,976	49.72
B.	Institutions- Public Shareholding			
2	SBI Mutual Fund	1	1,63,43,611	9.42
3	Sundaram Mutual Fund	1	22,56,955	1.30
4	Other Mutual Funds	14	61,11,626	3.52
5	Insurance Companies	4	20,19,649	1.16
6	Foreign Portfolio Investors (Category - I&II)	64	85,41,221	4.92
7	Alternate Investment Funds	9	9,39,105	0.54
C.	Other Non-Institutions/Individuals/Others- Public Shareholding			
8	Bodies Corporate	681	39,24,345	2.26
9	Foreign Companies	1	6,20,041	0.36
10	Non-Resident Indians	1,607	1,19,63,498	6.90
11	Clearing Members	6	3,013	0.00
12	Hindu Undivided Families	872	6,48,030	0.37
13	Trusts	6	2,81,336	0.16
14	Directors & Relatives	3	20,897	0.01
15	Resident Individuals	60,221	2,81,52,977	16.23
16	NBFC's registered with RBI	3	1,00,356	0.06
17	Unclaimed Suspense Account	1	9,029	0.01
18	IEPF Authority	1	7,40,068	0.43
D.	Non-Promoter - Non Public Shareholding			
19	CSB ESOS Trust	1	45,47,094	2.62
	Total	63,497	17,34,85,827	100.00

DETAILS OF SHAREHOLDERS HOLDING SHARES 1% AND ABOVE AS ON MARCH 31, 2024

Sl. No.	NAME OF THE SHAREHOLDER	NO. OF SHARES	% OF SHARE HOLDING
1	FIH Mauritius Investments Ltd	8,62,62,976	49.72
2	SBI Small Cap Fund	1,63,43,611	9.42
3	CSB ESOS Trust	45,47,094	2.62
4	Yusuffali Musaliam Veettil Abdul Kader .	37,56,427	2.17
5	Maybank Securities Pte Ltd	25,16,848	1.45
6	Sundaram Mutual Fund A/C Sundaram Small Cap Fund	22,56,955	1.30
7	Vallabh Bhanshali	21,85,392	1.26
8	Max Life Insurance Co Ltd A/C Participating Fund	19,22,210	1.10
9	Theleme India Master Fund Limited	19,66,967	1.13
10	Zafar Ahmadullah	18,50,100	1.07
11	Lal Arakulath Sankappa	17,56,908	1.01
	Total	12,53,65,488	72.26

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2024

Category	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Up to 5,000	12,033	52,302	64,335	98.67	31,31,985	1,18,56,035	1,49,88,020	8.64
5,001 to 10,000	50	350	400	0.61	3,39,202	26,68,122	30,07,324	1.73
10,001 to 20,000	12	200	212	0.33	1,62,513	29,30,513	30,93,026	1.78
20,001 to 30,000	4	76	80	0.12	97,866	18,88,712	19,86,578	1.15
30,001 to 40,000	2	33	35	0.05	66,666	11,65,539	12,32,205	0.71
40,001 to 50,000	0	17	17	0.03	-	7,82,362	7,82,362	0.45
50,001 to 1,00,000	0	57	57	0.09	-	39,93,454	39,93,454	2.30
1,00,001 & Above	0	65	65	0.10	-	14,44,02,858	14,44,02,858	83.24
Total	12,101	53,100	65,201	100.00	37,98,232	16,96,87,595	17,34,85,827	100.00

DEMATERIALISATION OF SHARES

As on March 31, 2024, 97.81% of Bank's shares were in demat mode as per the statement given below:

Category	No. of Shares	Percentage of Holding
Category		
In Physical Form	37,98,232	2.19
In Dematerialised Form:		
CDSL	19,648,008	11.33
NSDL	1,50,039,587	86.48
Total	1,73,485,827	100.00

As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019. Further, as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022, transmission or transposition of securities held in physical form shall be effected only in dematerialised form, with effect from January 24, 2022.

Shareholders holding shares in physical form are requested to dematerialise their shares in order to avail the benefit of free transferability as any request for transfer of shares will not be permitted if the shares are held in physical mode. The Shareholders of the Bank who have not dematerialised their shares so far may approach any of the Depository Participants (DP) of National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for dematerialising their shareholding. The Shareholder is required to fill in a Demat Request Form (DRF) and submit the same along with the

REPORT ON CORPORATE GOVERNANCE (Contd.)

Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the Registrar & Share Transfer Agent of the Bank (RTA). On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialised, and an electronic credit of shares is given in the account of the Shareholder.

Physical shareholders are also requested to contact the Registered Office of the Bank or RTA of the Bank: Link Intime India Pvt. Ltd., Coimbatore, for further information in this regard.

RECONCILIATION OF SHARE CAPITAL AUDIT

The Bank has complied with SEBI requirements with regard to reconciliation of share capital audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL & CDSL. The total issued, paid up and listed capital of the Bank and other matters covered under the directions of SEBI are part of the scope of the audit.

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd. is the Registrar & Share Transfer Agent of the Bank. The shareholders may lodge their requests/ complaints either with the Registrar & Share Transfer Agent or with the Bank in the following address(es):

Link Intime India Pvt. Ltd.	The Company Secretary
Surya 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.	CSB Bank Limited,
Tel : 0422 – 2314 792, 2315 792 Fax: 022-49186060	“CSB Bhavan”, P. B. No. 502,
E-mail : coimbatore@linkintime.co.in	St. Mary’s College Road, Thrissur – 680 020.
	Tel: 0487 – 2333020 Fax: 0487 2338764
	E-mail: investors@csb.co.in

SHARE TRANSFER SYSTEM

Registrar & Share Transfer Agent	Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agent looks after the share transfer system in the Bank. Further, the Board delegated the authority for approving transfer, transmission, etc., of the Bank’s securities to the Stakeholders’ Relationship Committee of the Board.
Share Transfer Physical System	Pursuant to the Ministry of Corporate Affairs (MCA) Notification regarding Companies (Prospectus and allotment of securities) 3 rd Amendment Rules, 2018 dated September 10, 2018, the Bank will not permit transfer of shares in physical form with effect from October 02, 2018. Further, Securities and Exchange Board of India has barred physical transfer of shares of listed companies effective from April 01, 2019 and mandated the share transfer only through Electronic Mode. Subsequently, Securities and Exchange Board of India, vide circular dated September 07, 2020, permits re-lodgment of transfer deeds with a cut-off date of March 31, 2021 for those shareholders whose transfer deeds were lodged prior to deadline of April 01, 2019 and rejected / returned due to deficiency in the documents. The shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall be issued only in demat mode. However, an investor is not prohibited from holding the shares in physical form; investor has the option of holding shares in physical form even after October 02, 2018/ April 01, 2019 as the case may be. Provided further that transmission or transposition of securities held in physical form shall be effected only in dematerialised form, with effect from January 24, 2022, as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB /P/CIR/2022/8 dated January 25, 2022. Subject to the above SEBI circular, the requests for transmission/ transposition, etc., as and when received, are duly verified and processed after complying with rules in force. SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Bank. Further to the above, SEBI has simplified the procedure and standardise the formats of documents for issuance of duplicate securities certificates vide its Circular no. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/ CIR/2022/70 dated May 25, 2022.

SHARE TRANSFER SYSTEM

Investors Service Requests & Dematerialisation	In the case of issue of duplicate share certificate/ transmission/transposition etc. of physical shares, a letter of confirmation is issued after due verification, and thereafter, the securities holder/ claimant is required to make a request to the Depository Participant based on the said letter of confirmation received from the RTA/Bank for the purpose of dematerialisation of the said shares. In the case of transmission of securities of joint holders, the RTAs shall comply with the provisions of the Companies Act, 2013 and transmit securities in favour of surviving joint holder(s) in the event of demise of one or more joint holder(s), irrespective of whether any counterclaim/dispute is filed/raised by any legal representative of one of the deceased shareholder(s). The Letter of Confirmation issued shall be valid for a period of 120 days from the date of its issuance, within which the shareholder shall make a request to the Depository Participant for dematerialising the securities. In case the shareholder fails to submit the demat request within the aforesaid period, the RTA /Bank shall credit the securities to the ‘Suspense Escrow Demat Account’ of the Bank which is opened for this purpose.
Certificate under Regulation 40(9) of the SEBI Listing Regulations	The Bank obtains yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the Listing Agreement with Stock Exchanges from a Company Secretary in Practice, and files a copy of the certificate with the Stock Exchanges where Bank’s shares are listed.
Information to Non-Resident Shareholders	The non-resident shareholders are requested to notify the following to the Bank/ RTA in respect of shares held in physical form and to their depository participants in respect of shares held in the dematerialised form: - Indian address for sending all communications, if not provided so far; - Change in their residential status on return to India for permanent settlement - Particulars of Bank Account maintained with a Bank in India, if not furnished earlier - RBI permission reference number with the date to facilitate credit of dividend in their bank account.

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

The Prevention of Sexual Harassment (PoSH) Act has been implemented with the aim of to preventing and protecting women from sexual harassment at the workplace and thereby ensuring a safe working environment for women. The PoSH Act, as mandatory compliance, requires to constitute an Internal Complaints Committee (“ICC”) in the prescribed manner in order to receive and address complaints of any sort of sexual harassment from women in a time-bound and extremely confidential manner. The ICC will have the power to investigate and redress complaints of sexual harassment in the manner enumerated under the PoSH Act and PoSH Rules.

At your Bank, every staff has the right to be treated with dignity and respect. The Bank shows no leniency toward harassment of women at workplace and this is strictly forbidden as it could lead to vicious act. The Bank has formulated a policy on “Prevention, Prohibition and Redressal of sexual harassment of women employees at workplace and Redressal of Complaints of sexual harassment” in compliance with the PoSH Act and Rule to ensure a harmless workplace for the women employees in the Bank.

As per Section 4 of “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act- 2013”, the Bank constitutes an Internal Complaints Committee to preclude Women harassment at workplace to provide them with better atmosphere.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The disclosure required under section 22 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below:

Number of complaints pending as on the beginning of the financial year	3												
Number of complaints of sexual harassment received in the year	5												
Number of complaints disposed off during the year	8												
Number of complaints pending as on the end of the financial year	Nil												
Number of cases pending for more than ninety days	Nil												
Remedial measures taken by the company	Conducting exclusive session for PoSH as part of weekly Induction Program (Neev) which is handled by DP Team.												
No of workshops or awareness programme against sexual harassment	54												
Nature of action taken by employer/district officer	<table> <tr> <td>Total Cases Disposed of</td><td>8</td></tr> <tr> <td>Termination/ Dismissal</td><td>2</td></tr> <tr> <td>Warning</td><td>2</td></tr> <tr> <td>Complaint Withdrawn</td><td>1</td></tr> <tr> <td>Allegation not proved</td><td>2</td></tr> <tr> <td>Withholding of Promotion and Withholding of increment</td><td>1</td></tr> </table>	Total Cases Disposed of	8	Termination/ Dismissal	2	Warning	2	Complaint Withdrawn	1	Allegation not proved	2	Withholding of Promotion and Withholding of increment	1
Total Cases Disposed of	8												
Termination/ Dismissal	2												
Warning	2												
Complaint Withdrawn	1												
Allegation not proved	2												
Withholding of Promotion and Withholding of increment	1												

OTHER DISCLOSURES

Related party transactions	All transactions entered into by your Bank with related parties in the ordinary course of business and on arm's length basis were placed before the Audit Committee of the Board for approval. Omnibus approval was obtained from the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis. As per the amendments made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 01, 2022, all related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Bank and further all the material related party transactions and subsequent material modifications as defined by the Audit Committee and the Board, shall require the prior approval of the members of the Bank. Accordingly, your Bank has obtained prior approval of the Audit Committee, the Board, and the members of the Bank via postal ballot resolutions/ at the annual general meeting for related party transactions/material related party transactions as per the said amendments, effective from April 01, 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. No transactions were entered into with related parties, which were not in the ordinary course of the business of the Bank or which were not on an arm's length basis. Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at : https://www.csb.co.in/pdf/Annexure-II_Policy_on_dealing_with_Related_Party_Transaction_15072024.pdf Details of related party transactions in terms of AS-18 entered into during the FY 2023-24 are given in notes to the financial statements.
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Whistle Blower Policy/Vigil Mechanism	The Bank has put in place a 'Whistle Blower Policy/ Vigil Mechanism' in compliance of the provisions of Regulations 4(2) (d) and 22 of the SEBI LODR Regulations, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.				
	The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank. The details of the Whistle Blower Policy is available on the website of the Bank at : https://www.csb.co.in/pdf/Annexure-II_Policy_on_dealing_with_Related_Party_Transaction_15072024.pdf				
Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable. The Bank has not yet issued GDRs/ ADRs and hence the same is not applicable in the Bank's case.				
	The Bank does not have any outstanding Warrants or any other convertible instruments as on March 31, 2024.				
Plant Locations	As the Bank is engaged in the business of Banking/ Financial Services, this is not applicable in the Bank's case. However, the Bank has 779 Branches (excluding three Service and Asset Recovery Branches, each) and 731 ATM/CRMs as on March 31, 2024.				
Commodity Price Risks and Commodity hedging activities	Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputational risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. However the Bank has exposure to borrowers which are secured against various commodities.				
Commodity price risk or foreign exchange risk and hedging activities	To monitor Foreign Exchange risk, the Bank has envisaged Forex VaR, Net Overnight Open Position (NOOP) limit and Aggregate Gap Limit (AGL) which are being monitored on daily basis by Market Risk Department.The Bank also has Investment, Forex policy to define and regulate Forex operations taken up by the Bank. Treasury also monitors foreign currency assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities.				
Exposure of the Bank to Commodity and Commodity Risks faced by the Bank throughout the year	The Bank does not deal in commodities and hence the disclosure pursuant to SEBI Master Circular dated July 11, 2023, is not applicable to the Bank during the period under review.				
Certificate under Regulation 34(3) of Listing Regulations	Pursuant to the Regulation 34(3) read with Schedule V (C)(10)(i) of the Listing Regulations, a certificate has been obtained from "M/s. Bhandari & Associates", Company Secretaries, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities.				
Fees paid to statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part	The total fees incurred by the Bank for services rendered by Statutory Auditors are given below:				
	Fee paid (excluding taxes)	Walker & Chandiok	MM Chitale & Co.	BSR & Co LLP	Total
	Audit fee	1,00,00,000.00	79,00,000.00	7,50,000.00	1,86,50,000.00
	Other certifications	-	-	2,50,000.00	2,50,000.00
	Reimbursement of Expenses	10,00,000.00	9,50,000.00	90,909.00	20,40,909.00
	Total	1,10,00,000.00	88,50,000.00	10,90,909.00	2,09,40,909.00
Details of utilisation of funds	During the year under review, there were no preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the SEBI LODR Regulations.				
Policies of the Bank	As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at https://csb.co.in/investor-relations				
	The link of various policies/codes are also provides in page no. 197 of this Annual Report.				

REPORT ON CORPORATE GOVERNANCE (Contd.)

Disclosure of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	All disclosures in compliance with the Corporate Governance requirement specified in regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable are hosted in Banks' website www.csb.co.in as well as the same are forms part of this report and have complied with the said regulations.
Accounting Policy	The Bank has followed the same accounting policies in the preparation of these financial results as followed in the annual financial statements for the year ended March 31, 2023. For further details, please refer to Schedule 17 of the financial statements.
Material Subsidiaries	The Bank does not have material subsidiaries, joint ventures or associate companies.
Strictures and Penalties	There have been no instances of non-compliance by the Bank, and no penalties or strictures have been imposed by stock exchanges, SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

GOVERNANCE CODES	The Bank has adopted a 'Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank' which is applicable to the Board of Directors and Senior Management personnel of the Bank. The code requires Directors and Senior Management Team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. Managing Director & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end/part of this report as per the requirements of Regulation 34(3) read with Schedule V (D) of the Listing Regulations.
CONFLICT OF INTERESTS	Each Director informs the Bank on an annual basis about the Board and the Committee positions he occupies in other companies including Chairpersonships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

LINKS OF KEY INFORMATION AVAILABLE ON THE WEBSITE

Particulars	Website links
Basic Information	https://www.csb.co.in/about-us
Board of Directors	
Vision Mission Statement	
Key Managerial Personnel	
Senior Management Team	
Board Committees	https://www.csb.co.in/pdf/List_of_Sub-Committees_of_the_Board_w.e.f.25.06.2024_24062024.pdf
Terms and conditions of appointment of Independent Directors	https://www.csb.co.in/pdf/Independent-Directors_Terms_and_Conditions.pdf
Disclosure on Familiarisation Programmes for Independent Directors	https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf

Particulars	Website links
Disclosure on Related Party Transactions	https://www.csb.co.in/investor-relations - Corporate Governance
Annual Secretarial Compliance Report	
Certificate under Regulation 40(9) of the Listing Regulation	
Compliance certificate under Regulation 7(3) of the Listing Regulation	
Shareholding Pattern	
Compliance report on Corporate Governance	
Report on Reconciliation of Share Capital Audit	
Statement of Investor Complaints	https://www.csb.co.in/investor-relations - General Meetings
General Meetings	
Postal Ballots	
Investor Assistance	https://www.csb.co.in/investor-relations - Investor Corner Overview

POLICIES

Aligned with the Bank's commitment to upholding the utmost ethical business practices and corporate governance standards, and to ensure fairness, accountability, responsibility, and transparency to all stakeholders, the Bank has implemented various policies and codes. These documents are readily accessible on the Bank's website, detailed under.

Name of the policy	Link for view/downloading the policy
Policy for Determining Material Subsidiaries	https://www.csb.co.in/pdf/Annexure-I_Policy_for_Determining_Material_Subsidiaries_15072024.pdf
Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank	https://www.csb.co.in/sites/default/files/annexure-II_2_code_of_conduct_ethics_for_directors.pdf
CSR Policy	https://www.csb.co.in/sites/default/files/annexure-III_3_csr_policy.pdf
Policy for preservation of documents	https://www.csb.co.in/sites/default/files/annexure-IV_4_policy_for_preservation_of_documents.pdf
Whistle Blower Policy	https://www.csb.co.in/pdf/Whistle_Blower_Policy-2024_16022024.pdf
Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions	https://www.csb.co.in/pdf/Annexure-II_Policy_on_dealing_with_Related_Party_Transaction_15072024.pdf
Policy on Appointment of Statutory Auditors (SAs)	https://www.csb.co.in/pdf/Policy_on_Appointment_of_Statutory_Auditors_23052024.pdf
Policy on Evaluation of the Board	https://www.csb.co.in/pdf/Annexure-III_Board_Evaluation_Policy_15072024.pdf
Nomination Policy	
Disclosure on Familiarisation Programmes for Board of Directors	https://www.csb.co.in/pdf/Disclosure_on_Familiarisation_Programmes_for_Board_of_Directors_22032024.pdf
Policy on Determination of Materiality of Events	https://www.csb.co.in/pdf/POLICY_ON_DETERMINATION_OF_MATERIALITY_OF_EVENTS_29092023.pdf
Policy on Board Diversity	https://www.csb.co.in/pdf/Annexure-IV_Policy_on_Board_Diversity_15072024.pdf
Remuneration criteria for Non- Executive / Independent Directors	https://www.csb.co.in/pdf/Remuneration-criteria-for-Non-Executive-or-Independent-Directors-27042022-.pdf
Code of Conduct - Prohibition of Insider Trading Policy	https://www.csb.co.in/pdf/14_Prohibition_of_Insider_Trading_Policy_20022024.pdf
Code of Practices and Procedures for Fair Disclosure	https://www.csb.co.in/pdf/Code_of_Practices_and_Procedures_for_Fair_Disclosure_29012024.pdf
Policy On Archival Of Documents	https://www.csb.co.in/pdf/Annexure-V_Policy_on_Archival_of_Documents_15072024.pdf
Dividend Policy	https://www.csb.co.in/sites/default/files/annexure-IX_17_dividend_distribution_policy.pdf
Excerpts from Compensation Policy of the Bank	https://www.csb.co.in/pdf/Excerpts-from-Compensation-Policy-27042022.pdf

REPORT ON CORPORATE GOVERNANCE (Contd.)

COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

The Bank had adopted a “Code of Conduct- Prohibition of Insider Trading Policy” in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), to regulate, monitor and report trading in Securities of the Bank by Designated Persons and their Immediate Relatives. The code is applicable to Promoters and Promoter’s Group, all Directors, Designated Persons, connected persons and their immediate relatives who are expected to have access to unpublished price sensitive information (UPSI) relating to the Bank. The objective of this Code is the preservation of confidentiality of UPSI, to prevent misuse of such information and to prohibit Designated Persons and their Immediate Relatives from trading in the Bank’s Securities while in possession of UPSI.

The Company Secretary has been designated as the Compliance Officer for this purpose and is responsible for setting forth policies, procedures and monitoring adherence to the SEBI Regulations and Bank’s Code of Conduct.

This Code also lays down the ethical standards to be adhered to while trading in Securities of the Bank. The Code requires that trading by Designated Persons and their Immediate Relatives shall be subject to pre- clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of ₹ 10,00,000/- (Rupees Ten lakh) in value (either in one transaction or series of transaction) over any calendar quarter, or such other limits as the Board may stipulate. This is a mandatory requirement even when the trading window is open. Further it prohibits the purchase or sale of Bank’s securities by the Promoters, Directors, KMPs, Auditors, Designated Persons, other Connected Persons and their immediate relatives of the Bank while in possession of UPSI in relation to the Bank. Further, trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. The details of Trading Window closure during the period under review are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
April 01, 2023 to May 03, 2023	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2023.
July 01, 2023 to July 24, 2023	For announcement/declaration of the unaudited financial results of the Bank for the quarter ending on June 30, 2023.
October 01, 2023 to October 25, 2023	For announcement/declaration of the unaudited financial results of the Bank for the quarter and half year ending on September 30, 2023.
January 01, 2024 to January 31, 2024	For announcement/declaration of the unaudited financial results of the Bank for the quarter and nine months ended on December 31, 2023.
April 01, 2024 to May 01, 2024	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on March 31, 2024.

The Bank has also formulated ‘The Code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information’ in compliance with PIT Regulations and this code is displayed on the Bank’s website at www.csb.co.in.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Board has approved “Dividend Distribution Policy”. The Policy has been displayed on the website of the Bank at : https://www.csb.co.in/sites/default/files/annexure-IX_17_dividend_distribution_policy.pdf. The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies, Act, 2013, and the rules made there under, Listing Regulations, as amended to the extent applicable for Banking Companies.

UNCLAIMED DIVIDEND

As per the provisions of Section 124 (5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (‘IEPF’), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank.

All the unclaimed dividends pertaining to the prior period/ financial years were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

No claim shall lie against the Bank for unpaid/unclaimed dividends once such dividends have been transferred.

Since the Bank had not declared any dividends since the FY 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the “Fund”) by the Bank for the financial year ended March 31, 2024.

In terms of Rule 5(8) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Bank had uploaded the information regarding the unclaimed dividend due to be transferred to Investor Education Protection Fund (IEPF) on the Ministry of Corporate Affairs Website and also on Bank’s Website in the respective financial year within the prescribed time. The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank/RTA giving their particulars before the same are transferred to IEPF.

INTIMATION TO THE SHAREHOLDERS FOR CLAIMING OF DIVIDENDS

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders at regular intervals as required.

TRANSFER OF SHARES TO IEPF AUTHORITY

In terms of the provisions of the Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended and other applicable rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years or more to the Investor Education Protection Fund (IEPF) Authority. Subsequent to such transfer of shares to “IEPF Authority”, all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

Since the Bank had not declared any dividends since the FY 2014-15, no shares were required to be transferred to the Investor Education and Protection Fund Authority by the Bank for the financial year ended March 31, 2024.

The information pertaining to unpaid/unclaimed dividends and the details of such members whose unclaimed dividend/ shares have been transferred to IEPF Authority is made available on the Bank’s website www.csb.co.in.

GUIDELINES FOR CLAIMING REFUND OF SHARES AND DIVIDEND TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

Pursuant to Section 124(6) of the Companies Act, 2013, read with Rule 7 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Bank in the name of Investor Education and Protection Fund.

Any person whose shares have been transferred as per the above provision, can make an application for refund of shares and dividend by filing web Form IEPF-5 available on the website www.iepf.gov.in. The claimants need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, claimants have to click on MCA services tab and choose IEPF- 5 option under “Investor Services” and follow the due process for filing the form. Claimants are requested to read the instructions provided in the website (instruction kit for filing e-Form IEPF-5) which includes the steps to file the e-form IEPF-5.

On successful submission of the Form, an Acknowledgement/challan will be generated indicating the Service Request Number (SRN). Claimants may please note the SRN for future communications and tracking of the form. The claimant has to send the print out of duly filled and uploaded claim form IEPF-5; with claimant signature and if joint holders are involved, then the Form should be signed by all the joint holders, copy of acknowledgement generated after uploading the claim Form IEPF-5, Indemnity Bond (original) with claimant signature, original share certificate(s) where shares in physical form are claimed, original cancelled cheque leaf along with other necessary documents as may be prescribed by the Authority, to the Nodal Officer (IEPF) of the Bank at its registered office in an envelope marked “Claim for refund from IEPF Authority” for initiating the verification for claim.

Upon submission of the all the above mentioned documents, the Bank shall issue “Letter of entitlement” duly signed by the nodal officer to be submitted to the IEPF authority along with the e- verification report filed by the Bank.

If the shares/dividend claimed are in respect of shares under the process of transmission/the original share certificate of which are lost/under name correction etc., the shareholders shall follow the instructions prescribed in the relevant rules and regulations in force.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The general information about the Bank required for filing the Form are given below:

Name of the Company	CSB Bank Limited
Name of the Nodal Officer	Mr. Sijo Varghese
Corporate Identification Number (CIN) of the Bank	L65191KL1920PLC000175
Address of registered office of the Bank	CSB Bhavan, Post Box No. 502, St. Mary's College Road, Thrissur - 680 020, Kerala, India. Telephone: 0487 - 2333 020 Fax: 0487 - 2338 764
E-mail ID of the Bank	investors@csb.co.in

MANDATORY KYC UPDATION

The Securities and Exchange Board of India vide its Circulars no. SEBI/HO/ MIRSD/MIRSD_RTAMB /P/CIR/2021/655 dated November 03, 2021 and Circular no. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021, mandates all the listed companies to record the PAN, Address with PIN code, Email address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. Necessary communication for KYC updation has been sent to the shareholders holding shares in physical mode in this connection to update their records.

Members are requested to note that pursuant to the SEBI circulars dated November 03, 2021, December 14, 2021, March 16, 2023 and November 17, 2023, it is mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall not be eligible for any payment including dividend, interest or redemption in respect of such folios, with effect from April 01, 2024. Members are requested to take note of the above and ensure compliance to the directions from SEBI.

Further, SEBI vide its Circular No. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, pursuant to Issuance of Securities in dematerialised form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialised form only while processing certain service request. Investors holding securities in physical mode are advised to take a note of instructions mentioned in the said circular and get in touch with Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) of the Bank for processing certain service requests.

ONLINE PROCESSING OF INVESTOR SERVICE REQUESTS AND COMPLAINTS BY RTAs – SWAYAM

As advised by SEBI vide its Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2023/72 dated June 08, 2023 titled 'Online processing of investor service requests and complaints by RTAs', the Bank is delighted to announce the launch of 'SWAYAM', secure, user-friendly web-based application, developed by Link Intime India Pvt. Ltd., Bank's Registrar and Share Transfer Agent (RTA), that empowers shareholders to effortlessly access various services and Track Service Requests/Complaints. We request shareholders to get registered and have first-hand experience of the portal.

This application can be accessed at <https://swayam.linkintime.co.in>

NOMINATION IN RESPECT OF SHARES

Section 72 of the Companies Act, 2013, provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his/her nominee without being required to go through the process of obtaining Succession Certificates/ Probate of the Will, etc. It would, therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination.

Members holding shares in physical mode are advised to submit form SH-13 to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations.

DISCLOSURE UNDER REGULATION 39(4) OF THE SEBI LISTING REGULATIONS

Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia requires every listed company to comply with certain procedures while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

The disclosure in terms of Regulation 39(4) and Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below. Holding of shares in 'Unclaimed Suspense Account', is subject to Sections 124(5) and 124(6) of the Companies Act, 2013, in the matter of transfer of unpaid or unclaimed dividend and shares underlying thereon.

Sl. No.	Particulars	Number of Shareholders	No. of shares
1.	Number of shareholders and the outstanding shares as on April 01, 2023	76	9351
2.	Aggregate Number of shareholders and the outstanding shares transferred during the financial year to Unclaimed Suspense Account	0	0
3.	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the fiscal 2023-24	4	322
4.	Less: No. of Shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	0	0
5.	Aggregate Number of shareholders and the outstanding shares as on March 31, 2024 in the Unclaimed Suspense Account*	72	9029

*Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares.

STOCK MARKET PRICE DATA OF BANK'S SHARES

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and BSE Ltd. (BSE), Mumbai during the period from April 01, 2023 to March 31, 2024 are as under:

BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	High	Low	Month	High	Low
April 2023	297.20	250.00	April 2023	297.70	250.25
May 2023	295.95	275.65	May 2023	295.50	274.10
June 2023	285.95	263.05	June 2023	286.10	263.10
July 2023	301.00	282.45	July 2023	301.40	282.50
August 2023	336.10	283.25	August 2023	336.00	283.45
September 2023	346.50	316.65	September 2023	346.70	316.10
October 2023	374.00	312.50	October 2023	373.60	311.70
November 2023	398.90	314.45	November 2023	398.15	314.75
December 2023	421.80	382.50	December 2023	422.25	382.00
January 2024	421.95	365.65	January 2024	422.00	365.15
February 2024	396.40	346.25	February 2024	396.90	346.05
March 2024	383.60	329.90	March 2024	384.65	330.30

DISCLOSURE UNDER REGULATION 39 OF THE SEBI LISTING REGULATIONS READ WITH SEBI CIRCULAR NO. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 DATED JANUARY 25, 2022

The Bank, in compliance with Securities and Exchange Board of India Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB /P/CIR/2022/8 dated January 25, 2022, opened 'Suspense Escrow Account' to credit those shares in respect of 'letter of confirmation issued by the Bank/RTA in lieu of physical certificate, but the shareholder to whom the letter of confirmation has been issued failed to make a request through the Depository Participant for dematerialisation of said shares within 120 days from the date of the said letter.

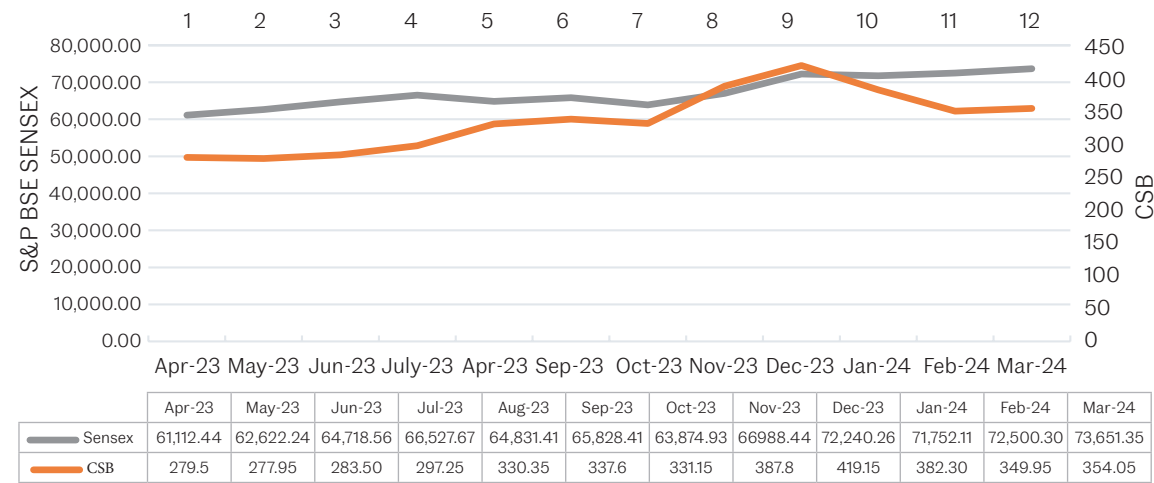
Since all the shareholders to whom letter/s of confirmation have been issued, approached DP for dematerialisation of said shares and said shares got demated into the accounts of the respective shareholders, the status of shares transferred to the 'CSB Bank Limited-Suspense Escrow Demat Account' is NIL for the reporting period.

LISTING AGREEMENT WITH STOCK EXCHANGES

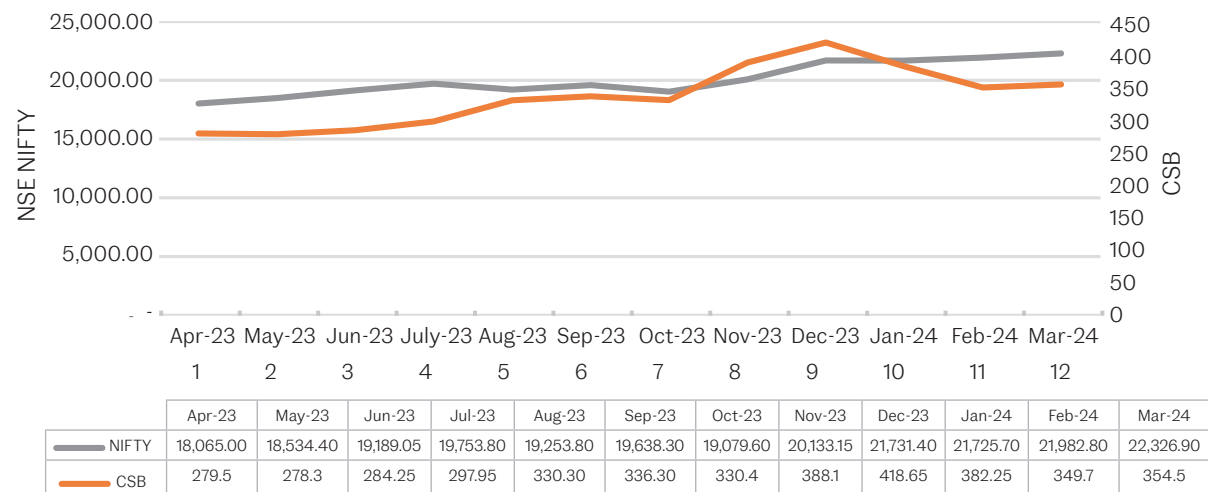
Bank's shares were listed on the exchanges with effect from December 04, 2019, and the listing fees payable to the stock exchanges for the FY 2024-25, has been paid to National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) on April 12, 2024 and April 22, 2024, respectively.

REPORT ON CORPORATE GOVERNANCE (Contd.)

PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO S&P BSE SENSEX FROM APRIL 01, 2023 AND UP TO MARCH 31, 2024



PERFORMANCE OF THE CSB BANK EQUITY SHARES RELATIVE TO NSE NIFTY FROM APRIL 1, 2023 AND UP TO MARCH 31, 2024



FINANCIAL CALENDAR FOR PUBLICATION OF FINANCIAL RESULTS: FOR FY 2023-24

Quarter ending	Date of approval
June 30, 2023	July 20, 2023
September 30, 2023	October 20, 2023
December 31, 2023	January 29, 2024
March 31, 2024	April 26, 2024

MEANS OF COMMUNICATION

Quarterly/ Yearly Financial Results	After the approval of Quarterly/Yearly Financial Results ('Results') by the Board of Directors, the same are being disclosed to the Stock Exchange/s, formal presentations are made to analysts by the Management and the same is also placed on the Bank's website at www.csb.co.in. The results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. Results are generally published in the Business Standard and Malayalam Daily "Deepika" on the next day of results declaration. The quarterly/ yearly financial results are sent to the shareholders via e-mail.
Earnings Call/ Presentations/ Releases	The Bank conducts meetings/call with Institutional Investors and Analysts in every quarter, after the results are declared. The Investors Presentations and transcript/audio recordings of the Institutional Investors and Analysts call are uploaded in the Bank's website at www.csb.co.in and also submitted to the stock exchanges. The Bank is also uploading the audio recordings of the Institutional Investors and Analysts meetings/call in the Bank's website at www.csb.co.in, with a reporting of the same to the stock exchanges.
Annual Report	The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at www.csb.co.in
Others	Other information, such as press releases, stock exchange disclosures/ statutory filings and presentations made to investors and analysts, etc., are regularly updated on the Bank's website at www.csb.co.in.

MD & CEO/CFO CERTIFICATION

The certification by Managing Director & CEO and Chief Financial Officer pursuant to the Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the financial statements and internal controls relating to financial reporting has been obtained and the same forms part of the Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

As part of the 'Green Initiative in Corporate Governance' programme initiated by the Ministry of Corporate Affairs (MCA), the Bank has already put in place mechanism for sending all notices/documents including Notice of the Shareholders' Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and so on, in electronic form.

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, the Bank can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Bank will send the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc., for the Financial Year 2024

The Board	Part-time Chairperson is entitled to maintain his office at the administrative/other office space of the Bank which is at the expenses of the Bank, though no office has been specifically allotted to the present chairperson. Part-time Chairman is entitled and allowed for reimbursement of expenses incurred in performance of his duties.
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in electronic mode to the shareholders who have registered their e-mail addresses with the Company or their respective Depository Participants (DPs).

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seeks your support to the said green initiatives, as it is designed to protect the environment.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank's shares were listed on the Stock Exchanges on December 04, 2019. The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from the date of listing or from the respective date of applicability of the same in the Bank's case, whichever is earlier. A certificate to this effect issued by Bhandari & Associates, Company Secretaries, is annexed.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 read with Part E of Schedule II of the Listing Regulations.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Shareholders' rights	The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes (under Regulation 30 of the Listing Regulations) of the conclusion of the agenda/meeting. The same are also available on the websites of the Stock Exchanges. Quarterly/Annual Financial statements are also published in the Newspapers and uploaded in the Bank's website. Shareholders/Investor presentations on Quarterly / Annual financial statements are uploaded in the Bank's website and intimated to Stock Exchanges and where shares of the Bank are listed. The quarterly/ yearly financial results, press release published thereon, and investor presentations are sent to the shareholders via e-mail.
Unmodified audit opinion / reporting	The Auditors have expressed an unmodified opinion on the financial statement of the Bank for the financial year ended March 31, 2024.
Separate posts of Chairperson and the Managing Director or the Chief Executive Officer	The Bank has separated the positions of the Chairperson and the Managing Director & Chief Executive Officer. The Part-time Chairperson is a non-executive Independent director and is not related to the Managing Director & Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.
Reporting of Internal Auditor	The Internal Auditor directly report to the Audit Committee of the Board

INVESTOR HELP DESK

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank/ Bank's Registrars and Transfer Agents (RTAs).

Pursuant to Regulation 6(2)(d) of the Listing Regulations, Bank has created a separate e-Mail ID viz. investors@csb.co.in for redressal of Investor Complaints and Grievances.

By Order of the Board

Sd/-
Bhama Krishnamurthy
Chairperson
(DIN: 02196839)

Place: Thrissur
Date : June 24, 2024

GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar	April 01, 2023 to March 31, 2024			
Date of the Board Meeting at which the final accounts were approved	April 26, 2024			
Dividend	NIL			
	Board has not recommended dividend for the FY 2023-24			
103 rd Annual General Meeting	Date	August 23, 2024		
	Day	Friday		
	Time	11.00 A.M. IST		
	Venue/ Virtual meeting	The Bank is conducting meeting through VC / OAVM, pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 02/2022 dated May 05, 2022, General Circular No. 10/2022, General Circular No. 11/2022, dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) Circular dated October 07, 2023 (“SEBI Circular”) and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.		
Date of the Book Closure	August 17, 2024 to August 23, 2024 (both days are inclusive)			
Listing on Stock Exchanges	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.		National Stock Exchange of India Ltd., Exchange Plaza, 5 th floor, Bandra-Kurla Complex, Bandra (E), Mumbai 400051.	
Stock Code / Symbol	542867		CSBBANK	
Date of Listing	December 04, 2019			
Corporate Identity Number (CIN)	L65191KL1920PLC000175			
ISIN	INE679A01013			
CREDIT RATINGS	Instrument(s)	Amount Up to (Cr.)	Rating	
			CRISIL	India Ratings & Research
	Certificate of Deposits	2,000	[CRISIL] A1+	-
	Short Term Fixed Deposits	2,000	[CRISIL] A1+	-
	Tier II, Basel III compliant bonds	500	CRISIL A/Stable	IND A/ Stable
	The Bank has not yet issued any bonds as part of the programme.			
Bank’s Address for correspondence / Address of the Compliance Officer.	Mr. Sijo Varghese, Company Secretary, CSB Bank Limited, “CSB Bhavan”, Post Box No. 502, St. Mary’s College Road, Thrissur 680 020, Kerala. Phone No.: +91 487 2333 020 Fax: +91 487 2338 764 E-mail: investors@csb.co.in Website: www.csb.co.in			
Address of the Registrars & Share Transfer Agents of the Bank.	Link Intime India Pvt. Ltd. Surya 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028. Tel : 0422 – 2314 792, 2315 792 Fax : 022-49186060 E-mail : coimbatore@linkintime.co.in			

REPORT ON CORPORATE GOVERNANCE (Contd.)

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Pralay Mondal, Managing Director & CEO hereby declare that the Bank's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on "Corporate Governance".

Place: Thrissur
Date : June 24, 2024

By Order of the Board

Sd/-
Pralay Mondal
Managing Director & CEO
(DIN: 00117994)

CEO / CFO CERTIFICATION

We, Pralay Mondal, Managing Director & CEO and Satish Gundewar, Chief Financial Officer, of CSB Bank Limited hereby certify that:

- (A) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2024, and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the period which are fraudulent, illegal or violative of the Bank's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee :
- (1) there has not been any significant changes in internal control over financial reporting during the period;
 - (2) There are no significant changes in accounting policies during the period; and
 - (3) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-
Satish Gundewar
Chief Financial Officer

Place: Mumbai
Date: April 26, 2024

Sd/-
Pralay Mondal
Managing Director & CEO
(DIN: 00117994)

CORPORATE GOVERNANCE CERTIFICATE

To,
The Members,
CSB Bank Limited

We have examined the compliance of conditions of Corporate Governance by **CSB Bank Limited** ('the Bank'), having CIN L65191KL1920PLC000175 for the financial year ended March 31, 2024, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries
Unique Identification No.: P1981MH043700
Peer Review Certificate No.: 611/2019

Sd/-
Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai | June 24, 2024
ICSI UDIN: A030224F000607867

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
CSB Bank Limited,
Head Office, "CSB Bhavan"
Post Box No.502,
St.Mary's College Road
Thrissur-680020
Kerala.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CSB Bank Limited**, having Corporate Identity Number (CIN) : L65191KL1920PLC000175 and having registered office at Head Office, "CSB Bhavan", Post Box No.502, St.Mary's College Road, Thrissur-680020, Kerala (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the financial year ended March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Ms. Bhama Krishnamurthy	02196839	September 03,2018
2.	Ms. Sharmila Abhay Karve	05018751	July 20, 2020
3.	Mr. Sudhin Bhagwandas Choksey	00036085	March 30, 2021
4.	Mr. Sunil Srivastav	00237561	June 08, 2021
5.	Mr. Sharad Kumar Saxena	08238872	February 02, 2022
6.	Mr. Biswamohan Mahapatra	06990345	June 20, 2023
7.	Ms. Renu Kohli	07981627	December 12, 2023
8.	Mr. Madhavan Menon Karunakaran	00008542	September 03,2018
9.	Mr. Sumit Maheshwari	06920646	September 03, 2018
10.	Mr. Bellur Krishna Bhat Divakara	06439053	March 15, 2024
11.	Mr. Pralay Mondal	00117994	February 17, 2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For Bhandari & Associates
Company Secretaries
Unique Identification No.: P1981MH043700
Peer Review Certificate No.: 611/2019

Sd/-
Manisha Maheshwari
Partner
ACS No.: 30224; CP No.: 11031
Mumbai : June 24, 2024
ICSI UDIN: A030224F000607900

INDEPENDENT AUDITOR’S REPORT

To the Members of CSB Bank Limited
Report on the Audit of the Financial Statements

OPINION

1. We have audited the accompanying financial statements of CSB Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') and circulars and guidelines issued by the Reserve Bank of India ('the RBI'), in the manner so required for banking companies and give a true and fair view, in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2024, and its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Classification of advances, identification of non-performing advances, income recognition and provisioning for advances As at 31 March 2024, the Bank reported total loans and advances (net of provisions) of ₹ 24,336 crores (2023: ₹ 20,651 crores), gross NPAs of ₹ 361 crores (2023: ₹ 263 crores), and provision for non-performing assets (including claims) of ₹ 236 crores (2023: ₹ 191 crores). Refer to the accounting policies in "Note 3 to the Financial Statements: Significant Accounting Policies - Use of estimates" and "Schedule 9 and Schedule 5 to the Financial Statements: Advances and Other Liabilities and Provisions"	 Our key audit procedures included but were not limited to the following: Design/Controls - Understood and considered the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the IRACP norms prescribed by the RBI including the additional provisions made on advances. - Obtained an understanding of management's approach, interpretation, systems and controls implemented in relation to NPA computation.

Key audit matter	How our audit addressed the key audit matter
 The classification of advances and identification of non-performing advances involves establishment of proper mechanism and judgement is applied to identify and determine the amount of provision required against non-performing assets ('NPA') and restructured advances as per the policy approved by the Board of Directors of the Bank and based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the 'Prudential Norms on Income Recognition, Asset Classification & Provisioning' ("IRACP norms") prescribed by the Reserve Bank of India (the "RBI") from time to time. Similarly, the Bank is also required to make judgements to identify advances which are non-recoverable and thereby determined to be written off. The provision for advances is estimated based on ageing and classification of such advances, underlying valuation, adequacy and existence of the security amongst other factors. In case of restructured accounts, provision is made in accordance with the RBI guidelines. The management also makes provisions on exposures on the basis of advances lent to certain stressed sectors. The management of the Bank relies on the CBS (Core Banking Solutions) along with other allied IT systems accompanied by various estimates, prudent judgements relating to credit assessment of borrowers, valuation of collateral, including services of independent valuers, professionals for completeness and timing of recognition of NPAs, asset classification, income recognition and provisioning thereon. We have identified classification of advances, identification of NPAs, provisioning of advances and income recognition as a key audit matter because this requires proper control mechanism, significant level of management judgement especially in determining the provision and the valuation of the security, heightened regulatory compliances and its significance to the overall financial statements of the Bank.	- Assessed the design, implementation and operating effectiveness of key internal financial controls (including application controls for system driven identification of NPAs) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, measurement of provision, valuation of security, assessing the reliability of management information which included testing overdue reports. - Understood the Bank's policy over appointment of external appraiser for gold loans and storage of pledged gold. Further, assessed the design, implementation and operating effectiveness of key controls identified. - Obtained an understanding for contingency provision carried by the Bank and verified the underlying assumptions for such estimate along with events identified by the management for usage for such provision. - Tested review controls over measurement of provisions including documentation of the relevant approvals along with basis and rationale of the provision and disclosures in financial statements. - Tested the application controls on sample basis including testing of automated and manual controls, reports and system reconciliations, in relation to income recognition, asset classification, provisioning pertaining to advances. Substantive tests - Performed test of details over of calculation of NPA provisions, including provisions on restructured loans for assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the Bank's NPA provision policy and IRACP Norms. - Tested samples of advances (based on quantitative and qualitative thresholds) where impairment indicators had been identified by management. Obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions, or lack of, were appropriate. - Evaluated the statement of accounts, approval process, credit review of customer, review of SMA reports, valuation reports of collaterals for corporate loans and other related documents to assess recoverability and the classification of the advance.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matter	How our audit addressed the key audit matter
	- For selected samples for gold loans, inspected external appraiser's valuation report certifying the purity of the pledged gold and checked the quantity and weight mentioned in the valuation report. Conducted independent visits to branches/offices to examine documentation and other records relating to advances and to verify existence of pledged gold for samples selected. Further, for the gold appraiser's valuation reports relied upon by the management, assessed the competency, independence, scope of work for the purpose of our audit. - Verified on sample basis whether the loan write-offs during the year is in accordance with Board approved policy. - Sought independent confirmation of account balances for sample borrowers. - Read the minutes of management committees and credit committee meetings and performing inquiries with the credit, credit monitoring, risk, asset recovery, compliance and vigilance departments to ascertain key changes and observations. - Considered key observations arising out of Internal Audits, Systems Audits and Concurrent Audits conducted as per the policies and procedures of the Bank. - Considered the RBI Annual Financial Inspection report on the Bank, the Bank's response to those observations and other communications with RBI. - Assessed disclosures included in the financial statements in respect of asset classification, and provisioning, including specific disclosures required by IRACP norms.

Information Technology ('IT') Systems and Internal Controls for Financial Reporting

Key audit matter	How our audit addressed the key audit matter
The IT environment of the Bank is complex as it involves a number of independent and inter-dependent IT systems which are used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on the IT systems for the Bank's financial accounting and reporting processes which impacts key financial accounting and reporting items such as advances, interest income, provision on advances amongst others and thereby there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified testing of such IT systems and related control environment as key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, importance in relation to accurate and timely financial reporting and its impact on the financial records and financial reporting process of the Bank.	We included specialized IT auditors as part of our audit team to perform audit procedures which included, but were not limited to the following: - Obtained an understanding of IT applications landscape implemented at the Bank, followed by process understanding, mapping of applications to the processes related to financial reporting - Based on our understanding, we have evaluated and tested relevant IT general controls and IT application controls on the systems ("in-scope") identified as relevant for our audit of the financial statements. - On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: - User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel. - Program change management which includes controls on moving program changes to production environment as per defined procedures and with relevant segregation of environments - Other areas that were assessed under the IT control environment included backup management, incident management, batch processing and system interfaces. - We also evaluated the design and tested the operating effectiveness of key IT application controls in key business processes, which included loan origination, sanctioning, disbursements, repayments and covered automated calculations and automated accounting procedures, as applicable focusing on advances, interest income, provision on advances amongst others. - Where deficiencies were identified, tested compensating controls or performed alternative procedures.

INDEPENDENT AUDITOR'S REPORT (Contd.)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures), but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

7. The accompanying financial statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Banks's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

15. The financial statements of the Bank for the year ended 31 March 2023 were jointly audited by the predecessor auditor, BSR & Co. LLP and Mukund M. Chitale & Co., who have expressed an unmodified opinion on those financial statements vide their audit report dated 28 April 2023. Accordingly, Walker Chandio & Co LLP do not express any conclusion or opinion on the figures reported in the Statement for the quarter and year ended 31 March 2023. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act.
17. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) We have visited 32 of branches to examine the books of accounts and other records maintained at the branch for the purpose of our audit. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out at centrally as all the necessary records and data required for the purposes of our audit are available therein.
18. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949;

INDEPENDENT AUDITOR'S REPORT (Contd.)

the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

19. Further, as required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
- b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- c) The financial statements dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2021, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank as on 31 March 2024 and operating effectiveness of such controls, refer to our separate report in Annexure I wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank, as detailed in schedule 12 and note 3.14 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;

- ii. The Bank, as detailed in schedule 5 and note 3.14 to the financial statements, has made provision as at 31 March 2024, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March 2024;
- iv.
 - a. The management has represented that, to the best of its knowledge and belief, on the date of this audit report, as disclosed in note 4.10(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, on the date of this audit report as disclosed in note 4.10(b) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The Bank has not declared or paid any dividend during the year ended 31 March 2024.

For Walker Chandiok & Co LLP
Chartered Accountants Firm
Registration No.: 001076N/N500013

Sd/-
Sudhir Pillai
Partner
Membership No. 105782
UDIN: 24105782BKFIZN4733

Place: Mumbai
Date: 26 April 2024

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No.: 106655W

Sd/-
Abhay V. Kamat
Partner
Membership No. 039585
UDIN: 24039585BKCZKN1455

Place: Mumbai
Date: 26 April 2024

ANNEXURE I REFERRED TO IN PARAGRAPH 19(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE TO THE MEMBERS OF CSB BANK LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Independent Auditor’s Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

1. In conjunction with our audit of the financial statements of CSB Bank Limited (‘the Bank’) as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Bank as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Bank’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Bank’s business, including adherence to the Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (‘ICAI’) prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (‘the Guidance Note’) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Bank’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration No.: 001076N/N500013

Sd/-

Sudhir Pillai

Partner

Membership No. 105782

UDIN: 24105782BKFIZN4733

Place: Mumbai

Date: 26 April 2024

Opinion

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Registration No.: 106655W

Sd/-

Abhay V. Kamat

Partner

Membership No. 039585

UDIN: 24039585BKCZKN1455

Place: Mumbai

Date: 26 April 2024

BALANCE SHEET

AS ON 31 MARCH 2024

(000's omitted)

Particulars	Schedule	As on March 31, 2024	As on March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	173 , 53 , 81	173 , 53 , 81
Reserves and surplus	2	3630 , 10 , 87	3030 , 08 , 83
Deposits	3	29718 , 80 , 36	24505 , 81 , 19
Borrowings	4	1757 , 38 , 00	782 , 97 , 00
Other liabilities and provisions	5	776 , 15 , 98	669 , 87 , 32
Total		36055 , 99 , 02	29162 , 28 , 15
ASSETS			
Cash and balances with Reserve Bank of India	6	3089 , 64 , 83	1469 , 91 , 04
Balances with banks and money at call and short notice	7	65 , 23 , 93	366 , 79 , 61
Investments	8	7551 , 42 , 90	5848 , 69 , 51
Advances	9	24335 , 57 , 57	20650 , 64 , 53
Fixed assets	10	405 , 91 , 57	319 , 36 , 15
Other assets	11	608 , 18 , 22	506 , 87 , 31
Total		36055 , 99 , 02	29162 , 28 , 15
Contingent liabilities	12	2925 , 18 , 33	2282 , 53 , 62
Bills for collection		77 , 17 , 89	77 , 62 , 03
Significant accounting policies	17		
Notes to accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

As per our attached report of even date

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No. 039585)

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration No:001076N/N500013

Sd/-
Sudhir N. Pillai
Partner
(Membership No. 105782)

Date : April 26, 2024
Place : Mumbai

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Date : April 26, 2024
Place : Mumbai

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
B.K. Divakara
Executive Director
DIN: 06439053

Sd/-
Sijo Varghese
Company Secretary

Sd/-
Satish Gundewar
Chief Financial Officer

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

(000's omitted)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
I INCOME			
Interest earned	13	2927 , 54 , 23	2319 , 65 , 34
Other income	14	584 , 28 , 65	316 , 00 , 97
Total		3511 , 82 , 88	2635 , 66 , 31
II EXPENDITURE			
Interest expended	15	1451 , 12 , 79	985 , 80 , 65
Operating expenses	16	1280 , 77 , 90	942 , 45 , 69
Provisions and contingencies (Refer note 2.14.5 of Schedule 18)		213 , 10 , 01	160 , 03 , 83
Total		2945 , 00 , 70	2088 , 30 , 17
III PROFIT/LOSS			
Net profit for the year		566 , 82 , 18	547 , 36 , 14
Profit / (-)Loss brought forward from previous year		207 , 29 , 18	-198 , 82 , 51
Total		774 , 11 , 36	348 , 53 , 63
IV APPROPRIATIONS			
Transfer to statutory reserves		141 , 70 , 55	136 , 84 , 03
Transfer to capital reserves		1 , 52 , 78	13 , 66
Transfer to special reserve		4 , 29 , 36	4 , 26 , 76
Transfer to investment reserve account		4 , 01 , 63	-
Balance carried over to balance sheet		622 , 57 , 04	207 , 29 , 18
Total		774 , 11 , 36	348 , 53 , 63
Earnings per equity share: (Refer note 3.8 of Schedule 18)			
(1) Basic (in ₹)		32.67	31.55
(2) Diluted (in ₹)		32.67	31.55
(Face value ₹ 10 per share)			
Significant accounting policies	17		
Notes to accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Profit & Loss Account

As per our attached report of even date

For Mukund M. Chitale & Co.

Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No. 039585)

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration No:001076N/N500013

Sd/-
Sudhir N. Pillai
Partner
(Membership No. 105782)

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Sijo Varghese
Company Secretary

Sd/-
Satish Gundewar
Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

(000's omitted)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	761, 44, 68	733, 61, 18
Adjustments for:		
Depreciation on fixed assets	55, 55, 40	43, 15, 96
(-)Reversal/Provision for depreciation in value of investments	-7, 15, 62	13, 94, 94
Provision towards non performing advances	57, 63, 35	30, 65, 86
Provision for standard assets	13, 31, 21	14, 80, 08
Employee stock option expenses	7, 89, 44	4, 86, 70
(-)Profit/Loss on sale of fixed assets	-1, 10, 17	29, 75
Amortisation of premium paid on HTM investments	4, 04, 14	4, 84, 37
Other provisions and contingencies	9, 89, 13	1, 89, 28
Cash flow before changes in working capital	901, 51, 56	848, 08, 12
Adjustments for:		
(-)Increase/Decrease in investments (excluding Held to Maturity investments)	-376, 11, 55	1793, 49, 13
Increase in advances	-3742, 36, 73	-4866, 10, 95
(-)Increase/Decrease in other assets	-74, 43, 41	148, 35, 53
Increase in deposits	5212, 99, 17	4317, 51, 59
Increase in other liabilities & provisions	82, 88, 76	143, 16, 19
	2004, 47, 80	2384, 49, 61
Direct taxes paid (net of refunds)	-221, 50, 08	-173, 01, 47
Net cash flow from operating activities (A)	1782, 97, 72	2211, 48, 14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	-118, 42, 38	-75, 20, 63
Sale of fixed assets	2, 72, 15	25, 08
Increase in Held to Maturity investments	-1323, 50, 38	-649, 36, 09
Net cash flow used in investing activities (B)	-1439, 20, 61	-724, 31, 64
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds/(-)Repayment of borrowings	974, 41, 00	-1224, 21, 78
Net cash flow from / (-)used in financing activities (C)	974, 41, 00	-1224, 21, 78

(000's omitted)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1318, 18, 11	262, 94, 72
Cash and cash equivalents at the beginning of the year	1836, 70, 65	1573, 75, 93
Cash and cash equivalents at the end of the year	3154, 88, 76	1836, 70, 65
Breakup of cash and cash equivalents at the end of the year		
Cash and balances with Reserve Bank of India (Refer Schedule 6)	3089, 64, 83	1469, 91, 04
Balances with banks (Refer Schedule 7)	65, 23, 93	67, 33, 37
Money at call and short notice (Refer Schedule 7)	-	299, 46, 24
Cash and cash equivalents at the end of the year	3154, 88, 76	1836, 70, 65

As per our attached report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No. 039585)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Sd/-
Sudhir N. Pillai
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Date : April 26, 2024
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For and on behalf of the Board of Directors

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Executive Director
DIN: 06439053

Sd/-
Sijo Varghese
Company Secretary

Sd/-
Satish Gundewar
Chief Financial Officer

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 1 - CAPITAL

	(₹ in thousand)	
	As on March 31, 2024	As on March 31, 2023
Authorised Capital :		
22,00,00,000 (Previous year 22,00,00,000) Equity shares of ₹ 10/- each	220 , 00 , 00	220 , 00 , 00
Issued Capital		
17,34,85,827 (Previous Year 17,34,85,827) Equity shares of ₹ 10/- each	173 , 48 , 58	173 , 48 , 58
Subscribed, Called up and Paid - up Capital		
17,34,85,827 (Previous Year 17,34,85,827) Equity shares of ₹ 10/- each fully paid - up	173 , 48 , 58	173 , 48 , 58
1,93,743 (Previous Year 1,93,743) Forfeited Shares Equity shares	5 , 23	5 , 23
	173 , 53 , 81	173 , 53 , 81

SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in thousand)	
	As on March 31, 2024	As on March 31, 2023
I Statutory Reserves		
Opening balance	456 , 00 , 09	319 , 16 , 06
Additions during the year	141 , 70 , 55	136 , 84 , 03
sub total	597 , 70 , 64	456 , 00 , 09
Deductions during the year	-	-
	597 , 70 , 64	456 , 00 , 09
II Revaluation Reserves		
Opening balance	152 , 02 , 17	153 , 21 , 58
Additions during the year	25 , 30 , 42	-
sub total	177 , 32 , 59	153 , 21 , 58
Deductions during the year	1 , 49 , 02	1 , 19 , 41
	175 , 83 , 57	152 , 02 , 17
III Capital Reserves*		
Opening balance	208 , 01 , 38	207 , 87 , 72
Additions during the year	1 , 52 , 78	13 , 66
sub total	209 , 54 , 16	208 , 01 , 38
Deductions during the year	-	-
	209 , 54 , 16	208 , 01 , 38
IV Share Premium		
Opening balance	1792 , 10 , 80	1792 , 10 , 80
Additions during the year	8 , 91 , 81	-
sub total	1801 , 02 , 61	1792 , 10 , 80
Deductions during the year	-	-
	1801 , 02 , 61	1792 , 10 , 80
V Revenue and other Reserves		
a) General Reserves		
Opening balance	102 , 00 , 09	100 , 80 , 68
Additions during the year	1 , 49 , 02	1 , 19 , 41
sub total	103 , 49 , 11	102 , 00 , 09
Deductions during the year	-	-
	103 , 49 , 11	102 , 00 , 09
b) Investment Fluctuation Reserve (Refer note 2.3.2 of Schedule 18)		
Opening balance	59 , 07 , 73	59 , 07 , 73
Additions during the year	-	-
sub total	59 , 07 , 73	59 , 07 , 73
Deductions during the year	-	-
	59 , 07 , 73	59 , 07 , 73

(₹ in thousand)

	(₹ in thousand)	
	As on March 31, 2024	As on March 31, 2023
c) Investment Reserve Account		
Opening balance	-	-
Additions during the year	4 , 01 , 63	-
sub total	4 , 01 , 63	-
Deductions during the year	-	-
	4 , 01 , 63	-
d) Special Reserve (Section 36 (1)(viii) of IT Act,1961)		
Opening balance	35 , 20 , 46	30 , 93 , 70
Additions during the year	4 , 29 , 36	4 , 26 , 76
sub total	39 , 49 , 82	35 , 20 , 46
Deductions during the year	-	-
	39 , 49 , 82	35 , 20 , 46
VI Contingency Reserve		
Opening balance	5 , 00	5 , 00
Additions during the year	-	-
sub total	5 , 00	5 , 00
Deductions during the year	-	-
	5 , 00	5 , 00
VII Share Option Outstanding Account		
Opening balance	18 , 31 , 93	13 , 45 , 23
Additions during the year	7 , 89 , 44	4 , 86 , 70
sub total	26 , 21 , 37	18 , 31 , 93
Deductions during the year	8 , 91 , 81	17 , 29 , 56
	17 , 29 , 56	18 , 31 , 93
VIII Balance in Profit and Loss Account		
TOTAL (I,II,III,IV,V,VI,VII and VIII)	622 , 57 , 04	207 , 29 , 18
	3630 , 10 , 87	3030 , 08 , 83

* Balance includes Profit appropriated to Capital Reserve ₹ 209.23 Crores (Previous Year ₹ 207.70 Crores) (net of applicable taxes and transfer to statutory reserve) on Gain on sale of Held to Maturity Investments

SCHEDULE 3 - DEPOSITS

	(₹ in thousand)	
	As on March 31, 2024	As on March 31, 2023
A. I. Demand Deposits		
[i] From banks	-	31 , 61
[ii] From others	2090 , 09 , 36	1985 , 39 , 20
	2090 , 09 , 36	1985 , 70 , 81
II. Savings Bank Deposits		
	5994 , 31 , 78	5900 , 55 , 10
III. Term Deposits		
[i] From banks	2485 , 21 , 22	942 , 37 , 54
[ii] From others	19149 , 18 , 00	15677 , 17 , 74
	21634 , 39 , 22	16619 , 55 , 28
TOTAL [I,II, and III]	29718 , 80 , 36	24505 , 81 , 19
B		
[i] Deposits of branches in India	29718 , 80 , 36	24505 , 81 , 19
[ii] Deposits of branches outside India	-	-
TOTAL	29718 , 80 , 36	24505 , 81 , 19

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

SCHEDULE 4 - BORROWINGS

(₹ in thousand)				
	As on March 31, 2024		As on March 31, 2023	
I. Borrowings in India				
[i] Reserve Bank of India	-		-	
[ii] Other banks	-		-	
[iii] Other institutions and agencies*	756,52,00		782,97,00	
TOTAL (I)		756,52,00		782,97,00
II. Borrowings outside India		1,00,08,600		-
TOTAL (I and II)		1757,38,00		782,97,00
Secured borrowings included in I and II above		-		-

*Borrowings includes Refinance from NABARD ₹ 304.17 Crores (Previous Year ₹ 200.00 Crores) and Refinance from SIDBI ₹ 452.35 Crores (Previous Year ₹ 582.97 Crores).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousand)			
	As on March 31, 2024	As on March 31, 2023	
I. Bills payable	70,95,73	93,46,66	
II. Inter-office adjustments (net)	6,01,90	,19,17	
III. Interest accrued	160,21,31	84,85,43	
IV. Contingent provisions against standard assets (Refer note 2.15 of Schedule 18)	204,90,90	191,59,69	
V. Others (Including Provisions)	334,06,14	299,76,37	
TOTAL	776,15,98	669,87,32	

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousand)				
Particulars	As on March 31, 2024		As on March 31, 2023	
I. Cash in hand(including foreign currency notes)		140,17,66		111,05,67
II. Balances with Reserve Bank of India				
[i] in Current Account	1357,47,17		1000,85,37	
[ii] in Other Accounts*	1592,00,00		358,00,00	
		2949,47,17		1358,85,37
TOTAL (I AND II)		3089,64,83		1469,91,04

*Represents the Standing Deposit Facility with Reserve Bank of India

SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousand)				
Particulars	As on March 31, 2024		As on March 31, 2023	
I. In India				
[i] Balances with banks				
(a) in Current Accounts	15,80,09		4,37,98	
(b) in Other Deposit Accounts	2,50		2,50	
		15,82,59		4,40,48
[ii] Money at call and short notice				
(a) with banks	-		-	
(b) with other Institutions	-		29,94,624	
		-		29,94,624
TOTAL (i and ii)		15,82,59		303,86,72

(₹ in thousand)

Particulars	As on March 31, 2024		As on March 31, 2023	
II. Outside India				
(i) in Current Accounts	49,41,34		62,92,89	
(ii) in Other Deposit Accounts	-		-	
(iii) Money at call and short notice	-		-	
TOTAL		49,41,34		62,92,89
GRAND TOTAL (I and II)		65,23,93		366,79,61

SCHEDULE 8 - INVESTMENTS

(₹ in thousand)			
Particulars	As on March 31, 2024	As on March 31, 2023	
I. Investments in India in			
[i] Government securities	7338,57,66	5336,72,21	
[ii] Other approved securities	-	-	
[iii] Shares	4,27,60	3,25,41	
[iv] Debentures and Bonds	109,87,58	255,35,99	
[v] Subsidiaries and/or joint ventures	-	-	
[vi] Others [Certificate of Deposits, Commercial Paper, Security Receipts,AIF and PTC]	98,70,05	253,35,89	
TOTAL	7551,42,89	5848,69,50	
II. Investments outside India*	1	1	
GRAND TOTAL (I and II)	7551,42,90	5848,69,51	

*Bank holds investment in shares (VISA) outside India with Book Value of ₹ 713/- as on March 31, 2024 (Previous Year ₹ 713/-).

SCHEDULE 9 - ADVANCES

Particulars	As on March 31, 2024	As on March 31, 2023	
A [i] Bills purchased and discounted	386,64,59	619,46,76	
[ii] Cash credits, overdrafts and loans repayable on demand	15966,53,70	13147,25,18	
[iii] Term loans	7982,39,28	6883,92,59	
TOTAL	24335,57,57	20650,64,53	
B [i] Secured by tangible assets*	22381,35,02	18791,99,29	
[ii] Covered by Bank/Government guarantees**	218,07,63	518,09,81	
[iii] Unsecured	1736,14,92	1340,55,43	
TOTAL	24335,57,57	20650,64,53	
C. I. Advances in India			
[i] Priority sectors	13151,75,31	11206,56,29	
[ii] Public sector	16,16,85	6,95,04	
[iii] Banks	-	1	
[iv] Others	11167,65,41	9437,13,19	
TOTAL	24335,57,57	20650,64,53	
II. Advances outside India	-	-	
GRAND TOTAL (C.I and II)	24335,57,57	20650,64,53	

* Includes advances against book debts ₹ 609.55 Crores (Previous Year ₹ 786.13 Crores)

**Includes advances against LCs issued by banks ₹ 133.22 Crores (Previous Year ₹ 500.11 Crores)

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

SCHEDULE 10 - FIXED ASSETS

(₹ in thousand)				
Particulars	As on March 31, 2024		As on March 31, 2023	
I. Premises				
At cost as on March 31 of the preceding year	181,55,61		181,52,98	
Additions during the year	25,30,42		263	
Deductions during the year	1,76,46		-	
Total Cost to date	205,09,57		181,55,61	
Depreciation				
As on March 31 of preceding year	26,22,09		24,88,20	
Charge during the year	1,30,97		1,33,89	
Deductions during the year	48,35		-	
Depreciation to date	27,04,71		26,22,09	
		178,04,86		155,33,52
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on March 31 of the preceding year	407,48,90		338,07,42	
Additions during the year	118,42,38		75,18,00	
Deductions during the year	3,85,77		5,76,52	
Total Cost to date	522,05,51		407,48,90	
Depreciation				
As on March 31 of preceding year	243,46,27		206,85,88	
Charge during the year	54,24,43		41,82,07	
Deductions during the year	3,51,90		5,21,68	
Depreciation to date	294,18,80		243,46,27	
		227,86,71		164,02,63
TOTAL (I and II)		405,91,57		319,36,15

SCHEDULE 11 - OTHER ASSETS

(₹ in thousand)		
PARTICULARS	As on March 31, 2024	As on March 31, 2023
I. Inter - Office Adjustments (net)	-	-
II. Interest accrued	125,44,71	86,19,15
III. Tax paid in advance/tax deducted at source (Net of provisions)	62,82,40	42,07,15
IV. Stationery and stamps	27	1,78,73
V. Non-banking assets acquired in satisfaction of claims	3,61,01	14,72,95
VI. Deferred tax assets (net)	60,25,64	54,13,30
VII. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending	137,01,08	187,20,13
VIII. Others	219,03,11	120,75,90
TOTAL	608,18,22	506,87,31

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousand)		
Particulars	As on March 31, 2024	As on March 31, 2023
I. Claims against the bank not acknowledged as debts	20,56,78	12,76,56
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1659,31,99	1076,33,71
IV. Guarantees given on behalf of constituents		
(a) In India	838,99,87	835,71,83
(b) Outside India	-	-
V. Acceptance, endorsements and other obligations	201,62,45	159,49,98
VI. Other items for which the bank is contingently liable*	204,67,24	198,21,54
TOTAL	2925,18,33	2282,53,62

* includes ₹ 78.05 Crores (Previous Year : ₹ 71.58 Crores) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 (Refer Note 2.10 of Schedule 18).

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

SCHEDULE 13 - INTEREST EARNED

(₹ in thousand)		
Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
I. Interest/discount on advance / bills	2460,13,91	1888,13,39
II. Income on investments	423,98,78	404,60,98
III. Interest on balances with Reserve Bank of India and other inter -bank funds	14,75,71	11,15,00
IV. Others	28,65,83	15,75,97
TOTAL	2927,54,23	2319,65,34

SCHEDULE 14 - OTHER INCOME

(₹ in thousand)		
Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
I. Commission, Exchange and Brokerage	163,94,30	97,26,41
II. Profit on sale of investments (Net)	40,49,44	16,39,17
III. Loss on revaluation of investments (Net)	7,15,62	-13,94,94
IV. Profit on sale of land, buildings and other assets (Net)	-12,95	25,08
V. Profit on exchange transactions (Net)	15,54,93	9,46,80
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous Income*	357,27,31	206,58,45
TOTAL	584,28,65	316,00,97

*(includes processing fee of ₹ 152.44 Crores (Previous year ₹ 99.20 Crores), minimum balance charges collected from customers ₹ 36.88 Crores (Previous year ₹ 25.29 Crores.) and income received from marketing and distribution ₹ 49.55 Crores (Previous year - Nil)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT (Contd.)

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousand)		
Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
I. Interest on deposits	1349 , 26 , 12	917 , 08 , 98
II. Interest on Reserve Bank of India/ inter -bank borrowings	6 , 59 , 26	-2 , 05 , 03
III. Others	95 , 27 , 41	70 , 76 , 70
TOTAL	1451 , 12 , 79	985 , 80 , 65

SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousand)		
Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
I. Payments to and provisions for employees	714 , 70 , 81	552 , 81 , 85
II. Rent, taxes and lighting	127 , 66 , 17	99 , 13 , 52
III. Printing and Stationery	15 , 06 , 14	8 , 63 , 02
IV. Advertisement and publicity	4 , 12 , 79	1 , 83 , 52
V. Depreciation on bank's property (including amortisation /write off of intangible assets)	55 , 55 , 40	43 , 15 , 96
VI. Directors' fees, allowances and expenses	1 , 66 , 12	1 , 46 , 64
VII. Auditors' fees and expenses	2 , 20 , 58	2 , 38 , 50
VIII. Law charges	3 , 55 , 18	3 , 62 , 67
IX. Postages, Telegrams, Telephones etc.	21 , 70 , 60	16 , 84 , 65
X. Repairs and maintenance	18 , 89 , 34	16 , 60 , 64
XI. Insurance	31 , 05 , 06	26 , 35 , 62
XII. Other expenditure*	284 , 59 , 71	169 , 59 , 10
TOTAL	1280 , 77 , 90	942 , 45 , 69

*Includes Expenses under Business Correspondent (MFI) tie-ups of ₹ 53.98 Crores (Previous year ₹ 39.20 Crores) and Expenses towards Facility Management ₹ 51.37 Crores (Previous year ₹ 21.65 Crores)

SCHEDULE 17

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

1. BACKGROUND

CSB Bank Limited ("the Bank"), was incorporated in 1920. The Bank has a network of 779 branches in India and provide a range of banking and financial services including SME banking, Retail banking, Corporate banking and Treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The Bank's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

2. BASIS OF PREPARATION

- The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India.
- The Bank follows the historical cost convention and the accrual method of accounting, in the preparation of the financial statements, except as stated in paragraph 4.1 "Revenue recognition". The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

3. USE OF ESTIMATES

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities), as of the date of financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that the estimates

used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognised prospectively from the period of change.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest/discount on advances/bills is recognised on accrual basis, except in case of non-performing assets in which case the income is recognised as per prudential norms issued by RBI.
- Income on Exchange fee, Brokerage, Commission & Rent on lockers are recognised on cash basis.
- Income on insurance commission are accounted on right to receive basis.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recovery in Non-Performing Assets is first appropriated towards principal dues and the balance, if any, towards charges, cost and interest suspense except in case appropriation has to be made as per any statute/direction/ order of judicial forum, the appropriation is to be made based on the same.
- Loan processing fee is accounted for upfront when it becomes due.
- Income on instruments discounted by Bank is recognised over the tenure of the instrument on a straight line basis.
- Income on Investments (other than dividend on shares & mutual funds, interest on Pass Through Certificates and income on non performing investments) is recognised on accrual basis.
- Dividend income is recognised as income when the right to receive payment is established.
- Fee paid/received for priority sector lending certificates (PSLC) is recognised in the year of sale/purchase.
- All other fees are accounted for as and when they become due.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- l) Credit card related charges / fees are booked on accrual basis net off corresponding charges / fees shared with service provider.
- m) In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, the Bank recognises interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognised in proportion to the principal received.
- n) In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.
- o) Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.
- d) Provision on Standard Asset, is maintained as per RBI guidelines. In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. In case of advances to stressed sectors such as Cashew, Cotton Textile, Infra – Telecom and Retail Trade, the Bank has recognised provision in line with RBI guidelines. These provisions are included under in Item No. IV of Schedule 5 – Other Liabilities & Provisions.
- e) In classification under Schedule-9 Advances, all outstanding advances net of provisions made is classified under three heads given below and include both secured and unsecured advances.
 - (i) Bills purchased and Discounted :- Receivables acquired under factoring is reported under this head
 - (ii) Cash credits, overdrafts, and loans repayable on demand :- All loans repayable on demand and short-term loans with original maturity up to one year and outstanding balances on credit cards is included under this category Other balances pertaining to credit operations, even if they are dues from other banks/ organisations is shown as part of advances. However, where such dues are in the nature of fee or other revenue receivable the same is shown as Other Assets
 - (iii) Term loans :- A 'Term Loan' is a loan which has a specified maturity and is payable in instalments or in bullet form. All Term Loans with maturity in excess of one year is classified under this category

4.2 Advances

- a) Advances are classified as 'Performing assets' and 'Non-performing Assets' (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets based on the criteria stipulated by the RBI.
- b) Provision for Non-Performing Advances comprising Sub-standard, Doubtful and Loss Assets is made in accordance with the RBI guidelines, which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. In respect of identified NPAs, provision is recognised at borrower level based on ageing of loans. As per the Board Approved policy, the provisioning done is at rate higher than the minimum rate prescribed under the RBI guidelines.
- c) The amount of advances shown in the Balance Sheet is net of provisions against NPA and interest suspense, ECGC claims received and discount on assignment transactions.
- f) The RBI had issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank. These guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') would attract prudential measures. Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognised by way of additional standard asset provisioning and higher risk weights.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- g) Further, the RBI has issued guidelines on "Prudential Framework for Resolution of Stressed Assets dated June 07, 2019" with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank has put in place Board-approved policy for resolution of distressed borrowers with an objective to initiate the process of resolution of a distressed borrower even before a default and prior to the initiation of proceedings under the IBC.
- h) The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:
 - (a) Additional provision of 20% of total outstanding, if RP is implemented beyond 180 days from the end of the review period
 - (b) Additional provision of 35% of total outstanding, if RP is implemented beyond 360 days from the end of the review period

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding: (a) The provisions already held; or, (b) The provisions required to be made as per IRAC norms
- i) In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered from borrowers against debts written off is recognised in the Profit and Loss Account.
- j) Non-performing and restructured loans are upgraded to standard as per the extant RBI guidelines.
- k) Policy on Managing Currency induced credit risk: As per Credit Policy of the Bank, Foreign Currency loans are sanctioned for both capital expenditure and working capital based on the requirements. Rate of interest on such loans are linked to LIBOR or other market linked external benchmark. From January 01, 2022 onwards all new foreign currency loans/contracts, and fresh disbursements

under existing facilities (PCFC/EBD/PSCFC/Easy imports) shall be entered by using the Alternate reference rates (ARR) viz. Term SOFR (Secured Overnight Financing Rate)/ Term SONIA (Sterling Overnight Interbank Average Rate) / EURIBOR or other market linked external benchmark, based on currency involved. For existing US dollar denominated FC loans benchmarked to LIBOR as on 31.12.2021, since \$ LIBOR rates are available (on 'synthetic basis' for 1, 3, 6, & 12 month maturities) till June 30, 2023, roll over/ reset can be done using these rates till June 30, 2023. However, based on mutual consent with the borrower switchover to ARR for respective currencies is considered.

Forward exchange cover is insisted in all cases unless there is natural hedge by way of export/ other earnings. However, if the loan amount is less than \$ 1 (one) Million, forward exchange cover is made optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.

- l) Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.
- m) While computing the provision requirement pertaining to fraud accounts, adjustment is made for financial collateral eligible under "BASEL III Capital regulations - Capital charge for credit risk (standardised approach)", if available and amount so arrived at is charged fully to Profit and Loss Account in the same quarter of detection.

4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

4.4 Investments

a) Classification

All Investments are accounted for on settlement dates. In accordance with the RBI guidelines, investments are categorised at the time of purchase as:

- Held for Trading (HFT);
- Available for Sale (AFS);
- Held to Maturity (HTM)

Under each of these categories, investments are further classified under six groups (hereinafter called groups) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

Basis of classification:

Investments that are held primarily for resale within 90 days from the date of purchase are classified under the "Held for Trading (HFT)" category. As per RBI guidelines, HFT Securities, which remain unsold for a period of 90 days, are classified as AFS Securities on that date. Investments that the Bank intends to hold till maturity are classified under the "Held to Maturity (HTM)" category. Investments, which are not classified in the above categories, are classified under the "Available For Sale [AFS]" category. Purchase and sale transactions in securities are recorded under settlement date of accounting.

b) Transfer of Investments between categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount, are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium, are transferred to AFS/HFT at the amortised cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

c) Cost of acquisition

In determining the acquisition cost of the Investment:

- (i) Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account
- (ii) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as revenue item
- (iii) Cost of investments is computed based on the weighted average cost method

d) Valuation of Investments:

- (i) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortised cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortised over the period remaining to maturity using Constant Yield Method. Such amortisation of premium is adjusted against income under the head "Income on Investments". Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.
- (ii) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis other than shares, which is done on a weekly basis. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised.
- (iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised.
- (iv) The market/fair value of unquoted government securities which are in nature

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA/FBIL. The valuation of other unquoted fixed income securities, including Pass Through Certificates wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA. Units of Alternate Investment Funds ('AIF') held under AFS category are valued using the 'NAV' published by the fund (AIF).

- (v) Unquoted equity shares are valued at the break-up value arrived at from the latest balance sheet, or at ₹ 1, if the balance sheet prior to one year is not available.
- (vi) Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost.
- (vii) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitisation Company. Depreciation in each scrip is provided for while appreciation is ignored.
- (viii) Non-performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.
- (ix) As per RBI circular [RBI/2022-23/55 DOR. ACC.REC.No.37/21.04.018/2022-23, dated 19.05.2022], the Bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 6 [Cash and balances with Reserve Bank of India] respectively.

e) Investment Fluctuation Reserve ('IFR'):

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is

at least 2 percent of the HFT and AFS portfolio on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

Also, IFR is eligible for inclusion in Tier 2 capital.

f) Disposal of Investments

- (i) Held for Trading and Available for Sale - Profit or loss on sale / redemption is included in the Profit and Loss account
- (ii) Held to Maturity - Profit on sale/redemption of investments is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss account

g) Repo and Reverse Repo transactions

Repo and reverse repo transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

h) Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

4.5 Transactions Involving Foreign Exchange

- a) Monetary foreign currency assets and liabilities are translated at closing exchange rates notified by FEDAI relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Foreign exchange forward contracts not intended for trading that are entered into to establish the amount of reporting currency required or available at the settlement date of transactions, which are outstanding at the Balance Sheet date are effectively valued at closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant gains or losses are recognised in the Profit and Loss Account.
- Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are disclosed at closing rates of exchange notified by FEDAI.

4.6 Fixed Assets and Depreciation

- Fixed Assets other than premises are carried at cost less accumulated depreciation and impairment, if any. Cost includes cost of purchase and freight, duties, taxes and incidental expenses

The useful lives of the groups of fixed assets are given below:

Type of Fixed Asset	Estimated useful life specified under Schedule II of the Companies Act, 2013	Estimated useful life as assessed by the Bank*	Depreciation Method
Premises	60 Yrs	58 Yrs	Written Down Value
Computer & data Processing Machines	3 Yrs	3 Yrs	Straight Line
ATMs	3 Yrs	8 Yrs	Straight Line
Furniture & Fixtures	10 Yrs	8 Yrs	Straight Line
Office Equipment	5 Yrs	5 Yrs	Straight Line
Motor Cars	8 Yrs	5 Yrs	Straight Line

*The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

4.7 Intangible Assets

Accounting and amortisation of computer software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

- Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method
- Internally Generated Application Software is accounted as an intangible asset and is amortised over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes available for Use. If the software is still in the development phase and has not become Available for Use, no amortisation is charged to Profit & Loss Account

related to the acquisition and installation of the asset.

- Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from Revaluation Reserve and credited to General Reserve. Valuations are obtained from two independent valuers, at least once in every 3 years.
- Subsequent expenditure incurred on fixed assets put to use is capitalised only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- Depreciation on additions to fixed assets is provided on pro rata basis. Depreciation on assets sold during the year is recognised on a pro-rata basis till the date of sale. Gain or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and are recognised as income or expense in the Profit and Loss Account.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

4.8 Impairment of Assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor.

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognised in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 and charged to Profit and Loss Account.

4.9 Non-Banking Assets

The Non-Banking asset are recognised based on the cost of acquisition. In the case of diminution in value, if any, is provided for.

4.10 Employee Benefits

a) Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service. These benefits include performance incentives

b) Long term Employee Benefits

- Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the Bank. The contribution for Provident Fund is made by the Bank to The Catholic Syrian Bank Limited Employees Provident Fund, administered by the trustees. In addition to contribution for the period, shortfall, if any, in the Provident Fund Trust is charged to Profit and Loss Account of the Bank
- Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations

in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per paragraph 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- Pension - Pension is payable, as per CSB Bank Limited Employees' Pension Regulation 1993 and as modified in 1995, to the employees who have specifically opted for the same. The contribution is made by the Bank to The Catholic Syrian Bank Limited Employees Pension Fund, administered by the trustees. For becoming eligible for pension, the employee should have served the Bank for a minimum period of 10 years in the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the Bank.
- Gratuity - As per the Gratuity Act 1972, Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has continuously served the Bank for a minimum period of 5 years. The contribution is made by the Bank to The Catholic Syrian Bank Limited Employees Gratuity Fund, administered by the trustees.
- Long term compensated absences and other long-term employee benefits viz:
 - Privilege Leave
 - Leave fare concession
 - Sick Leave
are based on actuarial valuation at the end of the financial year.

c) Employee Stock Options (ESOS)

The Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme") in

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which was subsequently repealed with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The scheme is intended to enable the employees, present and future, to get a share in the value that they help to create for the organisation over a period of time, aligning the objectives of an individual with those of the Bank as well as to attract and retain critical senior talents with Employee Stock Options as a compensation tool. The options granted to employees vest in a graded manner as per vesting schedule even beyond retirement / early retirement date and these may be exercised by option grantee within a specified period, as per the terms of grant; otherwise options stand lapsed as per the scheme.

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on Accounting for Employee Share based payments and clarification dated August 30, 2021, issued by Reserve Bank of India on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, dated November 4, 2019 (RBI guidelines). Accordingly, for options granted up to and including March 31, 2021, Bank has applied the intrinsic value method to arrive at the compensation cost of stock options granted to the employees. The intrinsic value is the amount by which the market price exceeds the exercise price of the options. The market price for this purpose is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. For options granted after March 31, 2021 fair value method using Black-Scholes model has been applied to arrive at the compensation cost of stock options granted to the employees, in compliance with the RBI guidelines. Compensation cost so determined is recognised as expense beginning with the accounting period for which approval has been granted.

In case the vested stock options expire unexercised, the balance in stock options

outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

4.11 Segment Information

As per the RBI guidelines, business segments of the Bank are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business. Business segments have been identified and reported considering the target customer segment, the nature of products, internal business reporting system, Segment reporting policy approved by the Board, the guidelines prescribed by the RBI.

4.12 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

4.13 Earnings Per Share

The Bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

4.14 Taxes on Income

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961 and Deferred tax expense in accordance with Accounting Standard 22 - Accounting for Taxes on Income. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account. Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered as reasonably certain.

4.15 Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Contingent assets are not recognised in the financial statements.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.16 Share Issue Expenses

The share issue expenses are adjusted from share premium account in terms of Section 52 of the Companies Act, 2013, with the approval of Reserve Bank of India in terms of section 17 (2) of the Banking Regulation Act, 1949.

4.17 Proposed Dividend

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date, if any, are not shown as liability in current year balance sheet. This is disclosed in the notes to accounts.

4.18 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

SCHEDULE 17 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)**4.19 Input Credit under GST**

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

4.20 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades in priority sector portfolio by selling or buying PSLC. In case of a purchase transaction the Bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as 'Other expense' in Schedule 16 and the fee received from the sale of PSLCs is treated as 'Miscellaneous Income' in Schedule 14 of the Profit and Loss account.

4.21 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

4.22 Net Profit/Loss

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non-performing assets
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions

SCHEDULE 18**NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024****1. SHARE CAPITAL**

For the financial year ended March 31, 2024, the total outstanding equity share capital amounts to ₹ 173.54 Crore (including forfeited shares), which includes 50,00,000 equity shares issued and allotted at a face value of ₹ 10/- per share to CSB ESOS Trust in the financial year 2019-20 as per CSB Employee Stock Option Scheme 2019.

No equity shares were issued in the financial year 2023-24.

The equity shares of Bank were listed and admitted for dealings on BSE Limited ("BSE") and National Stock Exchange Limited ("NSE") with effect from December 4, 2019.

2. DISCLOSURES IN TERMS OF RESERVE BANK OF INDIA GUIDELINES

Amounts in notes forming part of the financial statements for the year ended March 31, 2024 are denominated in Rupees Crore to conform to extant RBI guidelines on Master Direction on Financial Statements - Presentation and Disclosures issued by Reserve Bank of India dated August 30, 2021, as amended, except where stated otherwise.

2.1 Regulatory Capital**a) Composition of Regulatory Capital**

The Banks Capital Adequacy ratio as per Basel III is given below:

(₹ in Crore)			
SI No	Particulars	March 31, 2024	March 31, 2023
i)	Common Equity Tier I capital (CET1)	3,637.87	3,025.98
	of which common equity tier I capital	3,637.87	3,025.98
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	3,637.87	3,025.98
iv)	Tier 2 capital	214.80	144.75
v)	Total capital (Tier 1+Tier 2)	3,852.67	3,170.73
vi)	Total Risk Weighted Assets (RWAs)	15,745.05	11,699.06
vii)	CET1 Ratio (CET 1 as a percentage of RWAs) (%)	23.10	25.87
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	23.10	25.87
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	1.37	1.23
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total capital as a percentage of RWAs) (%)	24.47	27.10
xi)	Leverage Ratio	9.72	9.98
xii)	Percentage of the shareholding of the Government of India	-	-
xiii)	Amount of paid up equity capital raised during the year	-	-
xiv)	Amount of non-equity Tier 1 capital raised during the year; of which		
	Perpetual Non- Cumulative Preference Shares (PNCPS) :	-	-
	Perpetual Debt Instruments (PDI) :	-	-
xv)	Amount of Tier 2 capital raised; of which		
	Debt capital instrument:	-	-
	Preference Share Capital Instruments:	-	-
	[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

b) Draw Down from Reserves – The Bank has not drawn any amount from Reserves.

Appropriation to Reserves

i) Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty-five per cent of such profit. Accordingly, the Bank has transferred an amount of ₹ 141.71 Crores from current year Net profit (Previous Year: ₹ 136.84 Crores).

ii) Investment Fluctuation Reserve (IFR)

As per RBI circular DBR.No.BP. BC.102/21.04.048/2017-18 dated April 02, 2018, Investment Fluctuation Reserve (IFR) is to be created with an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. As on March 31, 2024, the Bank is maintaining an IFR of ₹ 59.08 Crores (Previous Year ₹ 59.08 Crores) as against the minimum requirement of ₹ 30.59 Crores (Previous year ₹ 22.93 Crores) and is considered it as part of Tier II capital for Capital Adequacy purposes.

iii) Investment Reserve Account (IRA)

As per RBI circular RBI/DOR/2021-22/81DOR. MRG.42/21.04.141/2021-22 dated April 02, 2018, Investment Reserve Account need to be created in the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserve as applicable to such excess provision) shall be appropriated to an IRA account. Accordingly, the Bank has transferred an amount of ₹ 4.02 Crores (Previous year ₹ Nil) from current year Net Profit.

iv) Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Accordingly, an amount of ₹ 1.53 Crores (Previous Year: ₹ 0.14 Crores) net of tax and appropriation to Statutory reserves has been transferred to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account.

v) Special Reserve

As per the provisions under Section 36(1) (viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of ₹ 4.29 Crores (Previous year ₹ 4.27 Crores) to Special Reserve.

vi) General Reserve

During the year ended March 31, 2024 an amount of ₹ 1.49 Crores (Previous year ₹ 1.19 Crores) was transferred to the General reserve from revaluation reserve.

vii) Employee Stock Option Reserve

During the year ended March 31, 2024, the Bank has recognised ₹ 7.89 Crores (Previous year ₹ 4.87 Crores) as Employee Stock Option Reserve on account of fair valuation of share linked instruments.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.2 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities as at March 31, 2024 and March 31, 2023 are set out below:

As on March 31, 2024	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	638.40	994.44	401.38	670.08	1,419.01	1,724.66	2,541.43	3,555.70	8,452.71	795.27	8,525.72	29,718.80
Advances	226.40	716.98	810.56	1,019.86	1,952.81	1,996.92	6,442.34	2,064.30	5,407.50	2,332.71	1,365.20	24,335.58
Investments (Net)	2,938.82	80.17	69.64	208.97	209.51	229.18	397.61	485.01	1,341.99	154.91	1,435.62	7,551.43
Borrowings	0.00	0.00	77.90	33.33	15.40	429.05	388.87	160.72	652.11	0.00	0.00	1,757.38
Foreign Currency assets	74.57	224.37	51.00	6.41	120.33	424.93	301.52	437.49	0.47	2.15	0.00	1,643.24
Foreign Currency liabilities	53.05	193.68	25.30	3.64	3.14	420.60	288.53	88.63	550.86	12.75	0.01	1,640.19

As on March 31, 2023	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	213.86	305.04	235.01	475.15	562.12	660.30	1,407.30	1,621.44	8,098.99	209.89	10,716.71	24,505.81
Advances	45.32	338.47	370.77	1,005.63	1,628.63	1,819.24	5,470.11	1,838.49	5,525.35	1,578.52	1,030.12	20,650.65
Investments (Net)	1,537.18	195.91	49.23	122.65	98.89	173.55	372.18	287.48	1,286.56	42.92	1,682.15	5,848.70
Borrowings	0.00	0.00	2.90	0.00	177.90	11.23	142.03	284.06	164.85	0.00	0.00	782.97
Foreign Currency assets	77.23	87.73	11.42	258.31	0.00	297.78	85.21	7.25	0.41	3.85	3.87	833.06
Foreign Currency liabilities	32.87	96.56	10.05	140.44	0.00	285.48	71.63	76.37	96.74	21.63	0.34	832.11

Note: Deposits have been classified as per behavioral maturity. The estimates and assumptions used by the Bank for classification of assets and liabilities under different maturity buckets are based on the returns submitted to RBI for the relevant periods. Maturity profile of foreign currency assets and liabilities includes forward exchange contracts and off balance sheet items.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

a) Liquidity Coverage Ratio
(i) Quantitative Disclosures

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2024

Particulars	Quarter ended Mar 31, 2024		Quarter ended Dec 31, 2023		Quarter ended Sep 30, 2023		Quarter ended Jun 30, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		7,346.55		6,382.38		5,534.53		6,329.80
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	17,293.66	1,703.01	17,255.28	1,703.71	17,136.58	1,692.65	17,173.22	1,688.62
(ii) Less stable deposits	527.14	26.36	436.30	21.81	420.19	21.01	573.80	28.71
3 Unsecured wholesale funding, of which:	16,766.52	1,676.65	16,818.98	1,681.90	16,716.39	1,671.64	16,599.42	1,659.91
(i) Operational deposits (all counterparties)	5,712.84	4,691.09	5,131.95	4,239.64	4,595.05	3,846.17	4,704.54	3,975.77
(ii) Non-operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Unsecured debt	5,712.84	4,691.09	5,131.95	4,239.64	4,595.05	3,846.17	4,704.54	3,975.77
4 Secured wholesale funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Additional requirements, of which	185.31	0.00	361.74	0.00	390.98	0.00	160.17	0.00
(i) Outflows related to derivative exposures and other collateral requirements	2,830.02	1,127.01	2,022.19	866.85	1,494.04	290.28	1,400.88	160.16
(ii) outflows related to loss of funding on debt products	889.08	889.09	726.39	726.39	147.39	147.39	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 Other contractual funding obligations	1,940.94	237.92	1,295.80	140.46	1,346.65	142.89	1,400.88	160.16
7 Other contingent funding obligations	332.55	332.55	218.07	218.07	81.16	81.15	72.08	72.08
8 TOTAL CASH OUTFLOWS	1,000.27	30.01	976.76	29.30	936.76	28.10	951.66	28.54
Cash Inflows								
9 Secured Lending (e.g. reverse repos)	10.00	0.00	1.41	0.00	44.61	0.00	647.78	0.00
10 Inflows from fully performing exposures	1,303.56	708.03	1,264.39	688.91	1,288.35	698.69	1,068.77	563.23
11 Other cash inflows	888.81	898.39	726.60	726.59	180.56	180.56	16.60	16.60
12 TOTAL CASH INFLOWS	2,202.37	1,606.42	1,992.40	1,415.50	1,513.52	879.25	1,733.15	579.83
13 TOTAL HQLA		7,346.55		6,382.38		5,534.53		6,329.80
14 TOTAL NET CASH OUTFLOWS		6,277.25		5,642.07		5,059.10		5,345.34
15 LIQUIDITY COVERAGE RATIO (%)		117.03%		113.12%		109.40%		118.42%

Note: LCR data has been computed based on simple average of daily observations.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

a) Liquidity Coverage Ratio
(i) Quantitative Disclosures

The daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2023

Particulars	Quarter ended Mar 31, 2024		Quarter ended Dec 31, 2023		Quarter ended Sep 30, 2023		Quarter ended Jun 30, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		5,642.67		4,691.91		4,721.90		4,951.83
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	16,825.71	1,653.81	16,486.02	1,620.25	16,182.11	1,590.66	15,968.18	1,568.83
(ii) Less stable deposits	575.20	28.76	567.12	28.36	551.12	27.56	559.68	27.98
3 Unsecured wholesale funding, of which:	16,250.51	1,625.05	15,918.90	1,591.89	15,630.99	1,563.10	15,408.50	1,540.85
(i) Operational deposits (all counterparties)	4,277.54	3,385.84	3,534.96	2,594.43	2,882.95	2,093.16	2,570.63	1,831.90
(ii) Non-operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Unsecured debt	4,277.54	3,385.84	3,534.96	2,594.43	2,882.95	2,093.16	2,570.63	1,831.90
4 Secured wholesale funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Additional requirements, of which	351.32	0.00	757.18	0.00	1,195.53	0.00	2,508.91	0.00
(i) Outflows related to derivative exposures and other collateral requirements	1,410.08	166.79	1,434.33	147.18	1,410.11	161.83	1,325.37	158.61
(ii) outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 Other contractual funding obligations	1,410.08	166.79	1,434.33	147.18	1,410.11	161.83	1,325.37	158.61
7 Other contingent funding obligations	38.68	38.68	27.44	27.44	44.53	44.53	22.05	22.05
8 TOTAL CASH OUTFLOWS	891.66	26.75	867.98	26.03	900.45	27.01	915.63	27.47
Cash Inflows								
9 Secured Lending (e.g. reverse repos)								
10 Inflows from fully performing exposures	161.91	0.00	0.00	0.00	56.07	0.00	375.93	0.00
11 Other cash inflows	971.45	508.29	962.51	505.60	838.62	440.55	742.58	397.67
12 TOTAL CASH INFLOWS	3.09	3.09	3.11	3.11	4.46	4.47	28.80	28.80
13 TOTAL HQLA	1,136.45	511.38	965.62	508.71	899.15	445.02	1,147.31	426.47
14 TOTAL NET CASH OUTFLOWS		5,642.67		4,691.91		4,721.90		4,951.83
15 LIQUIDITY COVERAGE RATIO (%)		4,760.50		3,906.62		3,472.17		3,182.39
		118.53%		120.10%		135.99%		155.60%

Note: LCR data has been computed based on simple average of daily observations.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(ii) Qualitative disclosures around LCR

(1) Main drivers of LCR and evolution of contribution of inputs

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR should be minimum 100% (i.e. the stock of HQLA should at least equal total net cash outflows) on an ongoing basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress.

The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(2) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

- Cash including cash reserves in excess of required CRR.
- Government securities in excess of the minimum SLR requirement.
- Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF) which is at present 2 % of NDTL.
- Investment in Government Securities held up to 16 % of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).
- Level 2A assets –
 - Corporate bonds, not issued by a bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency, subject to a minimum haircut of 15 %.
 - Commercial Papers not issued by a bank/PD/financial institution or any of its affiliated entities, which have a short-term rating equivalent to the long-term rating of AA- or above by an Eligible Credit Rating Agency subject to a minimum hair cut of 15 %.
- Level 2 B Assets – These are assets as defined in RBI's LCR guidelines. At present our bank do not have figures to be reported for FY 24.
- Cash outflows over the 30 days period** – Bank considers Cash outflows from Retail Deposits, secured and unsecured wholesale funding, undrawn committed credit and liquidity facilities subject to applicable run-off factors as prescribed by RBI.
- Cash Inflows over the 30 days period** – Bank is also looking into the cash inflows within 30 days period arising out of maturing secured lending transactions and other inflows from Retail and small business counterparties, non-financial wholesale counterparties as well as amounts to be received from financial institutions and RBI.
- LCR is computed as under –**

Total stock of High quality liquid Assets over Total Net Cash outflows.

(3) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions, variations in Level 2A / Level 2B assets, regulatory changes in MSF and FALLCR levels and various components under net cash outflows over the 30 days period.

Other Regulatory Requirements –

- Currency Mismatch in LCR** - The Bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the Bank's total liabilities and hence LCR in other currencies are not computed.
- Centralisation of liquidity management** - Banks' liquidity management and monitoring is centralised. Bank has put in place a Board adopted liquidity management policy in line with RBI regulation and guidelines. Inflows and outflows are comprehensively captured in the automated LCR system (BASEL).

Bank is required to maintain minimum LCR of 100% on an ongoing basis as per RBI guidelines w.e.f January, 2019. As on March 31, 2024, LCR of the Bank is at 117.03%.

b) Net Stable Funding Ratio

Bank has disclosed NSFR disclosures on its website at the link: <https://www.csb.co.in/basel-2basel-3-disclosures>.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.3 Investments

2.3.1 Composition of Investment Portfolio

A) The Composition of Investment Portfolio as at 31 March, 2024

Particulars	Investments in India						Investments outside India			Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities	Subsidiaries and/or joint ventures	Others	Total investments outside India
Held to Maturity											
Gross	6,021.74	0.00	0.00	0.00	0.00	0.00	6,021.74	0.00	0.00	0.00	6,021.74
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	6,021.74	0.00	0.00	0.00	0.00	0.00	6,021.74	0.00	0.00	0.00	6,021.74
Available for Sale											
Gross	1,120.78	0.00	6.14	109.87	0.00	234.09	1,470.88	0.00	0.00	0.00	1,470.88
Less: Provision for depreciation and NPI	0.00	0.00	1.86	0.00	0.00	135.39	137.25	0.00	0.00	0.00	137.25
Net	1,120.78	0.00	4.28	109.87	0.00	98.70	1,333.63	0.00	0.00	0.00	1,333.64
Held for Trading											
Gross	196.06	0.00	0.00	0.00	0.00	0.00	196.06	0.00	0.00	0.00	196.06
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	196.06	0.00	0.00	0.00	0.00	0.00	196.06	0.00	0.00	0.00	196.06
Total Investments	7,338.58	0.00	6.14	109.87	0.00	234.09	7,688.68	0.00	0.00	0.00	7,688.68
Less: Provision for non-performing investments	0.00	0.00	1.86	0.00	0.00	0.00	1.86	0.00	0.00	0.00	1.86
Less: Provision for depreciation	0.00	0.00	0.00	0.00	0.00	135.39	135.39	0.00	0.00	0.00	135.39
Net	7,338.58	0.00	4.28	109.87	0.00	98.70	7,551.43	0.00	0.00	0.00	7,551.43

*Bank holds investment in shares (VISA) outside India with Book Value of ₹ 713/- as on March 31, 2024

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

B) The Composition of Investment Portfolio as at 31 March, 2023

Particulars	Investments in India						Investments outside India			Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Government securities	Subsidiaries and/or joint ventures	Others	Total investments outside India	Total Investments
Held to Maturity											
Gross	4,702.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,702.27
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	4,702.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,702.27
Available for Sale											
Gross	634.45	0.00	5.11	255.36	0.00	395.90	0.00	0.00	0.00	0.00	1,290.82
Less: Provision for depreciation and NPI	0.00	0.00	1.86	0.00	0.00	142.54	0.00	0.00	0.00	0.00	144.40
Net	634.45	0.00	3.25	255.36	0.00	253.36	0.00	0.00	0.00	0.00	1,146.42
Held for Trading											
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments	5,336.72	0.00	5.11	255.36	0.00	395.90	0.00	0.00	0.00	0.00	5,993.09
Less: Provision for non-performing investments	0.00	0.00	1.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.86
Less: Provision for depreciation	0.00	0.00	0.00	0.00	0.00	142.54	0.00	0.00	0.00	0.00	142.54
Net	5,336.72	0.00	3.25	255.36	0.00	253.36	0.00	0.00	0.00	0.00	5,848.69

*Bank holds investment in shares (VISA) outside India with Book Value of ₹ 713/- as on March 31, 2023

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

2.3.2 Movement of Provisions for Depreciation, Non-performing Investments and Investment Fluctuation Reserve

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
(1) Movement of provisions held towards depreciation on investments		
(i) Opening balance	144.40	130.45
(ii) Add: Provisions made during the year	5.32	22.99
(iii) Less: Write-off/ write-back of excess provisions during the year	12.47	9.04
Closing balance	137.25	144.40
(2) Movement of provisions for Non-performing Investments (NPIs)		
(i) Opening Balance	1.86	1.86
(ii) Add: Provisions made during the year	0.00	0.00
(iii) Less: Write-off/write-back of excess provisions during the year	0.00	0.00
Closing Balance	1.86	1.86
Note: Provision held towards depreciation on investments (Item No.1) includes Provision for Non-Performing Investments also		
(3) Movement of Investment Fluctuation Reserve		
(i) Opening Balance	59.08	59.08
(ii) Add: Amount transferred during the year	0.00	0.00
(iii) Less: Drawdown	0.00	0.00
Closing Balance	59.08	59.08
(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	3.86%*	5.15%*

*Refer Note 2.1 (b) (ii)

2.3.3 Sale and transfers to/from HTM Category:

During the year ended March 31, 2024, the value of sales from Held to Maturity category (excluding sales to the RBI under open market operation auctions and redemptions in units of Venture Capital Funds as these are not initiated by the Bank) does not exceed 5 per cent of the book value of investments held in Held to Maturity category at the beginning of the year. Securities having Book value of ₹ 274.57 Crores had been shifted from HTM to AFS category.

2.3.4 Non-SLR Investment Portfolio

(i) Non performing Non-SLR investments

(₹ in Crore)

SI No	Particulars	March 31, 2024	March 31, 2023
(i)	Opening balance	1.86	1.86
(ii)	Additions during the year since April 01	0.00	0.00
(iii)	Reductions during above period	0.00	0.00
(iv)	Closing balance	1.86	1.86
(v)	Total provisions held	1.86	1.86

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

(ii) Issuer composition as at March 31, 2024 of Non SLR investments

(₹ in Crore)

SI No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	Public sector undertakings (PSUs)	2.37	2.37	-	-	2.00
(ii)	FIs	74.42	24.56	-	-	0.01
(iii)	Banks	60.08	10.00	-	-	0.00
(iv)	Private Corporate	77.84	26.34	-	-	1.86
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts, PTC and AIF)	135.39	135.39	-	-	135.39
(vii)	Less: Provision held towards depreciation	135.39				
	Total	214.71	198.66	-	-	139.26

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

* Excludes investments in equity shares, commercial papers, certificate of deposits and security receipts in line with RBI guidelines.

Issuer composition as at March 31, 2023 of Non SLR investments

(₹ in Crore)

SI No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	Public sector undertakings (PSUs)	0.49	-	-	-	-
(ii)	FIs	196.95	177.40	-	-	17.01
(iii)	Banks	135.12	10.00	-	-	-
(iv)	Private Corporate	151.84	151.32	-	-	1.86
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts, PTC and AIF)	171.97	171.97	-	-	171.97
(vii)	Less: Provision held towards depreciation	144.40				
	Total	511.97	510.69	-	-	190.84

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

* Excludes investments in equity shares, commercial papers, certificate of deposits and security receipts in line with RBI guidelines.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

2.3.5 Repo Transactions

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2024 under repos/ reverse repos:

(₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2024
A.1 Securities sold under RBI Repo				
i. Government Securities	1.11	267.33	15.23	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo				
i. Government Securities	95.72	281.75	3.87	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
B.1 Securities sold under Market Repo				
i. Government Securities	1.00	110.00	30.26	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
B.2 Securities purchased under Reverse Market Repo				
i. Government Securities	1.00	450.00	90.92	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
C.1 Securities sold under TREPS				
i. Government Securities	0.01	400.00	181.51	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
C.2 Securities purchased under TREPS				
i. Government Securities	2.48	1,444.19	25.10	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2023 under repos/ reverse repos:

(₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2023
A.1 Securities sold under RBI Repo				
i. Government Securities	3.37	1,331.12	12.82	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo				
i. Government Securities	96.13	641.99	92.64	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

(₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2023
B.1 Securities sold under Market Repo				
i. Government Securities	6.00	1,025.00	374.48	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
B.2 Securities purchased under Reverse Market Repo				
i. Government Securities	5.00	592.00	43.88	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
C.1 Securities sold under TREPS				
i. Government Securities	10.26	2,870.57	867.48	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
C.2 Securities purchased under TREPS				
i. Government Securities	35.47	550.68	11.21	304.79
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

2.3.6 Disclosure on Government Security Lending (GSL) Transactions - Not applicable

2.3.7 Additional Details on Investments

- a) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹ 4.04 Crores (previous year ₹ 4.84 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- b) Profit on sale of investments under Held to Maturity category amounting to ₹ 2.72 Crore (Previous Year ₹ 0.24 Crore) has been taken to Profit and Loss account and an amount of ₹ 1.53 Crore (Previous Year: ₹ 0.14 Crore) net of tax and appropriation to Statutory reserves has been transferred to Capital Reserve. There was no loss on sale of investments under Held to Maturity category during the year.
- c) During the year, there were reversals in Provisions for depreciation and diminution on investments in the Available for Sale category and it is amounting to ₹ 7.16 Crores. (Previous year further provision ₹ 13.95 Crores).
- d) Provisions for depreciation and diminution on investments in the Held for Trading category investments is Nil (Previous year - ₹ Nil).
- e) During the year, the Bank has transferred securities of book value amounting to ₹ 274.57 Crores (Previous year ₹ Nil Crores) from Held to Maturity category to Available for Sale category. During the year, the Bank has not transferred securities of book value from Available for Sale category to Held to Maturity category. (Previous year ₹ Nil)

2.4. Asset Quality

Ratios	March 31, 2024	March 31, 2023
(i) Gross NPA to Gross Advances (%)	1.47	1.26
(ii) Net NPA to Net Advances (%)	0.51	0.35
(iii) Provision coverage ratio(%)*	86.44	92.11

*Including Technical Write off

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

2.4.1 Classification of advances and provisions held as on March 31, 2024.

(₹ in Crore)

Particulars	Standard Total Standard Advances	Non-Performing Advances (NPAs) Sub- standard	Doubtful	Loss*	Total NPAs	Total
a) Gross Standard Advances and NPAs						
Opening Balance	20,579.10	80.96	175.72	5.88	262.56	20,841.66
Add: Additions during the year					175.72	
Less: Reductions in Gross NPAs due to:						
i) Upgradation					15.94	
ii) Recoveries (excluding recoveries from upgraded accounts)					55.19	
iii) Technical/ Prudential Write-offs					0.00	
iv) Write-offs other than those under (iii) above					6.08	
Closing balance	24,210.68	166.37	182.03	12.67	361.07	24,571.75
b) Provisions (excluding Floating Provisions)						
Opening balance of provisions held	191.60	27.34	156.38	3.64	187.36	378.96
Add: Fresh provisions made during the year					87.25	
Less: Excess provision reversed/ Write-off loans					41.64	
Closing balance of provisions held	204.90	56.02	166.53	10.42	232.97	437.87
c) Net NPAs						
Opening Balance		53.48	18.34	0.00	71.82	
Add: Fresh additions during the year					88.65	
Less: Reductions during the year					35.57	
Closing Balance		110.35	14.55	0.00	124.90	
d) Floating Provisions						
Opening Balance						0.00
Add: Additional provisions made during the year						0.00
Less: Amount drawn down during the year						0.00
Closing balance of floating provisions						0.00
e) Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						647.43
Add: Technical/ Prudential write-offs during the year						0.00
Less: Recoveries / Actual write off made from previously technical/ prudential written-off accounts during the year						87.68
Closing balance						559.75

*An amount of ₹ 2.25 Crores is held by the bank as on March 31, 2024 towards ECGC claim received on loss accounts.

Movement is taken on yearly basis.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

Classification of advances and provisions held as on March 31, 2023.

Particulars	Standard	Non-Performing Advances (NPAs)				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss*	Total NPAs	
a) Gross Standard Advances and NPAs						
Opening Balance	15,708.48	119.00	165.03	5.48	289.51	15,997.99
Add: Additions during the year					81.08	
Less: Reductions in Gross NPAs due to:						
i) Upgradation					18.90	
ii) Recoveries (excluding recoveries from upgraded accounts)					73.39	
iii) Technical/ Prudential Write-offs					0.00	
iv) Write-offs other than those under (iii) above					15.74	
Closing balance	20,579.10	80.96	175.72	5.88	262.56	20,841.66
b) Provisions (excluding Floating Provisions)						
Opening balance of provisions held	176.80	41.26	133.83	3.24	178.33	355.13
Add: Fresh provisions made during the year					63.21	
Less: Excess provision reversed/ Write-off loans					54.18	
Closing balance of provisions held	191.60	27.34	156.38	3.64	187.36	378.96
c) Net NPAs						
Opening Balance		77.65	29.34	0.00	106.99	
Add: Fresh additions during the year					18.67	
Less: Reductions during the year					53.84	
Closing Balance		53.48	18.34	0.00	71.82	
d) Floating Provisions						
Opening Balance						0.00
Add: Additional provisions made during the year						0.00
Less: Amount drawn down during the year						0.00
Closing balance of floating provisions						0.00
e) Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						744.40
Add: Technical/ Prudential write-offs during the year						0.00
Less: Recoveries / Actual write off made from previously technical/ prudential written-off accounts during the year						96.97
Closing balance						647.43

*An amount of ₹ 2.25 Crores is held by the bank as on March 31, 2023 towards ECGC claim received on loss accounts.

Movement is taken on yearly basis.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

2.4.2 Sector-wise advances and Gross NPAs

(₹ in Crore)

Sector	March 31, 2024			March 31, 2023		
	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector
A. Priority Sector						
(i) Agriculture and allied activities	10,838.19	51.92	0.48%	9,049.87	22.60	0.25%
Of which						
Dairy	7,963.58	12.05	0.15%	5,273.26	2.66	0.05%
Crop Loan	1,211.34	23.37	1.93%	2,021.88	11.47	0.57%
(ii) Advances to industries sector eligible as priority sector lending	1,219.38	12.33	1.01%	1,311.48	12.43	0.95%
Of which						
Textiles	481.03	3.90	0.81%	510.04	4.07	0.80%
Engineering	160.55	0.03	0.02%	76.14	-	-
Metal and Metal Products	130.24	3.08	2.36%	93.69	2.32	2.48%
Food processing	87.28	1.65	1.89%	236.69	2.36	1.00%
(iii) Services	955.47	23.70	2.48%	661.91	21.08	3.18%
Of which						
Retail trade	217.09	6.40	2.95%	161.93	6.60	4.08%
Wholesale Trade	188.70	3.67	1.95%	56.72	3.64	6.42%
Tourism, Hotel and Restaurants	45.56	0.44	0.97%	59.25	0.46	0.78%
(iv) Personal loans	68.51	10.80	15.76%	92.42	17.96	19.43%
Of which						
Housing	56.63	3.27	5.77%	72.65	6.94	9.55%
Education	11.88	4.68	39.39%	19.77	9.50	48.05%
(v) Others	130.16	-	-	130.99	-	-
Of which						
Renewable energy	41.78	-	-	46.14	-	-
Sub-total (A)	13,211.71	98.75		11,246.67	74.07	
B. Non Priority Sector						
(i) Agriculture and allied activities	49.31	4.81	9.75%	144.56	2.39	1.65%
Of which						
Poultry	21.38	0.09	0.40%	120.81	0.16	0.13%
Crop Loan	13.94	2.36	16.91%	13.88	1.72	12.41%
Fisheries	6.77	0.35	5.12%	2.63	0.02	0.72%
(ii) Industry	1,146.66	93.79	8.18%	511.13	27.51	5.38%
Of which						
Textiles	242.69	3.86	1.59%	55.13	4.81	8.72%
Vehicles, Vehicle Parts and Transport Equipments	69.99	0.24	0.34%	77.59	0.24	0.31%
Food Processing	287.79	77.06	26.78%	186.46	6.97	3.74%
Beverages	126.76	0.42	0.33%	75.38	0.36	0.48%
Chemicals and Chemical Products	127.53	0.13	0.10%	10.05	0.08	0.80%

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

(₹ in Crore)

Sector	March 31, 2024			March 31, 2023		
	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of gross NPAs to Total Advances in that sector
(iii) Services	4,521.73	46.65	1.03%	3,628.74	54.88	1.51%
Of which						
NBFCs	3,541.18	-	-	2,832.09	-	-
Tourism, Hotel and Restaurants	335.77	0.97	0.29%	330.87	1.19	0.36%
(iv) Personal loans	3,167.34	85.07	2.69%	2,825.60	70.92	2.51%
(v) Others	2,475.00	32.00	1.29%	2,484.96	32.79	1.32%
Sub-total (B)	11,360.04	262.32		9,594.99	188.49	
Total (A+B)	24,571.75	361.07	1.47%	20,841.66	262.56	1.26%

2.4.3 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total Assets	49.41	62.93
Total NPAs	-	-
Total Revenues	0.51	0.34

2.4.4 Particulars of resolution plan and restructuring

A) Implementation of Resolution Plans (RPs):

(₹ in Crore)

Cases eligible for RPs during the year ended March 31, 2024		RPs Successfully implemented during the year ended March 31, 2024		RPs under implementation during the year ended March 31, 2024	
Balance Outstanding (₹ in Crore)	No. of cases	Balance Outstanding (₹ in Crore)	No. of cases	Balance Outstanding (₹ in Crore)	No. of cases
11.99	4	6.98	1	5.01 [#]	3

[#]All the three cases amounting to ₹ 5.01 Crores have been fully provided as on March 31, 2024.

(₹ in Crore)

Cases eligible for RPs during the year ended March 31, 2023		RPs Successfully implemented during the year ended March 31, 2023		RPs under implementation during the year ended March 31, 2023 ^s	
Balance Outstanding (₹ in Crore)	No. of cases	Balance Outstanding (₹ in Crore)	No. of cases	Balance Outstanding (₹ in Crore)	No. of cases
31.94 [*]	5	20.70 [*]	1	11.16 [#]	3 [#]

^{*}As per RBI framework on resolution of Stressed Asset 2019, an account amounting to ₹ 20.70 Crores has been fully written off in the Bank books and the outstanding balance as on March 31, 2023 is Nil.

[#]All the three cases amounting to ₹ 11.16 Crores have been fully provided as on March 31, 2023.

^{\$}For an account amounting to ₹ 0.08 Crores, NCLT Chennai had admitted CIRP and as on March 31, 2023, 203 days have been lapsed from the date of admission and the same is not included under "RPs under implementation during the year ended March 31, 2023". The balance in the account is fully provided as on March 31, 2023.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

B) Restructured accounts under MSME - One-time restructuring

Details of MSME accounts restructured as per RBI circular Nos.DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

(₹ in Crore)

Asset status	As on March 31, 2024		As on March 31, 2023	
	No of accounts	Amount	No of accounts	Amount
Standard	5	10.59	11	28.04
Substandard	2	2.50	4	11.31
Doubtful	7	10.54	5	6.80
Total	14	23.63	20	46.15

2.4.5 Divergence in Asset Classification and Provisioning

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 01, 2019 and DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in the notes to accounts.

During the year ended March 31, 2024 no divergences have been reported in the RBI's annual supervisory process.

2.4.6 Disclosure of transfer of loan exposures

Details of loans transferred / acquired during the year ended March 31, 2024 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- The Bank has not transferred any Non-Performing Assets(NPA), Special Mention Accounts (SMA) and Loans not in default during the year.
- Details of loans not in default acquired through assignment during the year are given below:

(₹ in Crore)

Particulars [#]	March 31, 2024	March 31, 2023
Aggregate amount of loans acquired (₹ in Crores)	1,041.56	1,296.21
Weighted average residual maturity (in months)	16.25	18.37
Weighted average holding period by originator (in months)	3.50	3.79
Retention of beneficial economic interest by the originator	10%	10%
Tangible security coverage	100%	93%

[#]The loans acquired are not rated as these are to non-corporate borrowers.

- The Bank has not acquired any stressed loans during the year.
- Distribution of Security Receipts held based on ratings assigned by the credit rating agencies;

For the year ended March 31, 2024

(₹ in Crore)

Rating	Rating Agency	Category of Recovery rating	Gross Book Value	Provision held	Net Book Value
ICRA [RR-4]	ICRA	25-50%	19.42	19.42	-
Acuite [RR 5]	Acuite	0-25%	7.68	7.68	-
Unrated	NA	0-25%	108.29	108.29	-
		Total	135.39	135.39	-

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

For the year ended March 31, 2023

(₹ in Crore)					
Rating	Rating Agency	Category of Recovery rating	Gross Book Value	Provision held	Net Book Value
ICRA [RR-4]	ICRA	25-50%	23.27	23.27	-
Acuite [RR 5]	Acuite	0-25%	8.50	8.50	-
Unrated	NA	0-25%	110.77	110.77	-
		Total	142.54	142.54	-

2.4.7 Disclosure for frauds

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
No of frauds reported during the year	450	198
Amount involved in such frauds	21.17	10.91
Balance outstanding as on year end*	15.43	4.35
Amount of provision made for such frauds	15.43	4.35
Amount of Unamortised provision debited from other reserves' as at the end of the year	-	-

*Balance outstanding after technical write off / recovery.

2.4.8 Disclosure on the Resolution Framework for the Covid -19 related stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are given below:

For the year ended March 31, 2024

(₹ in Crore)					
Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the previous half year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this year
Personal Loans	1.12	0.00	0.00	0.08	0.70
Corporate Persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	1.12	0.00	0.00	0.08	0.70

For the year ended March 31, 2023

(₹ in Crore)					
Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the previous half year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this year
Personal Loans	14.89	0.96	0	8.11	5.48
Corporate Persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	14.89	0.96	0	8.11	5.48

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.5 Exposures

2.5.1 Exposure to Real Estate Sector

(₹ in Crore)		
Category	As at March 31, 2024	As at March 31, 2023
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	57.63	73.11
b) Non priority sector	118.97	115.86
(Of which staff housing loans)	(23.23)	(29.22)
Total	176.60	188.97
(ii) Commercial Real Estate	341.25	463.35
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential,	-	-
b) Commercial Real Estate.	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures to National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1179.89	1,019.82
Total Exposure to Real Estate Sector	1,697.74	1,672.14

2.5.2 Exposure to Capital Market

Sl No	Items	As at March 31, 2024	As at March 31, 2023
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	2.32	1.29
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.01	0.01
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	1.46	3.28
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
6	Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
7	Bridge loans to companies against expected equity flows/issues	-	-
8	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9	Financing to stock brokers for margin trading	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered)	-	10.00
	Total Exposure to Capital Market	3.79	14.58

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.5.3 Risk category wise country exposure*

(₹ in Crore)

Risk Category	March 31, 2024		March 31, 2023	
	Exposure (Net)	Provision held	Exposure (Net)	Provision held
Insignificant	96.68	-	101.47	-
Low	41.15	-	8.59	-
Moderately Low	3.34	-	3.13	-
Moderate	0.00	-	1.20	-
Moderately High	2.92	-	0.00	-
High	0.00	-	0.00	-
Very High	0.00	-	0.00	-
Total	144.09	-	114.39	-

* Based on categorisation followed by Export Credit Guarantee Corporation of India Ltd

2.5.4 Unsecured Gross Advances

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total unsecured gross advances of the bank	1,829.54	1,413.77
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

2.5.5 Factoring Exposure

Financing of factoring units under TREDS platform is treated as part of loans and advances and reported under the head "Bills Purchased and Discounted" in Schedule 9 of Balance Sheet. Outstanding amount as on March 31, 2024 is ₹ 10.45 Crores (Previous year ₹ 10.25 Crores).

2.5.6 Intra-Group Exposures

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total amount of intra-group exposures	-	-
Total amount of top 20 intra-group exposures	-	-
Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	-	-
Details of breach of limits on intra group exposures and regulatory action thereon, if any.	-	-

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

As per the RBI Guidelines on Management of Intra-Group Transactions and Exposures DBOD.No.BP. BC.96/21.06.102/2013-14 dated February 11, 2014, Group is defined as an arrangement involving two or more entities related to each other through any of the following relationships and a 'group entity' as any entity involved in this arrangement:

- Subsidiary – Parent
- Associate
- Joint Venture
- Related Party
- Direct or indirect ownership of 20 percent or more interest in the voting power of the enterprise
- Common brand name

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

vii. Promoters of Bank

viii. Non-Operative Financial Holding Company (NOFHC) of Bank

ix. An entity which has any of the first six relations, as above, with the promoters/NOFHC and their step-down entities

The disclosure is made as per the above definition and hence, exposures to investee company of the promoter of the Bank and its subsidiary is included.

2.5.7 Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximise the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI Circular RBI/2022-23/131/DOR.MRG.76/00-00-007/2022-23 dated October 11, 2022 as given below;

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Incremental provision maintained for Unhedged Foreign Currency Exposure	2.19	2.65
Additional Capital maintained for Unhedged Foreign Currency Exposure	8.48	5.88

2.6 Concentration of Deposits, Advances, Exposures and NPAs

2.6.1 Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total Deposits of twenty largest depositors	6,245.60	3,736.96
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	21.02%	15.25%

Note: Excludes holders of certificate of deposits which are tradable instruments.

2.6.2 Concentration of Advances*

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total advances of twenty largest borrowers	2,345.94	2,457.07
Percentage of advances to twenty largest borrowers to Total Advances of the Bank	8.67%	10.59%

*Advances are computed based on credit exposure i.e. funded and non-funded limits.

2.6.3 Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total Exposures to twenty largest borrowers/customers	2,345.94	2,469.72
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	8.57%	10.41%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.6.4 Concentration of NPAs

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
Total Exposures to top twenty NPA Borrowers	123.08	58.50
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	34.12%	22.28%

2.7. Derivatives: Nil

2.7.1 Forward Rate Agreement/ Interest Rate Swap: Nil

2.7.2 Exchange Traded Currency and Interest Rate Derivatives: Nil

2.7.3 Disclosures on risk exposure in derivatives: Nil

Qualitative & Quantitative Disclosure: Not Applicable

2.7.4 Credit Default Swaps: Nil

2.8 Disclosures relating to Securitisation - Not applicable to the Bank as there is no sale during the year.

2.9 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

2.10 Transfers to Depositor Education and Awareness Fund (DEA Fund)

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEA Fund. Details of amounts transferred to / reimbursed by DEA Fund is disclosed as "Contingent Liability - Others, items for which the Bank is contingently liable" under Schedule 12 of the Financial Statements. Details of amounts transferred to / reimbursed by DEA Fund are set out below:

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
Opening balance of amounts transferred to DEAF	71.58	64.08
Add : Amounts transferred to DEAF during the year	9.55	8.35
Less : Amounts reimbursed by DEAF towards claims	3.08	0.85
Closing balance of amounts transferred to DEAF	78.05	71.58

2.11 Disclosure of complaints

a) Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
Complaints received by the Bank from its customers		
1. No. of complaints pending at the beginning of the year	45	70
2. No. of complaints received during the year	20,854	12,621
3. No. of complaints disposed during the year	20,856	12,646
3.1 Of which, number of complaints rejected by the Bank	571	336
4. No. of complaints pending at the end of the year	43	45
Maintainable complaints received by the bank from Office of Ombudsman		

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
5. No of maintainable complaints received by the Bank from Offices of Ombudsman	105	144
5.1 No of Complaints resolved in favour of the Bank by Offices of Ombudsman	39	138
5.2 No of Complaints resolved through conciliation/ mediation/ advisories issued by the Offices of Ombudsman	66	6
5.3 No of Complaints resolved after passing of awards by Offices of Ombudsman against the Bank	-	-
6. No of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

b) Top five grounds of complaints received by the Bank from Customers

(₹ in Crore)					
Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
March 31, 2024					
Ground - 1 - ATM/ Debit Cards	6	1,846	(48.79)%	2	0
Ground - 2 Internet /Mobile/ Electronic Banking	13	6,625	16.15%	3	0
Ground - 3 Account opening/ difficulty in operation of accounts	19	6,218	283.35%	19	2
Ground - 4 Loans and Advances	0	278	(32.03)%	7	2
Ground -5 Staff Behaviour	0	119	120.37%	0	0
Others	7	5,768	370.09%	12	0
Total	45	20,854		43	4

March 31, 2023					
Ground - 1 - ATM/ Debit Cards	8	3,605	0.33%	6	1
Ground - 2 Internet /Mobile/ Electronic Banking	18	5,704	72.01%	13	0
Ground - 3 Account opening/ difficulty in operation of accounts	14	1,622	80.82%	19	0
Ground - 4 Loans and Advances	0	409	51.48%	0	0
Ground -5 Staff Behaviour	0	54	58.82%	0	0
Others	30	1,227	28.08%	7	0
Total	70	12,621		45	1

2.12 Disclosure of Penalties imposed by RBI

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
a) Penalty imposed on currency chest		
No of instances of Default	4	6
Quantum of Penalty imposed	₹ 16,550	₹ 54,850
b) Penalty imposed in deficiency in regulatory compliances		
No of instances of Default	3	4
Quantum of Penalty imposed	₹ 30,000	₹ 30,000

2.13 Disclosure on Remuneration

A. Qualitative Disclosures

Qualitative Disclosures (a) Information relating to the composition and mandate of the Nomination & Remuneration Committee.

(i) Composition

Constitution of the Nomination & Remuneration Committee (NRC/Committee) is as per the extant Reserve Bank of India guidelines, Section 178 of the Companies Act, 2013 and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee consists of six members. All members of the committee are non-executive directors; of which five members are independent directors. Four members of the committee are currently also members of the Risk Management Committee (RMC) of the Board to facilitate effective governance of compensation, as against the requirement of one member from RMC, mandated as per Reserve Bank of India Circular No. DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on "Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board, The Composition of the committee is as under:

Mr. Sharad Kumar Saxena	Chairperson	Independent Director
Mr. Sumit Maheshwari	Member	Non-Executive Director
Ms. Bhama Krishnamurthy	Member	Independent Director
Ms. Sharmila Abhay Karve	Member	Independent Director
Mr. Biswamohan Mahapatra	Member	Independent Director
Ms. Renu Kohli	Member	Independent Director

The Committee comprises of two-thirds independent directors.

(ii) Function and mandate

The Committee inter alia, oversees the framing, review and implementation of compensation policy/programme including employee stock options scheme of the Bank on behalf of the Board.

The Committee should ensure that: -

- the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio;
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to executive and non-executive directors, Material Risk Takers (MRTs), key managerial personnel and senior management involves a balance between fixed and variable pay (as applicable) reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation/ Remuneration policy.

(i) Process

The Bank's remuneration program is based on principles of pay for performance philosophy, meritocracy and fairness. The compensation system also focuses on pay differentiation based on role, competency, relevant work experience, seniority, contribution and availability of talent.

The Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Committee studies the business and industry environment, analyze and categorise the risks and streamline the components of the compensation plan, like proportion of the total variable compensation to be paid to MD & CEO, WTD's /Material Risk Takers (MRTs) and Senior executives to ensure financial stability of the organisation.

(ii) Authority to invoke Malus / clawback arrangement

The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement in line with framework to invoke Malus/Clawback as per the compensation policy, after taking into account relevant statutory and regulatory stipulations as applicable.

The Committee also has the authority to ascertain whether the decision taken by the MD& CEO, Material Risk Takers (MRTs), WTD, Senior executives/ officers (Non IBA Scheme) have brought forth a negative contribution to the Bank.

(iii) Objectives

The policy is a comprehensive one covering all the employees of the Bank and intends to reduce incentives towards excessive risk taking that may arise from the structure of compensation scheme.

The objectives of the compensation policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organisation.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

The Policy aims to:

- Ensure that compensation is aligned to individual performance as well as to the organisational objectives of the Bank.
- Attract, reward and retain talent to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates.
- Inculcate and reinforce a culture of meritocracy and differentiate and reward performance.
- Have a balanced mix of Fixed, Variable (Short-term or Long Term, cash or non-cash) to appropriately reflect the value and responsibility of the role and to drive appropriate behavior and actions in the long term.
- Ensure that the policy is in line with RBI guidelines and promotes effective risk management practices and the company's commitment to compliance and controls.
- Ensure fairness and transparency in reward practices.

The policy covers all aspects of the compensation structure such as fixed pay, perquisites, variable pay in form of cash or non-cash instrument, (share-linked instruments e.g. Employee Stock Option Plan), pension plan, gratuity, guaranteed bonus etc.,

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(iv) Key features

- To actively oversee the compensation systems design and operation.
- To monitor and review the compensation system to ensure that the system operates as intended.
- Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.
- Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action.
- The Bank shall disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

(i) Compensation structure- prudent risk taking

The compensation structure may be fixed shall align with prudent risk taking, after ensuring the following:-

- Compensation must be adjusted for all types of risks.
- Compensation outcomes must be symmetric with risk outcomes.
- Compensation payout schedules must be sensitive to the time horizon of risks.
- The mix of cash, equity and other forms of compensation must be consistent with risk alignment.

A wide variety of measures of credit, market and liquidity risks may be used for implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements.

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.

- Managing Director & CEO (MD& CEO)/ Whole Time Directors (WTDs) and /Material Risk Takers (MRTs)
- Risk control and compliance staff- Non IBA scheme
- Senior Executives / Other Officers - Non IBA scheme
- Other officers and staff -On IBA scheme

(ii) Malus /Clawback Arrangement/Compensation Recovery

A Malus /clawback arrangement or a compensation recovery is provided in the policy in the case of MD & CEO, WTD's, MRTs and Senior executives/ officers (Non IBA Scheme).

The deferred compensation shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year. The Committee is vested with the powers to invoke the malus/clawback arrangement in line with framework to invoke Malus/Clawback as per the compensation policy, after taking into account relevant statutory and regulatory stipulations as applicable.

A malus arrangement permits the Bank to prevent vesting of all or part of the deferred remuneration, but does not reverse vesting after it has already occurred.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

A clawback is a contractual agreement between the employee and the Bank whereby the employee agrees to return previously paid or vested remuneration to the Bank, under certain circumstances.

Criteria for the application of malus and clawback, also specify a period during which malus and/or clawback can be applied, covering at least deferral period.

The Bank has put in place appropriate modalities to incorporate malus/ clawback mechanism in respect of variable pay including ESOPs so as to invoke the malus and clawback clauses that may be applicable on the entire variable pay.

Malus and Clawback clause in relation to variable pay including ESOPs shall apply on all variable pay commencing from the date of payment or grant until completion of the vesting, that is the "Deferral Period.

The concept of "Retention Period" is not being extended to ESOPs; however, the NRC shall have the discretion to extend the application period for Clawback till such period depending upon the Misconduct risks involved.

Malus & Clawback shall survive during the Deferral Period / even beyond the exercise period or such other period as stated above, irrespective of separation of Key Employees/employees due to any reason, including without restricted to the cases of resignation, retirement, early retirement or termination from the Bank, provided such period is capped at five years from the date of resignation, retirement, early retirement or termination, as the case may be.

The Committee will review the performance taking into consideration the macroeconomic environment as well as the internal performance indicators and accordingly decide whether any part /full of the deferred variable pay/ entire variable pay belonging to a financial year/ years merits a withdrawal. The Committee may decide/frame any other performance criteria/ strategic target, from time to time and to invoke malus and clawback clauses, if situation warrants.

(iii) Limit on variable pay

(a) Managing Director & CEO, WTD's and/Material Risk Takers (MRTs)

As per the policy, Variable pay is at least 50 % of the total compensation in a year and up to a maximum of 300 % of the fixed pay. Subject to performance, variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organisation wise performance. The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There shall be a proper balance between cash and share-linked components in the variable pay.

In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay, but shall not be less than 50% of the fixed pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash. Deferral arrangements must invariably exist for the variable pay, regardless of the quantum of pay as per the compensation policy of the Bank.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

- (b) Senior Executives/Other officers including Risk control and compliance staff- Non IBA scheme

As per the policy, the Bank may fix the variable pay for achievement against business parameters for Senior Executives/ other officers other than Employees under IBA scheme. Variable pay may be decided by the Board or Board delegated authorities from time to time during the financial years, subject to any regulatory caps that are prevalent. As per the policy, the Bank may fix variable pay based on individual performance, unit-level/business wise performance as well as the organisation wise performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organisation wise performance as applicable.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the proportion of variable pay to fixed pay for the aforementioned category of staff is weighted in favour of fixed compensation. The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff.

- (c) Employees under IBA scheme

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee. Grant of ESOP as per the ESOP scheme of the Bank, from time to time.

(iv) Severance pay and guaranteed bonus

As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organisation except in those cases where it is mandatory by statute.

Guaranteed bonus (joining/sign on bonus) shall only occur in the context of hiring new staff and be limited to first year. Further, guaranteed bonus should be in the form of share-linked instruments only since payments in cash upfront would create perverse incentives. Such bonus will neither be considered part of fixed pay nor part of variable pay.

(v) Hedging

As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement.

(vi) Committees to mitigate risks caused by an individual decision

- In order to further balance, the impact of market or credit risks caused to the Bank by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the Bank has constituted various committees to take decisions on various aspects:
- Credit limits are sanctioned by committees at different levels and there is an upper limit fixed in credit sanction decisions.
- Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.
- Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee (ALCO). Bank's exposure to liquidity risk are also monitored by ALCO.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(vii) Compensation of risk control staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. Effective independence and appropriate authority of such staff are necessary to preserve the integrity of financial and risk management's influence on incentive compensation.

The mix of fixed and variable compensation for control function personnel should be weighted in favor of fixed compensation. Therefore, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

- (a) Compensation of MD & CEO, Whole Time Directors and Material Risk Takers

- The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span subject to adherence with statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. All perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.
- The variable compensation is fixed based on performance and responsibility in the Bank. The grant of total variable pay shall be based on individual performance, unit-level performance as well as the organisational performance. Individual performance is assessed based on quantitative and qualitative measures as defined in the balanced scorecard in the Performance Management system of the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, assets quality, owners' wealth creation, compliance, governance and misconduct risk, divergence in Bank's provisioning for Non-Performing Assets and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organisational wise performance as applicable.
- The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. There should be proper balance between the cash and share linked components in the variable pay. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to the limit as prescribed in the compensation policy. Cash-linked Stock Appreciation Rights (CSARs) are also to be treated as share-linked instruments.
- Approval from Reserve Bank of India is to be obtained to decide compensation for MD & CEO, whole time directors. The payment of compensation also requires approval of the shareholders of the Bank pursuant to the Bank's Articles of Association read with the Section 196 and other applicable provisions of the Companies Act, 2013.
- Grant of share-linked instruments is also subject to approval of the respective scheme by the shareholders of the Bank.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(b) Risk control and compliance staff

Members of staff engaged in financial and risk control, including internal audit should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

The grant of total variable pay shall be based on individual performance as well as the organisational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.

The requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

(c) Senior executives/Other Officers (Non IBA Scheme)

The compensation structure for officers other than on IBA Scheme shall be on a cost to company basis and for employees recruited laterally, as freshers/ at entry level, the same will be fixed in line with the Lateral Recruitment Policy of the Bank. In line with Bank's compensation philosophy, the CTC shall be determined considering the role, market competitiveness, internal pay parity, qualification, level of experience and seniority, skills and capabilities they bring and their last drawn fixed pay.

The grant of total variable pay shall be based on individual performance as well as the organisational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management System of the Bank.

Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. Non-cash portion of the variable pay (ESOPs) shall be granted to eligible employees and shall be governed as defined in the Bank's ESOP policy.

(d) Compensation paid to Other Officers and staff members on IBA Scheme

The compensation paid to other officials that include Award staff and Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on 10th bipartite settlement / 7th Joint Note. However, it is the discretion of the Bank either to continue with the existing compensation structure prevailing under IBA scheme or modify the structure partially or fully on need basis or discontinue the existing structure in toto and switch over to different structure which is prevailing in banking industry by keeping in view, various parameters like industry level, peer group status, burden on the Bank, etc.

It is prerogative of the Bank either to utilise the service of IBA in matter of structuring compensation or device the compensation structure on its own based on the prevailing practice in the banking industry.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time.

The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.

(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

(i) Deferred compensation and Performance Linkage (Non-IBA)

In case of deferral arrangements of variable pay to MD & CEO, WTD's and Material Risk Takers (MRTs), the deferral period should be a minimum of three years in the manner as provided in the compensation policy of the Bank. This would be applicable to both the cash and non-cash components of the variable pay. A minimum of 60% of the total variable pay must invariably be under deferral arrangements. If cash component is part of variable pay, at least 50% of the cash bonus should also be deferred. In cases where the cash component of variable pay is under ₹ 25 lakhs, deferral requirements would not be necessary. The deferral shall be as per the policy including ESOS policy of the Bank.

Deferral arrangements of variable pay for rest of the officers in the manner as provided in the policy including ESOS policy of the Bank.

Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period. The vesting should be no faster than on a pro rata basis. Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments. Vesting should not be frontloaded. Bank uses Black-Scholes model to arrive fair value of the share-linked instruments, on the date of grant in line with Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Bank will follow the applicable accounting policies specified in regulation 15 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, clarification of Reserve Bank of India dated August 30, 2021 on Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019 and other relevant guidelines for adjusting deferred remuneration.

(ii) Claw-back and deferral arrangements

The provisions of Malus/claw-back and deferral arrangements applicable to the referred functionaries (all Non IBA Scheme) are as per the compensation policy subject to relevant statutory and regulatory stipulations as applicable.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms.

Subject to the policy, Bank uses an optimum mix of cash and share-linked instruments to decide variable compensation structure of MD & CEO, WTD, Material Risk Takers (MRTs), and senior executives and other officers on Non – IBA Scheme. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The grant of different forms of variable pay as stated above is subject to relevant statutory and regulatory stipulations as applicable. Other than cash portion of variable pay, the Bank has ESOP as non-cash variable pay for select few senior management staff.

In the case of MD & CEO, WTD, Material Risk Takers (MRTs), there should be a proper balance between the cash and share linked components in the variable pay. In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash subject to the maximum limit of pay in the form of cash as specified in the policy.

Payment of variable pay to senior executives and other officers other than on Non – IBA Scheme and staff engaged in financial and risk control shall be made as per the compensation policy of the Bank. Total Variable Pay can be paid in the form of both cash and/or non-cash (ESOPs) instruments as per eligibility and Bank's policy. The proportion of non-cash variable pay may be higher for the Senior Management staff of the Bank. In the case of Risk control and compliance staff, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

The grant of total variable pay shall be based on individual performance as well as the organisational performance. Individual performance is assessed based on financial and non-financial measures as defined in the balanced scorecard in the Performance Management system of the Bank.

Variable pay grant shall vary as per final performance rating which takes into account individual, business wise and organisation wise performance as applicable.

The Officers in Scale I-VII as well as Award staff come under the purview of IBA Scheme vide 7th Joint Note / 10th bipartite settlement Performance Linked Variable Pay (PLVP) may be adopted for select categories of the staff on IBA terms who are not otherwise covered under the Annual Performance based Variable Pay. The Performance Linked Variable Pay may be based on Employee performance (Balanced Scorecard) defined from time to time. The ESOP scheme may be extended to select categories of employees at the discretion of the Board / Nomination and Remuneration Committee and form part of the overall performance management program at the discretion of the Bank. ESOP is used as a compensation as well as a retention tool by Bank, the extent of ESOP will be decided by the Board or its delegated authorities. However, the grant of stock option is as per CSB Employees Stock Option Scheme which is subject to the approval of shareholders of the Bank, from time to time.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(B) Quantitative Disclosures

(1) Whole Time Directors and Material Risk Takers.

The quantitative disclosures for the financial year ended March 31, 2024 cover the Bank's Whole Time Directors and Material Risk Takers. The Material Risk Takers are identified in accordance with the revised guidelines on 'Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff, etc., issued by the RBI on November 04, 2019.

Particulars	March 31, 2024	March 31, 2023
Quantitative (g) Disclosures		
i) Number of meetings held by the Nomination & Remuneration Committee during the financial year	14	18
ii) and remuneration paid to its members.	₹ 15,25,000	₹ 8,80,000
(h) i) Number of employees having received a variable remuneration award during the financial year	16	12
ii) Number and total amount of sign-on/ joining bonus made during the financial year.	-	-
iii) Details of severance pay, in addition to accrued benefits, if any.	-	-
(i) i) Total amount of outstanding deferred remuneration, split into		
a) Cash	₹ 2,60,36,657	₹ 56,16,872
b) Shares	-	-
c) Share-linked instruments (number of unvested stock options outstanding as on 31 March and fair value of the same)	11,44,211 options with a fair value of ₹ 19,80,45,253	11,08,280 options with a fair value of ₹ 21,42,76,052
ii) Total amount of deferred remuneration paid out in the financial year.		
a) Cash	₹ 1,17,06,278	₹ 35,74,795
b) Share-linked instruments (number of vested stock options outstanding as on 31 March and fair value of the same)	1,40,293 options with a fair value of ₹ 1,52,92,060	2,88,738 options with a fair value of ₹ 5,10,28,667
c) Share-linked instruments (number of vested and exercised stock options as on 31 March and fair value of the same)	5,85,318 options with a fair value of ₹ 9,40,70,165	-
(j) Breakdown of amount of remuneration awards for the financial year		
(i) Fixed	₹ 15,19,95,014	₹ 10,37,49,512
(ii) Variable Pay- Cash Component		
- Upfront payment	₹ 3,03,39,552	₹ 3,51,99,357
- Deferred payment	₹ 1,71,20,094	₹ 3,21,25,382
(iii) Variable Pay- Non Cash Component		
- Share linked Instruments- Deferred	3,44,157 options with a fair value of ₹ 4,19,48,018	4,89,701 options with a fair value of ₹ 4,35,25,487
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-
(iii) Total amount of reductions during the year due to ex- post implicit adjustments.	-	-

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

Particulars	March 31, 2024	March 31, 2023
(l) Number of MRTs identified	14	16
(m) i) Number of cases where malus has been exercised	-	-
ii) Number of cases where clawback has been exercised	-	-
iii) Number of cases where both malus and clawback have been exercised	-	-
General Quantitative Disclosure (n) The mean pay for the Bank as a whole (excluding sub staff) and the deviation of the pay of each of its WTDs from the mean pay		
i) Mean pay for the Bank	₹ 4,56,496.43	₹ 4,04,462.88
ii) Deviation of the pay of each of its WTDs from the mean payoff the Bank		
- MD & CEO	74.18	45.77*
- Wholetime Director	0.55^	29.57*

^Mr. B.K. Divakara has been appointed as Whole Time Director with effect from March 15, 2024; hence, deviation was calculated with effect from that date only.

(2) Remuneration paid to the non-executive directors

Disclosure for	Particulars	March 31, 2024	March 31, 2023
compensation of Non-executive Directors	a) Amount of remuneration (sitting fee) paid to the non-executive directors excluding Part-time Chairman	₹ 1,22,20,000	₹ 91,60,000
	b) Amount of remuneration and sitting fee paid to Part-time Chairman - Shri. Madhavan Aravamuthan (From 01.04.2022 to 28.06.2022)		
	i Remuneration	-	₹ 4,40,000
	ii Sitting fee	-	₹ 3,35,000
	c) Amount of remuneration and sitting fee paid to Part-time Chairperson - Smt. Bhama Krishnamurthy		
	i Remuneration	₹ 18,00,000	₹ 6,70,000
	li Sitting fee	₹ 28,15,000	₹ 25,00,000
	d) Total (a+b+c)	₹ 1,68,35,000	₹ 1,31,05,000

Notes pertaining to FY 2023-24

- Fixed remuneration includes salary, consolidated benefit allowance, gratuity, residential accommodation and Bank's contributions towards National Pension Scheme/Provident Fund etc. The value of perquisite is calculated as cost to the Bank. The salaries of separated MRTs have been considered for the period they were in service with the Bank. The fixed pay also includes arrear payments of MD & CEO for FY 2022-23.
- Employees received variable pay includes MD&CEO, WTDs and other Material Risk Takers (MRTs) based on the revised criteria given by RBI in its guideline dated November 04, 2019. Further this also includes MD&CEO/MRTs who have retired or transferred other roles who were paid variable pay in the year (both cash and stock option) including the deferred portion of variable pay of previous years and stock options being granted/vested during the year. Variable pay includes cash bonus and stock options (as per RBI guideline dated November 04, 2019) that are paid/ granted/ vested during the year.
- Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
- i The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore per annum to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,30,00,000 p.a. to ₹ 2,42,00,000 p.a., with effect from April 01, 2023.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

- ii The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 31,64,384/- to Mr. Pralay Mondal, out of which ₹ 15,82,192/- shall be in non-cash form (stock options) and the balance in cash, for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022.
- iii The Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 1,25,00,000/- to Mr. Pralay Mondal, Managing Director & CEO out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash, for the performance period from September 15, 2022 to March 31, 2023.
- Remuneration paid to Mr. B.K. Divakara for the financial year 2023-24 and disclosed includes payment of fixed pay and variable pay made to him in the capacity of 'Chief Financial Officer/Head Strategy & Corporate Legal for the period up to March 14, 2024, and thereafter from March 15, 2024 onwards, in the capacity of the Whole Time Director.
- Payments of deferred portion of variable pay (Cash) made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2023-2024 were also included as part of the total payments made to WTDs/MRTs and accordingly, reporting was made at respective places. A similar approach has been followed in the case of the options granted to him in the previous financial year(s) and vested/exercised in the year.
- No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.
- Payment of sitting fee to Non-Executive Independent Directors was within the limits as prescribed in Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Notes pertaining to FY 2022-23

- Fixed remuneration includes salary, consolidated benefit allowance, gratuity, residential accommodation and Bank's contributions towards National Pension Scheme etc.
- Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date.
- The Bank, on September 15, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a fixed pay of ₹ 1.25 Crore per annum to Mr. Pralay Mondal for his position of Deputy Managing Director, prorated for his period of appointment as Deputy Managing Director with effect from February 17, 2022 up to September 14, 2022.
- Remuneration paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 1, 2021 to February 16, 2022, during which he held the position of 'President - Retail, SME, Technology and Operations'. The Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, is still under consideration of Reserve Bank of India. Pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022 onwards, the same remuneration as stands approved by the Reserve Bank of India for the position of Deputy Managing Director, and further provision has been made in the books of accounts for the difference of ₹ 0. 73 crore to be paid subject to the approvals/or in the manner as may be approved by Reserve Bank of India. However, 1,56,389 options granted in FY 2022-23 to Mr. Pralay Mondal and disclosed was in the capacity as 'President - Retail, SME, Technology and Operations'.
- The Bank on November 01, 2022, submitted the application with Reserve Bank of India, being the proposal for payment of variable pay which comprises cash and non-cash components in the form of stock options, all together amounting to ₹ 1,19,74,204/- to Mr. Pralay Mondal for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022 and the same has been provided in the books of accounts.
- The list of MRTs was amended by additions/ deletions in the list with effect from February 28, 2023, and consequential changes were made in the calculation of fixed pay of MRTs with effect from the said date. No variable pay was paid to MRTs since February 28, 2023.
- Payments of terminal benefits and variable pay (upfront and deferrals) made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2022-2023 were also included as part of the total payments made to MRTs and accordingly, reporting was made at respective places. A similar approach has been followed in the case of the options granted to him in the previous financial year(s).

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

8. The Bank, on May 30, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of variable pay amounting to ₹ 2,10,00,000, all in the form of cash subject to deferrals, to Shri. C. VR. Rajendran, ex-Managing Director &CEO, for the performance period 2021-22.
9. No remuneration/sitting fee was paid to the Non-Executive Non-Independent Directors.
10. Payment of sitting fee to Non-Executive Independent Directors was within the limits as prescribed in Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

2.14 Other Disclosures

2.14.1 Business Ratio

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
(i) Interest Income as a percentage to Working Funds*	9.22	8.72
(ii) Non-interest income as a percentage to Working Funds*	1.84	1.19
(iii) Cost of Deposits	5.35	4.38
(iv) Net Interest Margin~	5.09	5.48
(v) Operating Profit as a percentage to Working Funds* \$	2.46	2.66
(vi) Return on Assets (%)@	1.79	2.06
(vii) Business (Deposits plus advances) per employee^ (₹ in Crore)	6.56	6.47
(viii) Profit per employee (₹ in Crore)	0.07	0.08

* Working funds represents average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

~ Net Interest income/Average Earning Assets.

@ Return on Assets = Profit after Tax /Average Working Funds.

^ Business is the total of net advances and deposits (net of inter-bank deposits).

\$ Operating profit is profit before provisions and contingencies.

2.14.2 Income from Bancassurance

(₹ in Crore)		
Nature of Income	March 31, 2024	March 31, 2023
From Selling Life Insurance Policies	113.14	50.71
i. Traditional	102.86	46.26
ii. Term	3.05	1.76
iii. ULIP	7.23	2.69
From Selling Non-Life Insurance Policies	0.89	0.92
i. Fire	0.08	0.14
ii. Marine	0.00	0.00
iii. Others	0.62	0.64
iv. Standalone Health	0.19	0.14
Others	-	-
Total	114.03	51.63

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.14.3 Marketing and distribution

Bank has received following fees/remuneration in respect of the marketing and distribution function (excluding Bancassurance business) undertaken by them;

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
From Selling Mutual Fund Products	0.01	0.01
From Atal Pension Yojana (APY)	0.01	0.01
From Credit card business	1.48	4.64
From Sovereign Gold Bond	0.01	0.01
Marketing and Distribution	49.55	-
Total	51.06	4.67

2.14.4 Details of Priority Sector Lending Certificate Purchased & Sold during the year

(₹ in Crore)					
SI No.	Type of PSLCs	March 31, 2024		March 31, 2023	
		Purchased (Face Value)	Sold (Face Value)	Purchased (Face Value)	Sold (Face Value)
1	PSLC - General	-	-	-	-
2	PSLC - Agriculture	-	2,750	-	-
3	PSLC - Small & Marginal Farmer	-	1,000	-	2,000
4	PSLC - Micro Enterprise	1,266	-	850	-

2.14.5 Details of provisions and contingencies debited in Profit and Loss Account during the Year

(₹ in Crore)		
Particulars	As on March 31, 2024	As on March 31, 2023
A Provision for NPI	0.00	0.00
B Provisions towards NPA/write offs#\$	57.63	30.66
(less: Bad debts recovered)	(62.36)	(73.56)
Net Provisions towards NPA/write offs	(4.73)	(42.90)
C Provision for Income tax (Including Deferred Tax)@	194.62	186.25
D Provision for Standard Assets	13.31	14.80
E Provision for diminution on Restructured Advances	(0.19)	(0.51)
F Other provisions \$	10.09	2.40
Total	213.10	160.04

Of which amount written off for which provision not held is ₹ 12.03 Crore (Previous Year: ₹ 21.63 Crore)

\$ Of which, Provision for fraud amounting to ₹ 5.85 Crore (Previous Year: ₹ 2.10 Crore)

@Amount of Provisions made for Income tax during the year

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
Provision for Income Tax		
a) Current Tax	200.74	193.40
b) Deferred Tax	(6.12)	(7.15)
Total	194.62	186.25

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.14.6 Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release dated January 18, 2016, was issued by the MCA outlining the roadmap for implementation of IFRS converged Ind AS for banks. This roadmap required banks to prepare Ind AS based standalone & consolidated financial statements for the accounting periods beginning April 01, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. RBI, through its notification dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements from the stated periods and also stated that early adoption of Ind AS is not permitted.

Reserve Bank of India (RBI) through press release RBI/2018- 2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all scheduled commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice.

The implementation of Ind AS by banks requires certain legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act, 1949, compatible with accounts under Ind AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, RBI, through its Statement on Developmental and Regulatory Policies dated April 05, 2018, had deferred the implementation of Ind AS by a year. The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, RBI through its notification dated March 22, 2019 deferred the implementation of Ind AS till further notice.

The implementation of Ind AS is expected to result in significant changes to the way the Bank prepares and presents its financial statements. The areas that are expected to have significant impact on application of Ind-AS are summarised below:

- 1) Financial assets (which primarily include advances and investments) shall be classified under amortised cost, fair value through other comprehensive income (a component of Reserves and Surplus) or fair value through profit/loss categories based on the nature of the cash flows and intention of holding the financial assets and business model assessment.
- 2) Interest will be recognised in the income statement using the effective interest method, whereby, fees net of transaction costs and all other premiums or discounts will be amortised over the life of the financial instrument.
- 3) Stock options will be required to be fair valued on the date of grant and be recognised as staff expenses in the income statement over the vesting period of the stock options.
- 4) The impairment requirements of Ind-AS 109, Financial Instruments, are based on an Expected Credit Loss (ECL) model that replaces the incurred loss model under the existing reporting framework. The bank will be generally required to recognise either a 12-Month or Lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. Ind-AS 109 will change the Bank's current methodology for calculating the provision for standard assets and non-performing assets (NPA). The Bank will be required to apply a three-stage approach to measure ECL on financial instruments accountant for at amortised cost or fair value through other comprehensive income. Financial assets will migrate through the following three stages based on the changes in credit quality since initial recognition.

Stage 1: 12 months ECL – for exposures which have not been assessed as credit- impaired or where there has not been a significant increase in credit risk since initial recognition, the portion of the ECL associated with probability of default events occurring within the next twelve months will need to be recognised.

Stage 2: Life time ECL - for credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL will need to be recognised.

Stage 3: Life time ECL - Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that assets have occurred, For financial assets that have become credit impaired, a lifetime ECL will need to be recognised.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

Even though RBI has deferred the implementation , the Bank is gearing itself to bring the necessary systems and processes in place to facilitate the Proforma submission to RBI and seamless transition to Ind AS. With respect to the various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are summarised as follows:

- Bank is in the process of implementing changes required in existing IT architecture and other processes to enable smooth transition to Ind AS
- As directed by the RBI, the Bank is submitting half yearly Proforma Ind AS financial statements to the RBI within the stipulated timeline
- Training to the employees is imparted in a phased manner
- The Bank will continue its preparedness towards adoption of IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

2.14.7 Payment of DICGC Insurance Premium

(₹ in Crore)			
Sr No.	Particulars	March 31, 2024	March 31, 2023
1	Payment of DICGC Insurance Premium	28.79	24.52
2	Arrears in payment of DICGC premium	-	-

2.14.8 Disclosure on Amortization of expenditure on account of enhancement in family pension of employees of bank

- Not Applicable

2.15 Provisions on Standard Assets

(₹ in Crore)		
Particulars	March 31, 2024	March 31, 2023
Opening Balance	191.60	176.80
Additions/adjustments during the year	13.31	14.80
Deductions during the year	-	-
Provisions held towards Standard Assets	204.91	191.60

The above provision held towards standard assets includes 'Contingency Provision for any Credit Loss Contingencies' of ₹ 105.92 crores.

2.16 Income and Expenses exceeding one percentage of the Total Income

Details of items under "Other expenditure" in Schedule 16 – Operating Expenses & "Miscellaneous income" in Schedule 14 – Operating Income exceeding 1% of total income of the Bank are given below:

(₹ in Crore)				
Sr No.	Nature	Particulars	March 31, 2024	March 31, 2023
1	Other Expense	Facility Management Charges	51.37	21.65
2	Other Expense	MFI Business Correspondent Tie Up Expense	53.98	39.20
3	Other Income	Processing fee	152.44	99.20
4	Other Income	Minimum Balance Charges	36.88	25.29
5	Other Income	Income received from marketing and distribution	49.55	0.00

2.17 Assets and Liabilities exceeding one percentage of the Total Assets

Details of items under "Others (including provisions)" in Schedule 5 – Other Liabilities and provisions & "Others" in Schedule 11 – Other Assets exceeding 1% of total assets of the Bank : Nil

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

2.18 Disclosure on green deposits

During the year 2023-24, the Bank has not raised Green deposits and hence the Portfolio level information on use of funds and reporting on allocation of proceeds of Green deposits to green activities/projects as mentioned in circular RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023 is not applicable.

2.19 Credit exposure to Single Borrower and Group Borrower

During the years ended March 31, 2024 and March 31, 2023, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI. Exposure is computed as per the definition in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/ 2015-16 dated July 01, 2015.

3. DISCLOSURES AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF ITEMS FOR 'NOTES TO ACCOUNTS'

3.1 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies

- A. Changes in accounting policies during the year – Nil
- B. Changes in accounting estimates – Nil

3.2 Accounting Standard 10 – Property, Plant & Equipment

i) Disclosure related to revaluation of land and building owned by the Bank.

- (a) The effective date of the revaluation - March 31, 2024
- (b) Whether an independent valuer was involved - Land and building was valued by two independent valuers. Average of the value arrived by the valuers is taken as the revalued amount.
- (c) The methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition and age of building.	Based on the age, condition and maintenance of the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentiality, etc.
	Valuation	Present market value	Prevailing market rate based on the above

- (d) The extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c) above
- (e) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on March 31, 2024: ₹ 175.84 Crores

Change for the period: During the year Bank has revalued the assets held under the category premises and an amount of ₹ 25.30 Crore has been credited to revaluation reserve. An amount of ₹ 1.15 Crore has been transferred from Revaluation Reserve to General Reserves being depreciation based on the revalued carried amount.

As per para 44 of AS 10 - Property, Plant & Equipment, an amount equivalent to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost need to be transferred to General reserve. The transfer of ₹ 0.34 Cr is on account of the same.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

3.3 Accounting Standard 15 (Revised) –Employee Benefits

3.3.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹ 26.07 Crores (Previous Year ₹ 18.32 Crore).

3.3.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

A. Amount recognised in Balance Sheet and Profit & Loss Account

The amount recognised in the balance sheet is as follows:

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Present Value of Obligations – Closing (A)	130.93	144.76	63.16	57.64	53.74	39.28
Fair Value of Plan Assets – Closing (B)	116.74	146.03	59.79	59.57	N.A.	N.A.
Funded Status (B) – (A)	14.19	1.27	3.37	1.93	53.74	(39.28)
Net Liability (Asset) recognised in Balance Sheet (Net Asset included in Item No. VII - Others of Schedule11 – Other Asset. Net Liability included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions).	14.19	(1.27)	3.37	(1.93)	53.74	39.28

The amount recognised in the statement of profit and loss account is as follows:

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Current Service Cost	28.88	32.31	8.72	9.26	21.10	12.14
Past Service Cost	0.00	0.00	0.00	0.00	N.A.	N.A.
Interest Cost	5.14	7.78	3.70	3.49	2.57	1.69
Expected Return on Plan Assets	(10.53)	(12.02)	(4.31)	(3.33)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	56.80	69.22	5.94	10.13	(1.89)	6.56
Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses)	80.29	97.29	14.05	19.55	21.78	20.39

B. Changes in Fair Value of Plan Assets

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Fair Value of Plan Assets at the beginning of the year	146.03	161.13	59.57	44.51	N.A.	N.A.
Expected Return on Plan Assets	10.53	12.02	4.31	3.33	N.A.	N.A.
Contributions	64.83	100.56	8.74	31.72	N.A.	N.A.
Benefits Paid	146.89	117.63	13.05	16.33	N.A.	N.A.
Actuarial (Loss)/Gain	42.24	(10.05)	0.22	(3.67)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	116.74	146.03	59.79	59.57	N.A.	N.A.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

C. Changes in Present Value of Obligations

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Present Value of Obligations at the beginning of the year	144.76	163.13	57.64	54.76	39.28	26.36
Interest Cost	5.14	7.78	3.70	3.49	2.57	1.69
Current Service Cost	28.88	32.31	8.72	9.26	21.10	12.14
Past Service Cost	N.A	N.A	N.A	N.A	N.A	N.A
Benefits Paid	146.89	117.63	13.05	16.33	7.32	7.47
Actuarial Loss/(Gain)	99.04	59.17	6.15	6.46	(1.89)	6.56
Present Value of Obligations at the end of the year	130.93	144.76	63.16	57.64	53.74	39.28

D. Movement in Net Liability Recognised in Balance Sheet

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Net Liability at the beginning of the period	(1.27)	2	(1.93)	10.25	39.28	26.36
Add Expenses Charged to Profit & Loss Account	80.29	97.29	14.04	19.54	21.78	20.39
Less Contributions	64.83	100.56	8.74	31.72	7.32	7.47
Net Liability (Asset) at the end of the period	14.19	(1.27)	3.37	(1.93)	53.74	39.28

E. Actual Return on Plan Assets

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Expected Return on Plan Assets	10.53	12.02	4.31	3.33	N.A.	N.A.
Actuarial Gain (Loss)	42.24	(10.05)	0.22	(3.67)	N.A.	N.A.
Actual Return on Plan Assets	52.77	1.97	4.53	(0.34)	N.A.	N.A.

F. Actuarial Assumptions

Particulars	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Discount Rate (p.a.)	7.21%	7.46%	7.23%	7.49%	7.23%	7.49%
Expected Return on Plan Assets (p.a.)	7.21%	7.46%	7.23%	7.49%	7.23%	7.49%
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality table	IALM (2012-14) ULT		IALM (2012-14) ULT		IALM (2012-14) ULT	

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

G. Investment Percentage maintained by Pension & Gratuity Trust

Particulars	Pension		Gratuity	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Life Insurance Companies	100%	100.00%	100%	100.00%
Central Govt. Securities	--	--	--	--
State Govt. Securities	--	--	--	--
Other Trust Securities (PSU)/Deposits with Banks etc.	--	--	--	--
Total	100.00%	100.00%	100.00%	100.00%

H. Experience Adjustments

(i) Pension

Particulars	Year ended March				
	2024	2023	2022	2021	2020
Defined Benefit Obligations	130.93	144.76	163.13	175.37	166.54
Plan Assets	116.74	146.03	161.13	130.81	136.36
Surplus/(Deficit)	(14.19)	1.27	(2.00)	(44.56)	(30.18)
Experience adjustments on Plan Liabilities	96.65	64.99	68.47	155.20	90.54
Experience Adjustments on Plan Assets	42.53	(10.86)	(9.96)	3.97	25.09

(ii) Gratuity

Particulars	Year ended March				
	2024	2023	2022	2021	2020
Defined Benefit Obligations	63.16	57.64	54.75	45.00	44.75
Plan Assets	59.79	59.57	44.51	37.92	58.67
Surplus/(Deficit)	(3.37)	1.93	(10.24)	(7.08)	13.92
Experience adjustments on Plan Liabilities	4.27	8.55	19.16	26.59	3.76
Experience Adjustments on Plan Assets	0.37	(3.83)	(2.15)	(3.87)	10.37

I. Expected Contributions

Bank's best estimates of contributions to the funds for Financial Year 2024-25 are as follows:

Pension: ₹ 88.81 Crore

Gratuity: ₹ 27.42 Crore

3.3.3 Other Long term Employee Benefits

As on March 31, 2024, the Bank holds provision of ₹ 6.23 Crores (Previous Year ₹ 6.03 Crores) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.

The Actuarial liability of compensated absences of accumulated sick and leave travel concession of the employees of the Bank is given below:

Particulars	March 31, 2024	March 31, 2023
Sick leave (₹ in Crores)	3.85	3.61
Leave Travel Concession (₹ in Crores)	2.38	2.42
Total actuarial liability (₹ in Crores)	6.23	6.03
Assumptions		
Discount Rate (p.a.)	7.23	7.49
Future Salary Increases (p.a.)	5.00	5.00
Attrition Rate	1.00	1.00

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

3.4 CSB Employee Stock Option Scheme

Pursuant to the requisite approval of the members on May 04, 2019, the Bank has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme"). The scheme is intended to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust viz., CSB ESOS Trust ("ESOS Trust"/"Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Under the trust route, the Bank allots shares to the trust and trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee.

Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the erstwhile Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020, post listing of shares on December 4, 2019, for ratification though the ESOS 2019 and as well as the Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained. No options were granted prior to the amendment/ratification of the scheme/listing of shares of the Bank.

The first amendment was made in the Scheme at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

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

Post amendments, under the Scheme, the quantum of secondary acquisition is capped at 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is line with the statutory ceiling prescribed under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and (ii) Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently 2% of the paid up equity capital as at the end of the previous financial year, prescribed in SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time.

Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant. The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option.

In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition and for the purpose of the Plan.

As on March 31, 2024, 45,47,094 shares of the Bank were held by CSB ESOS Trust as per the scheme which were allotted to the trust on July 12, 2019. No shares were allotted to the trust in the financial year 2023-24 (Previous year: Nil)

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

Stock option activity under the scheme during the financial year ended March 31, 2024 and March 31, 2023 is set out below:

Particulars	March 31, 2024			March 31, 2023		
	No of Options	Weighted average exercise price	Weighted average remaining contractual life (Number of years)	No of Options	Weighted average exercise price	Weighted average remaining contractual life (Number of years)
Outstanding at the beginning of the year	21,32,474	117.30	3.90	15,06,436	83.53	4.16
Granted during the year	8,63,972	314.09	6.05	7,47,456	207.93	5.50
Forfeited during the year	-	-	-	-	-	-
Options Lapsed	45,672	204.11	-	1,21,418	256.25	-
Exercised during the year	5,97,318	107.19	-	-	-	-
Outstanding at the end of the year	23,53,456	190.42	4.54	21,32,474	117.30	3.90
Options exercisable at the end of the year	1,87,957	184.77	2.24	2,88,738	75.00	1.0

Out of the 8,63,972 options granted in the financial year 2023-24, 13,145 options were granted on May 10, 2023 at an exercise price of ₹ 293.80 per option, 5,65,168 options were granted on July 20, 2023 at an exercise price of ₹ 289.30 per option, 21,536 options were granted on December 14, 2023 at an exercise price of ₹ 398.70 per option, 39,123 options were granted on January 08, 2024, at an exercise price of ₹ 407.50 per option and 2,25,000 options were granted on March 15, 2024, at an exercise price of ₹ 353.20 per option. All the options were granted at market price, to be vested subject to the vesting conditions/ malus and claw back arrangements and be exercised within the period as per the terms of the grant and the Scheme.

The following table sets forth, the summary of stock options outstanding on March 31, 2024 and March 31, 2023:

Range of exercise price (₹ per share)	March 31, 2024			March 31, 2023		
	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
10 - 100	7,02,250	10.00	4.56	11,78,150	33.90	3.78
100 - 200	3,63,395	196.60	3.73	3,76,067	196.60	4.75
200 - 300	10,02,152	265.12	4.11	5,78,257	235.65	3.59
300 - 400	2,46,536	357.17	7.33	-	-	-
400 - 500	39,123	407.50	5.28	-	-	-

The weighted average fair value, based on Black-Scholes model, of options granted during the financial year ended March 31, 2024, was ₹ 135.54 (Financial year ended March 31, 2023 was ₹ 88.57).

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme up to and including March 31, 2021 and thereafter Fair Value method by using Black-Scholes Model, for accounting the value of Options granted. In case, the Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme, the difference between the market price and exercise price will be considered as the value of an Employee Stock Option and shall be expensed over the period of vesting. The market price for this purpose is the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. If such shares are listed on more than one recognised stock exchange, then the closing price on the recognised stock exchange having higher trading volume shall be considered as the market price which is in line with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. In case of valuation of options is done by using fair value method by using Black- Scholes Model, the fair value thus arrived at should be recognised as expense beginning with the accounting period for which the approval has been granted and accounting of the options granted shall be made for, accordingly.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

The value of option arrived at will be amortised over the period of vesting/ expensed beginning with the accounting period for which approval has been granted, in line with para 42 of GN (A) 18 (Issued 2005) Guidance Note on Accounting for Employee Share-based Payments and further clarification of Reserve Bank of India dated August 30, 2021 on Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019. In case, the options granted under the Scheme do not vest on one date but have graded vesting schedule, total options granted shall be segregated into different groups, depending upon the vesting dates and each vesting date should be considered as a separate option grant, and evaluated and accounted for, accordingly.

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' for the options granted up to and including March 31, 2023, the impact on reported net profit and EPS in the financial year ended March 31, 2024 would be as follows:

Particulars	March 31, 2024	March 31, 2023
Net Profit (as reported) (₹ in crores)	566.82	547.36
Add: Stock based employee compensation expense included in net income (₹ in crores)	7.89	1.92
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	7.92	1.95
Net Profit (Proforma) (₹ in crores)	566.79	547.33
Earnings per share: Basic (in ₹)		
As reported	32.67	31.55
Proforma	32.67	31.55
Earnings per share: Diluted (in ₹)		
As reported	32.67	31.55
Proforma	32.67	31.55

The fair value of options granted during the period 2023-24 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

Date of Grant	May 10, 2023	July 20, 2023	December 14, 2023	January 08, 2024	March 15, 2024
No. of Options	13,145	5,65,168	21,536	39,123	2,25,000
Average Dividend Yield	0%	0%	0%	0%	0%
Expected Volatility	37.06% to 42.09%	36.06% to 41.17%	33.98% to 40.28%	33.61% to 39.82%	35.05% to 39.86%
Risk free interest rate	6.79% to 6.91%	6.87% to 6.94%	7.06% to 7.16%	6.98% to 7.08%	6.96% to 6.99%
Expected life of options	2.5 to 5.51 years	2.5 to 5.51 years	2.5 to 5.50 years	2.5 to 5.51 years	3.51 to 7.51 years
Expected forfeiture	-	-	-	-	-
Fair Value Range(₹)	120.36	116.88	157.87	159.75	176.94
Exercise Price(₹)	293.80	289.30	398.70	407.50	353.20
Average Fair Value(₹)	120.36	116.88	157.87	159.75	176.94

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

The fair value of options granted during the period 2022-23 has been estimated on the date of grant using the Black Scholes option-pricing model with the assumptions given under:

Date of Grant	June 28, 2022	July 21, 2022	September 23, 2022
No. of Options	3,76,067	2,15,000	1,56,389
Average Dividend Yield	0%	0%	0%
Expected Volatility	43.31% to 43.92%	43.3% to 43.92%	39.19% to 42.61%
Risk free interest rate	6.63% to 7.22%	6.72% to 7.21%	6.92% to 7.20%
Expected life of options	2.5 to 5.51 years	2.5 to 5.51 years	2.5 to 5.51 years
Expected forfeiture	-	-	-
Fair Value Range(₹)	84.2	88.72	98.86
Exercise Price(₹)	196.60	207.00	236.45
Average Fair Value(₹)	84.2	88.72	98.86

Assumptions

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-yield curve for Government Securities. Expected Life of options is the period for which the Bank expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised, and the maximum life is the period after which the options cannot be exercised. Expected dividends during the estimated expected term of the option are based on recent dividend activity. Expected forfeiture is based on expected exercise behaviour which is based on the historical stock option exercise pattern of the Bank

Expected volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in Bank's share price.

3.5 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expense structure are as follows:

Treasury

Treasury operations include trading and investments in Government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers. The income of this segment primarily consists of earnings from the investment portfolio of the Bank, gains and losses on trading operations. The principal expense of the segment consists of interest expense on funds borrowed/utilised and other allocated overheads.

Corporate/Wholesale Banking

This segment provides loans and other banking services to Corporate and other clients where value of individual exposure to the clients exceeds ₹ 5 Crore as defined by RBI. Threshold limit has raised from ₹ 5 crores to ₹ 7.5 crore for fresh exposures and also to existing exposure where incremental exposure exceeds ₹ 7.5 crore. Revenue of this segment consists of interest and fees earned on loans to such customers and charges and fees earned from other banking services. Expenses of this segment primarily consist of interest expense on funds utilised and allocated overheads.

Retail Banking

Retail banking constitutes lending and other banking services to individuals/small business customers, other than corporate/wholesale banking customers, identified on the basis of RBI guidelines. Revenue of this segment consists of interest earned on loans made to such customers and charges /fees carried from other banking services to them. The principal expenses of the segment consist of interest expenses on funds borrowed and other expenses.

Additional disclosure of the Digital Banking Segment as a sub-segment within the existing "Retail Banking Segment"- RBI circular RBI/2022-2023/19 DOR.AUT.REC.12/22.01.001/2022-23 dated 07-04-2022

Other Banking Operations

This segment includes para banking activities like third party product distribution and other banking transactions, not covered under any of the above segments. The income from such services and associated costs are disclosed in this segment.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Revenue	498.15	429.50	814.57	622.67	2,075.09	1,522.47	124.02	60.69	3,511.83	2,635.33
Result	51.32	82.97	148.88	110.09	524.20	516.41	46.93	26.03	771.33	735.50
Unallocated expenses										
Operating profit									771.33	735.50
Provisions other than tax									(9.89)	(1.89)
Provision for Tax									(194.62)	(186.25)
Extraordinary profit										
Net profit									566.82	547.36
OTHER INFORMATION										
Segment assets	7,745.81	6,482.53	9,173.19	7,268.97	19,048.49	15,343.42	28.24	13.23	35,995.73	29,108.15
Unallocated assets									60.26	54.13
Total assets									36,055.99	29,162.28
Segment liabilities	2,005.72	101.04	11,305.40	7,181.87	18,935.20	18,675.55	-	-	32,246.32	25,958.46
Unallocated liabilities									6.02	0.19
Total liabilities									32,252.34	25,958.65
Capital employed	5,740.09	6,381.49	(2,132.21)	87.10	113.29	(3,332.13)	28.24	13.23	3,749.41	3,149.69
Unallocated liabilities									54.24	53.94
Total liabilities									3,803.65	3,203.63

The Corporate/wholesale liabilities have been arrived at using the modified definition given in RBI direction RBI/2018-19/128 DBR.DIR.BC.No.27/13.03.00/2018-19 dated February 22, 2019.

As per RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022 on establishment of Digital Banking Unit (DBU), for the purpose of disclosure under 'Accounting Standard 17 - Segment Reporting', 'Digital Banking' has to be identified as a sub-segment under Retail Banking. Since the Bank has not established DBU, Digital Banking has not been disclosed as a sub-segment under Retail Banking.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

Part B: Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

3.6 Accounting Standard 18 – Related Party disclosures

The Bank has transactions with its related parties comprising promoter group entities / other related entities forming part of the promoter group, key management personnel and relatives of key management personnel.

(a) Related Parties:

(i) Promoter

Sr. No	Name of the Entity	Nature of Relationship
1.	FIH Mauritius Investments Ltd (FIHM)	Promoter

(ii) Name of the related parties - Promoter Group

Sr. No	Name of the Entity	Nature of Relationship
1.	Fairfax India Holdings Corporation	Parent Company of FIHM
2.	Fairfax Financial Holdings Limited	Ultimate parent Company of FIHM
3.	FIH Private Investments Ltd	Wholly owned subsidiary of FIHM
4.	I Investments Limited	Wholly owned subsidiary of FIHM
5.	Anchorage Infrastructure Investments Holdings Limited	Subsidiary of FIHM

(iii) Names of the other related parties wherein Promoter/Promoter Group has direct equity investment *

Sr. No	Name of the Entity	Nature of Relationship
1.	Fairchem Organics Limited	Investee Company of FIHM
2.	National Collateral Management Services Limited	Investee Company of FIHM
3.	IIFL Securities Limited	Investee Company of FIHM
4.	IIFL Finance Limited^	Investee Company of FIHM
5.	Sanmar Engineering Services Limited	Investee Company of FIHM
6.	Saurashtra Freight Private Limited	Investee Company of FIHM
7.	Bangalore International Airport Limited	Investee Company of FIHM
8.	5Paisa Capital Limited	Investee Company of FIHM
9.	Seven Islands Shipping Limited	Investee Company of FIHM
10.	Maxop Engineering Company Private Limited	Investee Company of FIHM
11.	Jaynix Engineering Private Limited	Investee Company of FIHM

* Defined in terms of Section 2(76) (v) to (viii) of the Companies Act, 2013 read with Regulation 2(zb) and 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 2(1) (oo) and (pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

^ IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(iv) Key Managerial Personnel*

As on March 31, 2024

Name of the Key Managerial Personnel	Relatives of the Key Managerial Personnel
Mr. Pralay Mondal, Managing Director & CEO	- Ms. Mahasweta Mondal - Ms. Pritha Mondal - Ms. Trina Mondal - Mr. Biplab Mondal
Mr. B K Divakara, Whole Time Director (w.e.f March 15, 2024)	- Ms. Sudha K - Mr. B. Dushyanth - Ms. Mrudhula

As on March 31, 2023

Name of the Key Managerial Personnel	Relatives of the Key Managerial Personnel
Mr. Pralay Mondal, Managing Director & CEO (Elevated and appointed as the Managing Director & CEO of the Bank with effect from September 15, 2022)	- Ms. Mahasweta Mondal - Ms. Anima Mondal - Ms. Pritha Mondal - Ms. Trina Mondal - Mr. Biplab Mondal

*In terms of Reserve Bank of India guidelines no. DBOD. No. BP. BC/89/21.04.018/2002-03 dated March 29, 2003 on compliance with Accounting Standards (AS) by Banks and further Master Direction No. DOR.ACC. REC. No.45/21.04.018/2021-22 dated August 30, 2021 on Financial Statements - presentation and disclosures (RBI Master Direction) as amended from time to time, Key Management Personnel (KMP) means the Whole Time Directors of the Bank only.

(v) Entities in which Key Managerial Personnel /their relatives are interested

As on March 31, 2024

Name of Key Managerial Personnel	Name of the entities in which interested	Nature of the interest
	NIL	

As on March 31, 2023

Name of Key Managerial Personnel	Name of the entities in which interested	Nature of the interest
	NIL	

(b) Details of the transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

(₹ in Crore)		
Items	March 31, 2024	March 31, 2023
Interest expenses – paid^		
Key Managerial Personnel	0.02	0.006
Relatives of Key Management Personnel	0.00	0.00
Remuneration paid to Wholetime Directors		
Key Management Personnel	4.18#	3.05#
No. of employee stock options granted under ESOS (in numbers)	52,268	1,56,389
Value of employee stock options exercised	0.04	-
Value of employee stock options charged to P&L	3.11	2.18

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(₹ in Crore)

Items	March 31, 2024	March 31, 2023
Fee income/brokerage received		
Entities wherein Promoter/Promoter Group has equity investment – IIFL Securities Limited	0.08	0.06
Interest Income Received - Loans		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited@		
1. DA/PTC transactions	62.56	59.71
2. BC arrangement	-	1.14\$
Interest Income Received - Investments		
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited		
Interest income from investment in Non-Convertible Debentures	-	2.08
Interest paid		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Interest paid on fixed deposit maintained with the Bank under the terms of BC arrangement	-	0.21
Service charge / Commission		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Service charge / commission paid under the terms of BC arrangement.	-	1.59#
Service charge / commission paid under the terms of DA/PTC arrangement.	0.00	0.00
Deposit		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Fixed deposit maintained with the Bank under the terms of the BC arrangement agreement	-	5.23\$
Advance		
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited@		
1.DA/PTC transactions		
- Opening balance	899.30*	783.80*
- Add: loans acquired during the year	753.86	1112.02
- Less: collections during the year	704.96	996.52
- Closing balance	948.21	899.30
2.BC arrangement		0.00\$
Redemption of investments		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited- investment in Non-Convertible Debentures	-	87.63~

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

A. Notes pertaining to FY 2023-24

1. 0.00 represents insignificant amount.
2. Value of the options arrived based on the exercise price of the respective options exercised
3. Fee income/brokerage received from 3-in-1 tie-up arrangement in the nature of 'referral programme' with IIFL Securities Limited ("**IIFL Securities**") and as part of the programme, IIFL Securities will share a part of fee income on a revenue sharing basis of 40% of the brokerage earned from the customers sourced by the Bank.
4. Transactions reported are the transactions with related parties defined and coming under AS 18 - Related Party Disclosures notified under Sections 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendments Rules 2016 and Companies (Accounting Standards) Rules 2021, Section 188 of the Companies Act, 2013, Regulation 2(zb), 2 (zc) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Master Direction No. DOR.ACC.REC. No.45/21.04.018/2021-22 dated August 30, 2021 on Financial Statements - presentation and disclosures, as amended from time to time.
5. The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for payment of fixed pay of ₹ 2.30 crore p.a. to Mr. Pralay Mondal for his position as Managing Director & CEO of the Bank with effect from the date of appointment, i.e., September 15, 2022. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for revision of the fixed pay of Mr. Pralay Mondal, Managing Director & CEO, from ₹ 2,30,00,000 p.a. to ₹ 2,42,00,000 p.a., with effect from April 01, 2023.
6. The Bank, on May 04, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 31,64,384/- to Mr. Pralay Mondal for the period he had held the position of Deputy Managing Director from February 17, 2022 to September 14, 2022, out of which ₹ 15,82,192/- shall be in non-cash form (stock options) and the balance in cash..
7. Further, the Bank, on December 20, 2023, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949, for grant/ payment of variable pay of ₹ 1,25,00,000/- to Mr. Pralay Mondal, Managing Director & CEO for the performance period from September 15, 2022 to March 31, 2023, out of which ₹ 62,50,000/- shall be in non-cash form (stock options) and the balance in cash..
8. Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.
9. #Remuneration paid to Mr. B.K. Divakara for the financial year 2023-24 and disclosed includes payment of fixed pay and variable pay made to him in the capacity of Chief Financial Officer/Head Strategy & Corporate Legal for the period up to March 14, 2024, and thereafter from March 15, 2024 onwards, in the capacity of the Whole Time Director. RBI, vide its letter dated March 4, 2024, approved for payment of fixed pay of ₹ 80 lakhs per annum to Mr. B.K. Divakara.
10. ^The transactions pertaining to payment of interest to KMP's and related parties are in the nature of banker and customer relationship.
11. A transaction with a related party shall be considered material, if the transaction(s) during a financial year, exceeds ₹ 1,000 crore or ten per cent of the annual turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
12. @ IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

13. Shareholders of the Bank vide postal resolution dated March 6, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, with FIH Mauritius Investments Ltd, promoter of the Bank. However, no transactions were carried out by the Bank with FIH Mauritius Investments Ltd during the reporting period.
14. Shareholders of the Bank vide postal resolution dated March 6, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, FIH Private Investments Ltd, an entity forming part of the promoter group of the Bank. However, no transactions were carried out by the Bank with FIH Private Investments Ltd during the reporting period.
15. *Pursuant to requisite approvals obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited for a value of transaction/s not exceeding ₹ 1200 crore at any point of time during the period, the Bank continued to acquire gold loan receivables by way of direct assignment transactions/pass through certificates during the financial year 2023-24. During the financial year the Bank had also paid an amount of ₹ of 35,400 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.

B. Notes pertaining to FY 2022-23

1. 0.00 represents insignificant amount.
2. From April 01, 2022, any person or entity forming part of the promoter group of the listed entity shall be deemed related party and further any transaction involving transfer of resources, services or obligations between a listed entity and its related party had to be construed as a related party transaction.
3. # The Bank, on September 15, 2022, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a fixed pay of ₹ 1.25 Crore per annum to Mr. Pralay Mondal for his position of Deputy Managing Director, prorated for his period of appointment as Deputy Managing Director with effect from February 17, 2022 up to September 14, 2022.
4. #Pursuant to the approval received from Reserve Bank of India on September 15, 2022 in terms of Section 35B of the Banking Regulation Act, 1949, Mr. Pralay Mondal who had been the Deputy Managing Director of the Bank since February 17, 2022, was elevated and appointed as the Managing Director & CEO of the Bank for a period of three (3) years, with effect from September 15, 2022 up to September 14, 2025 (both dates inclusive).
5. # Remuneration of ₹ 1.85 crore paid to Mr. Pralay Mondal for the financial year 2022-23 and disclosed includes payment of fixed pay made in the capacity as 'Deputy Managing Director' for the period upto September 14, 2022 and thereafter from September 15, 2022 onwards, in the capacity as the Managing Director & CEO and payment of variable pay for the period from April 01, 2021 to February 16, 2022, during which he held the position of 'President - Retail, SME, Technology and Operations'. The Bank's recommendation for payment of remuneration to him for the position as the Managing Director & CEO of the Bank with effect from September 15, 2022, is still under consideration of Reserve Bank of India. Pending approval, the Bank paid to Mr. Pralay Mondal for the period from September 15, 2022 onwards, the same remuneration as stands approved by the Reserve Bank of India for the position of Deputy Managing Director, and further provision has been made in the books of accounts for the difference of ₹ 0.73 crore to be paid subject to the approvals/or in the manner as may be approved by Reserve Bank of India. However, 1,56,389 options granted in FY 2022-23, to Mr. Pralay Mondal and disclosed was in the capacity as 'President - Retail, SME, Technology and Operations'.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

6. \$# Payments of terminal benefits, and variable pay (upfront and deferrals) amounting to ₹ 1.20 crore made to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, during the financial year 2022-2023 were also included as part of the total payments made to Key Managerial Personnel. A similar approach has been followed in the case of the options granted to him in the previous financial year(s) and accordingly, 5,78,286 options granted and reported in the Financial year ended March 31, 2022, includes 3,28,286 options granted to him under ESOS 2019, for the performance period 2020-21.
7. Fee income/brokerage received from 3-in-1 tie-up arrangement in the nature of 'referral programme' with IIFL Securities Limited ("IIFL Securities ") and as part of the programme, IIFL Securities will share a part of fee income on a revenue sharing basis of 40% of the brokerage earned from the customers sourced by the Bank.
8. Transactions reported are the transactions with related parties defined and coming under AS 18 - Related Party Disclosures notified under Sections 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendments Rules 2016 and Companies (Accounting Standards) Rules 2021, Section 188 of the Companies Act, 2013, Regulation 2(zb), 2 (zc) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. ^The transactions pertaining to payment of interest to KMP's and related parties are in the nature of banker and customer relationship.
10. A transaction with a related party shall be considered material, if the transaction(s) during a financial year, exceeds ₹ 1,000 crore or ten per cent of the annual turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
11. \$ Requisite approvals were obtained to engage IIFL Finance Limited as one of the business correspondents during the financial year 2022-23, for a value of transaction/s up to ₹ 500 Crore, which was discontinued with effect from December 31, 2022 and value of transaction reported is the difference between the opening balance and closing balance.
12. # Includes provision made to the tune of ₹ 0.35 crore for the period from October 01, 2022, up to December 31, 2022.
13. *Requisite approvals were obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited during the financial year 2022-23, for a value of transaction/s not exceeding ₹ 900 crore at any point of time during the period. During the financial year the Bank had also paid an amount of ₹ of 59,000 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.
14. ~Requisite approvals were obtained to stay invested in ₹ 90.00 Crore non-convertible debentures issued by IIFL Finance Limited, with a coupon rate of 9.50% p.a., acquired through secondary market acquisition, till its maturity date, i.e., May 07, 2022.

(b) Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties, defined in terms of Section 2(76) (v) to (viii) of the Companies Act, 2013 read with Regulation 2(zb), 2(zc) and 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

(₹ in Crore)		
Items	March 31, 2024	March 31, 2023
Interest Income Received - Loans		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited®		
1. DA/PTC transactions	62.56	59.71
2. BC arrangement	-	1.14 ^{\$}

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(₹ in Crore)		
Items	March 31, 2024	March 31, 2023
Interest Income Received - Investments		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Interest income from investment in Non-Convertible Debentures	-	2.08
Interest paid		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Interest paid on fixed deposit maintained with the Bank under the terms of BC arrangement	-	0.21
Service charge / Commission		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Service charge / commission paid under the terms of BC arrangement.	-	1.59 [#]
Service charge / commission paid under the terms of DA/PTC arrangement.	0.00	0.00
Deposit		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited		
Fixed deposit maintained with the Bank under the terms of the BC arrangement agreement	-	5.23 ^{\$}
Advance		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited®		
1.DA/PTC transactions		
- Opening balance	899.30	783.80 [*]
- Add: loans acquired during the year	753.86	1112.02
- Less: collections during the year	704.96	996.52
- Closing balance	948.21	899.30
2.BC arrangement		0.00 ^{\$}
Redemption of investments		
Entities wherein Promoter/Promoter Group has equity investment- IIFL Finance Limited-		
investment in Non-Convertible Debentures	-	87.63 [^]

Notes pertaining to FY 2023-24

1. A transaction with a related party shall be considered material, if the transaction(s) during a financial year, exceeds ₹ 1,000 crore or ten per cent of the annual turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
2. @ IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the transactions reported here is for the period upto December 22, 2023.
3. Shareholders of the Bank vide postal resolution dated March 6, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, with FIH Mauritius Investments Ltd, promoter of the Bank. However, no transactions were carried out by the Bank with FIH Mauritius Investments Ltd during the reporting period.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

4. Shareholders of the Bank vide postal resolution dated March 6, 2024 had approved material related party transactions in the nature of a) Acceptance of deposits in current account or any other similar /other types of accounts permitted to be opened under applicable laws, b) Transactions pertaining to permitted foreign exchange transactions including international cross border transactions wherein the Bank act as an authorised dealer in foreign exchange, FIH Private Investments Ltd, an entity forming part of the promoter group of the Bank. However, no transactions were carried out by the Bank with FIH Private Investments Ltd during the reporting period.
5. *Pursuant to requisite approvals obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited for a value of transaction/s not exceeding ₹ 1200 crore at any point of time during the period, the Bank continued to acquire gold loan receivables by way of direct assignment transactions/pass through certificates during the financial year 2023-24. During the financial year the Bank had also paid an amount of ₹ of 35,400 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.
6. 0.00 represents insignificant amount.

Notes pertaining to FY 2022-23

1. A transaction with a related party shall be considered material, if the transaction(s) during a financial year, exceeds ₹ 1,000 crore or ten per cent of the annual turnover (interest income) of the Bank as per its last audited financial statements, whichever is lower.
2. \$ Requisite approvals were obtained to engage IIFL Finance Limited as one of the business correspondents during the financial year 2022-23, for a value of transaction/s up to ₹ 500 Crore, which was discontinued with effect from December 31, 2022 and value of transaction reported is the difference between the opening balance and closing balance.
3. # Includes provision made to the tune of ₹ 0.35 crore for the period from October 01, 2022, up to December 31, 2022.
4. *Requisite approvals were obtained for acquisition of gold loan receivables by way of direct assignment transactions/pass through certificates from IIFL Finance Limited during the financial year 2022-23, for a value of transaction/s not exceeding ₹ 900 crore at any point of time during the period. During the financial year the Bank had also paid an amount of ₹ of 59,000 as service charge to IIFL Finance Limited under the terms of DA/PTC arrangements.
5. ^Requisite approvals were obtained to stay invested in ₹ 90.00 Crore non-convertible debentures issued by IIFL Finance Limited, with a coupon rate of 9.50% p.a., acquired through secondary market acquisition, till its maturity date, i.e., May 07, 2022.
6. 0.00 represents insignificant amount

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(d) Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balances payable to/receivable from related parties.*

(₹ in Crore)		
Items	March 31, 2024	March 31, 2023
Deposit with the Bank		
Key Management Personnel^	2.06	0.59
Relatives of Key Management Personnel	0.01	0.01
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited		
Fixed deposit maintained with the Bank under the terms of the BC arrangement agreement	-	5.23
Advance		
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited		
1. DA/PTC transactions	1186.59	899.30
2. BC arrangement	-	15.25
Investments		
Entities wherein Promoter/Promoter Group has equity investment- - IIFL Finance Limited-		
investment in Non-Convertible Debentures	-	87.63

^Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.

*Maximum balances is inclusive of interest received/paid and service charges.

(e) Related party outstanding balances

The following table sets forth, for the periods indicated, the balances payable to/receivable from related parties.

(₹ in Crore)		
Items	March 31, 2024	March 31, 2023
Deposits with the Bank*		
Key Managerial Personnel	1.34	0.29
Relatives of Key Managerial Personnel	0.01	0.01
Remuneration payable to Wholetime Directors		
Key Managerial Personnel		
No. of options outstanding under ESOS (in numbers)	7,15,907	13,58,407#
ESOP Reserve outstanding in the books	8.02	14.63
Advance		
Entities wherein Promoter/Promoter Group has equity investment-- IIFL Finance Limited- DA/PTC transactions	948.21^	899.30

1. ^IIFL Finance Limited (IIFL) ceased to be a related party of the Bank w.e.f. December 22, 2023, due to reduction in shareholding by FIH Mauritius Investment Ltd, promoter of the Bank, in IIFL Finance from 22.31% to 15.12% in the paid-up equity share capital of IIFL. Accordingly, the outstanding balance reported here is the balance as on December 22, 2023
2. # The options granted to Mr. C. VR. Rajendran, ex-Managing Director & CEO of the Bank, in the previous period were also included in the No. of options outstanding under ESOS.
3. * Mr. B. K. Divakara was elevated and appointed as the Whole-time Director (designated as Executive Director) of the Bank with effect from March 15, 2024. Hence, except the details of remuneration paid, only the transactions from the effective date of his appointment as the whole-time director is considered for the purpose of this reporting.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

3.7 Accounting Standard 19 – Leases

Operating leases primarily comprise office premises, which are renewable at the option of the Bank.

i. Liability for Premises taken on Non-Cancellable operating lease are given below:

Particulars	March 31, 2024	March 31, 2023
Not later than 1 year	13.77	7.57
Later than 1 year and not later than 5 years	32.83	21.97
Later than 5 years	-	-
Total	46.60	29.54

ii. Amount of lease payments recognised in the P&L Account for operating leases is ₹ 79.88 Crores (Previous Year ₹ 62.94 Crores)

3.8 Accounting Standard 20 – Earnings per Share

Particulars	March 31, 2024	March 31, 2023
Basic		
Weighted average number of equity shares outstanding	17,34,85,827	17,34,85,827
Net profit after tax (₹ in Crore)	566.82	547.36
Basic Earnings per Share (₹)	32.67	31.55
Diluted		
Weighted average number of equity shares outstanding	17,34,85,827	17,34,85,827
Net profit after tax (₹ in Crore)	566.82	547.36
Diluted Earnings per Share (₹)	32.67	31.55
Nominal value per Equity Share (₹)	10	10

3.9 Accounting Standard 21 - Consolidated Financial Statements (CFS) and Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

The Bank does not have any Subsidiary, Associate and Joint venture and hence this disclosure is not applicable.

3.10 Accounting Standard 24 - Discontinuing Operations

The Bank has not discontinued operations and hence this disclosure is not applicable.

3.11 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on March 31, 2024, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 60.26 Crore, which is included in Item No.6 of Schedule 11-Other Assets. Components of Net Deferred Tax Asset as on March 31, 2024 are as follows:

Particulars	March 31, 2024	March 31, 2023
Deferred Tax Asset		
Provision for Employee Benefits	14.19	10.69
Provision for Standard Assets	51.57	48.22
Others	6.73	5.90
Total Deferred Tax Asset	72.49	64.81
Deferred Tax Liability		
Depreciation on Fixed Assets	2.30	1.82
Special Reserve u/s 36 (1)(viii)	9.93	8.86
Total Deferred Tax Liability	12.23	10.68
Net Deferred Tax Asset	60.26	54.13

(₹ in Crore)

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

3.12 Accounting Standard 26 – Intangible Assets

The Bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

Particulars	March 31, 2024	March 31, 2023
a) Acquired Application Software		
Opening Balance at cost	83.21	71.62
Add Additions during the year	35.93	11.59
Less Disposals during the year	0.00	0.00
Less Amortisation to date	66.62	52.77
Net Carrying Amount	52.52	30.44
b) Internally Generated Software		
Opening Balance at cost	19.74	19.74
Add Additions during the year	0.00	0.00
Less Disposals during the year	0.00	0.00
Less Amortisation to date	18.36	17.11
Net Carrying Amount	1.38	2.63
Total Carrying Amount	53.90	33.07

3.13 Accounting Standard 28 - Impairment of Assets

In the opinion of the Banks' Management, there is no material impairment to the fixed assets as at March 31, 2024 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

3.14 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

3.14.1 Description of Contingent Liabilities

Sr. No.	Contingent Liability#	Brief Description
1	Claims against the Bank not acknowledged as debts	These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate
3	Guarantee given on behalf of constituents	As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation
4	Acceptances, endorsements and other obligations	These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank
5	Other items for which the Bank is contingently liable	Includes income tax/service tax/GST appeals filed by the Bank@, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). @Under Contingent Liabilities (Schedule 12) – 'Other items for which the bank is contingently liable' include disputed tax liabilities of ₹ 126.63 Crore (Previous Year ₹ 126.63 Crore). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues. Provision for income tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.

#Refer schedule 12 for amounts relating to contingent liability.

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

4. ADDITIONAL DISCLOSURES

4.1 Disclosure of Letter of Comforts (LOCs) issued by Bank

Bank has no subsidiaries and hence the Letter of Comforts issued to subsidiaries as on March 31, 2024 is Nil.

4.2 Proposed Dividend

The Board of Directors have not recommended any dividend for Financial Year 2024 (Year ended March 31, 2023: Nil)

4.3 Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

4.4 Investor education and protection fund

The Bank had not declared any dividends since the financial year 2014-15, no amount was required to be transferred to the Investor Education and Protection Fund (the "Fund") by the Bank for the financial year ended March 31, 2024.

All the unclaimed dividends pertaining to the prior period/ financial years, which remained unclaimed for a period of seven (7) consecutive years or more, were transferred to the Fund in the corresponding previous financial years within the stipulated time and in the manner as prescribed in Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

4.5 Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013 and Schedule VII of the said Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and further, in accordance with the Corporate Social Responsibility Policy of the Bank, the amount required to be earmarked by the Bank for CSR activities for the financial year 2023-24 was ₹ 10.82 crores (Previous year ₹ 6.72 crores), being two percent of the average net profits of the Bank as per Section 135(5) of the Companies Act, 2013.

The Bank has successfully made use of the whole of the CSR budget earmarked, for the purpose of undertaking various CSR activities/projects including an ongoing project, in line with the annual action plan as approved by the CSR Committee and the Board.

A. The details of the CSR activities undertaken by the Bank are given below:

(₹ in Crore)

Sl. No.	Particulars	March 31, 2024	March 31, 2023
1	Amount required to be spent by the Bank during the financial year	10.82	6.72
2	Amount approved by the Board to be spent during the financial year	10.82	6.72
3	Amount spent for construction/ acquisition of any asset during the financial year	-	-
4	Amount of expenditure/spent incurred other than (3) above	7.03	6.72
5	Details of unspent at the end of the year	3.79*	-

SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

(₹ in Crore)

Sl. No.	Particulars	March 31, 2024	March 31, 2023
6	Reason for unspent	The Bank had sanctioned one ongoing projects during the FY 2023-24 and the unspent amount of ₹ 3.79 Crores pertaining to the said ongoing projects were transferred to Unspent CSR account on April 15, 2024 which will be released in a phased manner up on receipt of request from the foundation or based on the progress of the project on or before March 31, 2025. The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/ non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 2.98 Crores, however due to unforeseen reasons the project was slightly impleaded and the foundation was able to spend ₹ 2 Crore only. The Bank, hence, on request of the foundation, decided to classify the project as an ongoing project with an additional contribution of ₹ 2.81 Crores, which is proposed to be completed on or before March 31, 2025.	NA
7	Details of excess amount spent	-	-
8	Details of unspent CSR amount for the preceding three financial years	-	-
9	Details of ongoing projects	The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/ non-existent for dialysis infrastructure. The target segment served by the project is 'Rural Marginalised Kidney Failure Patients' and is conducted on a PAN India level. The Foundation supports the Pradhan Mantri National Dialysis Programme (PMNDP) through a unique Public Private Partnership model that harnesses government infrastructure, private sector expertise and financial support from corporates and individuals.	-

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

(₹ in Crore)

Sl. No.	Particulars	March 31, 2024	March 31, 2023
10	Nature of CSR activities	Promoting Healthcare including Preventive Healthcare and sanitation Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. Promoting Education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Promoting Healthcare including Preventive Healthcare and sanitation Setting up homes/old age homes and hostels for senior citizens, women and orphans Promoting Education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
11	Mode of implementation	Directly and Through implementing agencies	Through implementing agencies
12	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-
13	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

*Amount pertains to an ongoing project sanctioned by the Bank during the financial year 2023-24.

B. The details of the CSR fund utilisation by the Bank during the financial year are given below:

(i). Ongoing projects

(₹ in Crore)

Sl No	Party	Particulars	Amount Spent during the financial year	Amount transferred to Unspent CSR Account
1	Fairfax India Charitable Foundation*	Project Dialysis for undertaking dialysis activities across the country	2.00	3.79

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**

(ii). Other than ongoing projects

Sl No	Party	Particulars	Amount
1.	Sevarth Sansthan Seth Bimal K Jain Trauma and Physio Dharmarth Samiti (SSBTC)	For purchase of Cryostat Microtome Machine to be used in the Histopathology Lab of the Hospital run by SSBTC	0.26
2	Trichur Archdiocese Buon Natale Trust	Empowering women, setting up homes and hostels for women and Orphans	0.15
3	RK HIV Aids Research & Care Centre	CSBRESTH – Catholic Syrian Bank & R K HIV Efforts for Stamping out Tuberculosis (TB) from every Household in Mumbai	1.00
4	Jan Jagrati Sevarth Sansthan	Education and skill development	2.50
5	Providence Women's College, Kozhikode	Installation of Book shelf as part of establishment of a multifunctional knowledge centre and Women Technology Park	0.02
6	Saveetha Institute of Medical & Technical Sciences, Erode	Construction of Sewage Treatment Plant for Hospital sanitisation	1.00
7	Kerala State Coastal Area Development Corporation Ltd (KSCADC)	Formation of Fisheries Training Centre for empowering marginalised fisherwomen	0.10
TOTAL			5.03

- *The Project Dialysis conducted by Fairfax India Charitable Foundation aims in providing affordable, quality dialysis services to patients in various parts of India where the services are limited/non-existent for dialysis infrastructure. The project was initially approved by the Board as a onetime arrangement with a contribution of ₹ 2.98 Crores, however due to unforeseen reasons the project was slightly impleaded and the foundation was able to spend ₹ 2 Crore only. The Bank, hence, on request of the foundation, decided to classify the project as an ongoing project with an additional contribution of ₹ 2.81 Crores, which is proposed to be completed on or before March 31, 2025. The unspent amount of ₹ 3.79 Crores pertaining to the said ongoing projects were transferred to Unspent CSR account on April 15, 2024.
- Fairfax India Charitable Foundation do not fall under any categories of related parties or related party transactions as defined under regulation 2(1) (zb) and (zc) respectively of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 nor under any categories in terms of Section 2(76) of the Companies Act, 2013. Hence, the contribution of CSR funds to Fairfax India Charitable Foundation pursuant to Bank's CSR obligations shall not fall within the ambit of a related party transaction.

4.6 Inter-bank participation with risk sharing

During the year, the bank has not entered into any inter-bank transaction with risk sharing. (Previous year Nil)

4.7 Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

With reference to the RBI circular DBR.BP.BC.No.37/21.04.048/2018-19 dated April 24, 2019, Banks are advised to disclose exposure to ILFS and its group:

	Amount outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA (2)	Provisions required to be made as per IRAC norms. (3)	Provisions actually held
March 31, 2024	-	-	-	-
March 31, 2023	-	-	-	-

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)****4.8 Small and Micro Industries**

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 02 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Except as detailed below, there have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Sr. No	Disclosures required under the Micro, Small & Medium Development Act, 2006
I	Delayed payments due as at the end of each accounting year on account of Principal – 42,70,512.00* and Interest due thereon – Nil
II	Total interest paid on all delayed payments during the year under the provisions of the Act – Nil
III	Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act – Nil
IV	Interest accrued but not due– Nil (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date)
V	Total Interest Due but not paid – Nil (Represents all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for income tax purposes)

*Reason for delay: Upon reconciling the billable counts, Bank found duplication and wrong billing in the invoices. The issue has been raised with the vendor and is waiting for the issuance of credit note which needs to be adjusted before final payment of the invoices.

Note: Outstanding dues to those vendors/suppliers who are registered as micro/small enterprise under the Micro, Small and Medium Enterprises Development Act, (MSMED) 2006 and having an Udyam Registration are only counted as qualified MSME for the purpose of the reporting.

4.9 The Code on Social Security, 2020

The Government has formulated four Labour Codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 which are yet to be implemented. The four Labour Codes envisage strengthening the protection available to workers, including unorganised workers in terms of statutory minimum wage, social security and healthcare of workers. As these Labour Codes have not been effective, the impact of these Labour Codes in the financial statement for the year ended March 31, 2024 has not been factored.

4.10 Intermediary Transactions**a) Funds Given**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the bank to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the bank(“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the bank other than those in the ordinary course of banking business.

b) Funds Taken.

The bank has not received any fund from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries than those in the ordinary course of banking business.

**SCHEDULE 18 NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)****4.11 Comparative Figures**

The previous year’s figures have been regrouped and reclassified wherever necessary to conform to current year’s presentation.

As per our attached report of even date**For Mukund M. Chitale & Co.**

Chartered Accountants
Firm Registration No:106655W

Sd/-
Abhay V. Kamat
Partner
(Membership No. 039585)

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration No:001076N/N500013

Sd/-
Sudhir N. Pillai
Partner
(Membership No. 105782)

Date : April 26, 2024
Place : Mumbai

For and on behalf of the Board of Directors

Sd/-
Bhama Krishnamurthy
Chairperson
DIN:02196839

Sd/-
Sharmila Abhay Karve
Chairperson-Audit Committee
DIN:05018751

Sd/-
Madhavan Menon
Director
DIN:00008542

Date : April 26, 2024
Place : Mumbai

Sd/-
Pralay Mondal
Managing Director & CEO
DIN: 00117994

Sd/-
B.K. Divakara
Executive Director
DIN: 06439053

Sd/-
Sijo Varghese
Company Secretary

Sd/-
Satish Gundewar
Chief Financial Officer

BASEL III PILLAR 3 DISCLOSURES

1. SCOPE OF APPLICATION

CSB Bank Ltd (formerly Catholic Syrian Bank Ltd) is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. The bank has no subsidiaries.

2. CAPITAL STRUCTURE

Qualitative Disclosures:

As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on October 01, 2021. The minimum capital required to be maintained by the Bank (including CCB) for the period ended March 31, 2024 is 11.5% with minimum Common Equity Tier 1 (CET1) of 8% (including CCB of 2.5%).

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves and revaluation reserves (after discounting). Tier 2 capital consists of provision for standard assets, provisions held for country exposures and Investment Fluctuation reserves. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures:

The breakup of capital funds is as follows: ₹ in million

(₹ in Million)		
Particulars	As on March 31, 2024	As on March 31, 2023
Tier 1 Capital		
Paid up Share capital	1,735.38	1735.38
Share Premium	18,010.26	17921.08
Employee Stock Options Outstanding	172.96	183.19
Statutory Reserves	5,977.06	4560.01
Capital Reserves	2,095.41	2080.14
Special Reserve (36 (i) (viii))	394.98	352.05
Other eligible reserves	1,035.41	1020.51
Revaluation Reserves after discounting	784.11	684.10
Credit balance in P&L Account	6,225.70	2072.92
Total Tier 1 Capital (Gross)	30,205.58	30,609.37
Less: Deferred Tax Assets ,illiquid investments and Other Intangible Assets	(52.50)	(349.62)
Total Tier 1 Capital (Net) [A]	36,378.78	30,259.75
Tier 2 Capital		
General provisions	1557.19	856.77
Investment Fluctuation Reserve	590.77	590.77
Total Tier 2 Capital (Net) [B]	2,147.96	1,447.54
Total Eligible capital [A] + [B]	38,526.74	31,707.29

3. CAPITAL ADEQUACY

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from April 01, 2013 and is fully phased in by October 01, 2021. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations May 2023.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardise the Bank's existence are avoided.

Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardised Approach

(₹ in Million)				
Portfolios	Gross Exposure (₹ Mio) March 31, 2024	Gross Exposure (₹ Mio) March 31, 2023	Capital Requirement (₹ Mio) March 31, 2024	Capital Requirement (₹ Mio) March 31, 2023
On Balance Sheet				
Cash & Balance with RBI	30,896.48	14,699.10	0.00	0.00
Inter Bank Deposits	652.39	3,667.96	32.05	83.01
Market repo(CROMS)	0.00	0.00	0.00	0.00
Investments (HTM)	60,217.35	47,022.73	0.00	0.00
Advances	2,43,355.76	2,06,506.45	11,821.04	6,881.17
Fixed Assets & Other Assets	21,496.94	13,183.91	1,064.74	627.18
Total	3,56,618.92	2,85,080.15	12,917.84	7,591.36
Off Balance Sheet				
Letter of Credit & Guarantees	10,406.23	9,952.18	627.48	395.88
Undrawn Credit Commitments	26,253.25	16,386.37	774.00	393.10
Forward Exchange Contracts	1,974.88	1,819.22	6.80	3.46
Total	38,634.36	28,157.77	1,408.28	792.44
Total On & Off Balance Sheet	3,95,253.28	3,13,237.92	14,326.11	8,383.80

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in Million)				
Type of Market Risk	Gross Exposure March 31, 2024	Gross Exposure March 31, 2023	Capital Requirement March 31, 2024	Capital Requirement March 31, 2023
Interest Rate Risk	15,114.53	11,328.24	421.71	191.62
Foreign Exchange Risk	500.00	110.00	45.00	9.90
Equity Risk	182.41	135.99	41.04	30.60
Total	15,796.94	11,574.22	507.75	232.12

BASEL III PILLAR 3 DISCLOSURES (Contd.)

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in Million)

Particulars	As on March 31, 2024
Capital Requirement	2122.29
Equivalent Risk Weighted Assets	26528.68

d) Total Capital Requirement

(₹ in Million)

Type of Risk	Capital Requirement March 31, 2024	Capital Requirement March 31, 2023	Risk Weighted Assets March 31, 2024	Risk Weighted Assets March 31, 2023
Credit Risk	14,326.11	8,383.80	1,24,574.90	93,153.37
Market Risk	507.75	232.12	6,346.92	2,901.46
Operational Risk	2,122.29	1,674.86	26,528.68	20,935.77
Total	16,956.15	10,290.78	1,57,450.51	1,16,990.60
Total Net Tier 1 Capital			36,378.78	30,259.75
Tier 1 Capital Ratio			23.10%	25.87%
Tier 2 Capital Ratio			1.36%	1.23%
Total CRAR			24.47%	27.10%

4. CREDIT RISK: GENERAL DISCLOSURE

Qualitative Disclosures

a) Definition of past due and impaired loans

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

- Interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts
- the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has put in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee - Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department at Head Office level acts as the secretariat of CRMC.

Credit approvals are subject to a well-established and time-tested system of competencies, which act as a framework within which decision making committees are authorised to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Rating migration studies are conducted at quarterly intervals. The findings of the rating migration study brings light many behavioral patterns. Credit Risk Management Department conducts industry-wise evaluation to analyze the latest trends and developments in the industry, their impact on bank's customers, the desirability of taking further exposure, assessment of the quality of bank's exposure to that industry etc.

Credit rating system is in force using various CRA formats to measure the risk involved in each borrower account. All non-retail borrowers with an aggregate credit limit of above ₹ 25 lakhs, both funded and non-funded exposure taken together, excluding retail loans are subjected to borrower rating. Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies, Gold loans, Retail loans and Staff loans are subjected to portfolio rating.

All stressed credit exposures, 50 lakhs and above (SMA1 and SMA2) shall be reviewed monthly by the executive level Committee- Large Advance Committee to detect delinquency signals at an early stage and enable the nursing of the account. All standard credit exposures above ₹ 200 lakhs will be reviewed by Large Advance Committee on a quarterly basis. Besides this, all credit exposures above ₹ 2500 lakhs shall be subjected to detailed review by FMG Committee on a monthly basis.

Bank has subscribed CRISIL Quantix and Internal Risk Score for industry score which is utilised in the evaluation of credit risk proposals. Bank has also subscribed EWS software from CRISIL which should alert the bank about some external wrongdoings in the loan accounts, which may turn out to be fraudulent. Bank is in the process of procuring RAM model from CRISIL to host rating models in a server. The platform creates centralised repository of rated borrowers with comprehensive information on the rationale of each of the rating awarded.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book

(₹ in Million)

Portfolios	Loans March 31, 2024	Loans March 31, 2023	Investments March 31, 2024	Investments March 31, 2023
Fund Based	2,63,149.66	2,06,506.45	60,217.35	47,022.73
Non-Fund Based	16,865.58	9,952.18	-	-
Total	2,80,015.24	2,16,458.63	60,217.35	47,022.73

b) Industry type distribution – Banking Book as on March 31, 2024

(₹ in Million)

Industry Name	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	Investment Exposure
(A)			(B)	(C)
A. Mining and Quarrying	3790.14	31.20	3821.34	0.00
A.1 Coal	1135.76	0.00	1135.76	0.00
A.2 Others	2654.38	31.20	2685.58	0.00
B. Food Processing	40570.82	15672.28	56243.10	19.62
B.1 Sugar	7.61	0.00	7.61	0.00
B.2 Edible Oils and Vanaspati	11094.90	13805.00	24899.90	0.00
B.3 Tea	196.10	0.00	196.10	0.00
B.4 Coffee	17.25	0.00	17.25	0.00
B.5 Others	29254.96	1867.28	31122.24	19.62
C. Beverages (excluding Tea & Coffee) and Tobacco	15071.61	0.20	15071.81	0.00
C.1 Tobacco and tobacco products	0.00	0.00	0.00	0.00
C.2 Others	15071.61	0.20	15071.81	0.00

BASEL III PILLAR 3 DISCLOSURES (Contd.)

Industry Name	(₹ in Million)			
	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	Investment Exposure
D. Textiles	81957.35	8226.18	90183.53	2493.65
D.1 Cotton	55060.81	7392.74	62453.55	0.00
D.2 Jute	251.51	0.00	251.51	0.00
D.3 Man-made	47.53	0.00	47.53	0.00
D.4 Others	26597.50	833.44	27430.94	2493.65
Out of D (i.e., Total Textiles) to Spinning Mills	68049.16	7393.49	75442.65	0.00
E. Leather and Leather products	4848.61	56.50	4905.11	0.00
F. Wood and Wood Products	1874.79	2.00	1876.79	0.00
G. Paper and Paper Products	5906.48	350.00	6256.48	0.00
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	144.03	0.00	144.03	0.00
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	24137.32	8164.43	32301.75	45.48
I.1 Fertilizers	1962.18	0.00	1962.18	0.00
I.2 Drugs and Pharmaceuticals	3987.53	7989.41	11976.94	0.00
I.3 Petro-chemicals (excluding under Infrastructure)	0.00	0.00	0.00	0.00
I.4 Others	18187.61	175.02	18362.63	45.48
J. Rubber, Plastic and their Products	7183.53	412.25	7595.78	0.00
K. Glass & Glassware	4360.75	0.00	4360.75	0.00
L. Cement and Cement Products	787.97	0.00	787.97	0.00
M. Basic Metal and Metal Products	21782.50	822.99	22605.49	2501.00
M.1 Iron and Steel	5823.51	200.00	6023.51	0.00
M.2 Other Metal and Metal Products	15958.99	622.99	16581.98	2501.00
N. All Engineering	20481.06	2512.03	22993.09	0.00
N.1 Electronics	91.92	0.60	92.52	0.00
N.2 Others	20389.14	2511.43	22900.57	0.00
O. Vehicles, Vehicle Parts and Transport Equipment	8057.08	2573.28	10630.36	0.00
P. Gems and Jewellery	2247.83	0.00	2247.83	0.00
Q. Construction	24268.05	29491.87	53759.92	0.00
R. Infrastructure	40554.47	52316.81	92871.28	182.07
R.a Transport (a.1 to a.6)	7322.45	17.19	7339.64	2486.20
R.a. 1 Roads and Bridges	315346.84	120649.21	435996.05	7728.02
R.a. 2 Ports	3790.14	31.20	3821.34	0.00
R.a. 3 Inland Waterways	1135.76	0.00	1135.76	0.00
R.a. 4 Airport	2654.38	31.20	2685.58	0.00
R.a. 5 Railway Track, tunnels, viaducts, bridges	40570.82	15672.28	56243.10	19.62
R.a. 6 Urban Public Transport (except rolling stock in case of urban road transport)	7.61	0.00	7.61	0.00

Industry Name	(₹ in Million)			
	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	Investment Exposure
R.b. Energy (b.1 to b.6)	11094.90	13805.00	24899.90	0.00
R.b. 1 Electricity Generation	196.10	0.00	196.10	0.00
R.b. 1.1 Central Govt PSUs	17.25	0.00	17.25	0.00
R.b. 1.2 State Govt PSUs (incl. SEBs)	29254.96	1867.28	31122.24	19.62
R.b. 1.3 Private Sector	15071.61	0.20	15071.81	0.00
R.b. 2 Electricity Transmission	0.00	0.00	0.00	0.00
R.b. 2.1 Central Govt PSUs	15071.61	0.20	15071.81	0.00
R.b. 2.2 State Govt PSUs (incl. SEBs)	81957.35	8226.18	90183.53	2493.65
R.b. 2.3 Private Sector	55060.81	7392.74	62453.55	0.00
R.b. 3 Electricity Distribution	251.51	0.00	251.51	0.00
R.b. 3.1 Central Govt PSUs	47.53	0.00	47.53	0.00
R.b. 3.2 State Govt PSUs (incl. SEBs)	26597.50	833.44	27430.94	2493.65
R.b. 3.3 Private Sector	68049.16	7393.49	75442.65	0.00
R.b. 4 Oil pipelines	4848.61	56.50	4905.11	0.00
R.b. 5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	1874.79	2.00	1876.79	0.00
R.b. 6 Gas pipelines	5906.48	350.00	6256.48	0.00
R.c. Water and Sanitation (c.1 to c.7)	144.03	0.00	144.03	0.00
R.c. 1 Solid Waste Management	24137.32	8164.43	32301.75	45.48
R.c. 2 Water supply pipelines	1962.18	0.00	1962.18	0.00
R.c. 3 Water treatment plants	3987.53	7989.41	11976.94	0.00
R.c. 4 Sewage collection, treatment and disposal system	0.00	0.00	0.00	0.00
R.c. 5 Irrigation (dams, channels, embankments etc)	18187.61	175.02	18362.63	45.48
R.c. 6 Storm Water Drainage System	7183.53	412.25	7595.78	0.00
R.c. 7 Slurry Pipelines	4360.75	0.00	4360.75	0.00
R.d. Communication (d.1 to d.3)	787.97	0.00	787.97	0.00
R.d. 1 Telecommunication (Fixed network)	21782.50	822.99	22605.49	2501.00
R.d. 2 Telecommunication towers	5823.51	200.00	6023.51	0.00
R.d. 3 Telecommunication and Telecom Services	15958.99	622.99	16581.98	2501.00
R.e. Social and Commercial Infrastructure (e.1 to e.9)	20481.06	2512.03	22993.09	0.00
R.e. 1 Education Institutions (capital stock)	91.92	0.60	92.52	0.00
R.e. 2 Hospitals (capital stock)	20389.14	2511.43	22900.57	0.00
R.e. 3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	8057.08	2573.28	10630.36	0.00
R.e. 4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	2247.83	0.00	2247.83	0.00
R.e. 5 Fertilizer (Capital investment)	24268.05	29491.87	53759.92	0.00

BASEL III PILLAR 3 DISCLOSURES (Contd.)

(₹ in Million)					
Industry Name	Funded Exposure	Total Non Funded Exposure	Total Credit Exposure (Funded and Non-Funded)	Investment Exposure	
R.e. 6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	40554.47	52316.81	92871.28	182.07	
R.e. 7 Terminal markets	7322.45	17.19	7339.64	2486.20	
R.e. 8 Soil-testing laboratories	315346.84	120649.21	435996.05	7728.02	
R.e. 9 Cold Chain	3790.14	31.20	3821.34	0.00	
R.f. Others, if any, please specify	1135.76	0.00	1135.76	0.00	
OTHERS - Treasury Exposure	2654.38	31.20	2685.58	0.00	
S. Other Industries, pl. specify	40570.82	15672.28	56243.10	19.62	
OTHERS	7.61	0.00	7.61	0.00	
All Industries (A to S)	11094.90	13805.00	24899.90	0.00	

c) Residual Contractual Maturity breakdown of Assets as on March 31, 2024

(₹ in Million)					
	Cash & balance with RBI	Balance with Banks and money at call and short notice	Advances	Investments	Fixed assets and other assets
Next Day	19051.61	651.44	2263.95	29388.20	0.02
2-7 days	364.25	0.00	7169.76	801.70	0.66
8-14 days	237.14	0.00	8105.56	696.39	0.61
15-30 days	448.61	0.00	10198.63	2089.74	2.77
31days-<2M	738.49	0.00	19528.06	2095.06	23.33
2M<3M	598.08	0.00	19969.24	2291.77	155.72
3M-<6M	1419.75	0.00	64423.40	3976.07	56.19
6M-<1Y	3736.44	0.00	20642.98	4850.07	194.86
1-<3Y	4123.76	0.70	54075.03	13419.94	365.62
3-<5 Y	126.12	0.25	23327.09	1549.15	621.98
> 5 Yr	52.24	0.00	13652.04	14356.19	8719.23
Total	30896.48	652.39	243355.76	75514.29	10140.98

c) Disclosures regarding Non-Performing Assets

(₹ in Million)		
Particulars	As on March 31, 2024	As on March 31, 2023
Amount of NPAs (Gross)		
Substandard	1,663.79	809.58
Doubtful 1	386.26	509.90
Doubtful 2	775.16	691.16
Doubtful 3	658.85	556.11
Loss	126.67	58.85
Total Gross NPAs	3,610.72	2,625.60
Net NPAs	1,249.00	718.20
NPA Ratios		
Gross NPAs to Gross Advances	1.47%	1.26%
Net NPAs to Net Advances	0.51%	0.35%

(₹ in Million)		
Particulars	As on March 31, 2024	As on March 31, 2023
Movement of provisions for NPAs		
Opening balance (01.04.2023)	1,873.63	1,783.32
Provisions made during the period	872.49	632.15
Write-off	0.00	0.00
Write back of excess provisions	416.42	541.84
Closing balance	2,329.70	1,873.63
Write-offs that have been booked directly to the income statement	11.96	431.84
Recoveries that have been booked directly to the income statement	589.26	707.36

Major Industry breakup of NPA

Industry	March 31, 2024		March 31, 2023	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	1,071.60	437.04	401.44	259.78

Geography	March 31, 2024		March 31, 2023	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	3,610.72	2,329.70	2,625.60	1,873.63
Overseas	0	0	0	0

(₹ in million)		
	March 31, 2024	March 31, 2023
Amount of Non-Performing Investments	18.60	18.60
Amount of provisions held for non-performing investments	18.60	18.60

(₹ in million)		
Movement of provisions for depreciation on Investments	For the period ended March 31, 2024	For the period ended March 31, 2023
Opening balance (01-04-2023)	1436.58	1304.54
Provisions made during the period	0	229.94
Write-off & Write back of excess provisions/diminution	64.11	90.45
Closing balance	1372.47	1444.03

5. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardised approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA, ACUIE (SMERA), INFOMERICS and India Ratings are considered for arriving at the capital requirement. Risk weight of exposure to corporate and NBFC's computed on the basis of RBI circular vide ref no. RBI/2022-23/125DOR.STR.REC.71/21.06.201/2022-23. As per this circular, external rating of borrower is considered for computation of risk weight only if name of borrower and facility rated is available in the PR issued by credit rating agency.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure

BASEL III PILLAR 3 DISCLOSURES (Contd.)

Quantitative Disclosures

Risk weight wise classification of exposures

	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) – (B)	(C) = (A) – (B)
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	1,87,072.31	1,55,489.97	0.00	0.00	1,87,072.31	1,55,489.97
100% risk weight	54,050.37	45,420.45	0.00	0.00	54,050.37	45,420.45
More than 100% risk weight	38,892.56	15,548.22	0.00	0.00	38,892.56	15,548.22
Total	2,80,015.24	2,16,458.63	0.00	0.00	2,80,015.24	2,16,458.63
Investments						
Below 100% risk weight	60,217.35	47,022.73	0.00	0.00	60,217.35	47,022.73
100% risk weight			0.00	0.00		
More than 100% risk weight	-	-	0.00	0.00	-	-
Total	60,217.35	47,022.73	0.00	0.00	60,217.35	47,022.73

6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- Deposits with specific lien to the facility
- Subsidies received (for priority sector advances)
- Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognised for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts)

	March 31, 2024	March 31, 2023
Corporate	4,794.49	3,793.15
Regulatory Retail	1,17,372.65	96,190.53
Personal Loans	8,815.50	9,366.55
Total	1,30,982.65	1,09,350.24

b) Exposures Covered by Guarantee

	March 31, 2024	March 31, 2023
Corporate	336.25	308.13
Regulatory Retail	1,358.48	5,105.41
Total	1,694.73	5,413.54

6. SECURITIZATION

No exposure of the bank has been securitised.

7. MARKET RISK IN THE TRADING BOOK

Qualitative Exposures

- The Bank follows Standardised Duration Method for computing capital requirement for Market Risk.
- Market Risk Management Department (MRMD) is functioning as a part of Integrated Risk Management Department of the Bank, in terms of Governance structure approved by the Board of the Bank.
- MRMD is responsible for identification, assessment, monitoring and reporting of market risk associated with Treasury Operations.
- The following Board approved policies with defined Market Risk Management parameters for each asset class are in place:
 - Market Risk Management Policy comprising various Market Risk Limits
 - Investment Policy
 - Forex Policy
 - Stress Test Policy
- Risk monitoring is an ongoing process and risk positions are analyzed and reported to Top Management of the Bank, ALCO and Risk Management Committee of the Board.
- Risk management and reporting is based on parameters such as Modified Duration, PV01, Maximum permissible exposures, Value at Risk Limits, Limits on various investment categories, Risk appetite limits in line with best banking practices.
- Forex Open position limit (Daylight/Overnight), Stop Loss Limit, Aggregate Gap Limit (AGL) and Individual Gap Limit (IGL) as approved by the Board is monitored and exceptions, if any, are reported to Top Management of the Bank, ALCO and Risk Management Committee of the Board.
- Value at Risk (VaR) is computed on a daily basis. Stress Testing is carried out at quarterly intervals as a complement to Value at Risk. Back Testing entails a formal testing and accounting of exceptions on a quarterly basis. Results are reported to ALCO and Risk Management Committee of the Board.
- Stop Loss limit / Take profit limits as prescribed in Investment Policy are also adopted in Market Risk Management Policy for monitoring purposes for individual investments and exposure limits for certain portfolios have been prescribed.

BASEL III PILLAR 3 DISCLOSURES (Contd.)

Quantitative Disclosures

Capital Requirement for Market Risk

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest Rate Risk	15,114.53	11,328.24	424.74	191.62
Foreign Exchange Risk	500.00	110.00	45.00	9.90
Equity Risk	182.41	135.99	41.04	30.60
Total	15,796.94	11,574.22	510.79	232.12

(₹ in Million)

8. OPERATIONAL RISK

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

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

Cyber Risk can drive up costs and impact revenue. It can harm an organisation's ability to innovate and to gain and maintain customers. Cyber risk pose commercial losses and public relations problems, disruption of operations and the possibility of extortion, cyber- attacks. It also exposes an organisation to negligence claims, the inability to meet contractual obligations and a damaging loss of trust among customers. Protecting key information assets is of critical importance to the sustainability and competitiveness of business today due to which financial institutions like us are taking front foot in terms of their cyber preparedness. Because of this and to safeguard our institution from cyber threats, the bank has set up the cybersecurity framework.

Cyber Security Framework: Cybersecurity risks are products of three elements: threat, vulnerability and impact. The Bank has the holistic risk picture based on periodic vulnerability assessment and threat intelligence from advisory bodies such as CERT-In (Indian Computer Emergency Response Team) and IB-CART (Indian Banks – Centre for Analysis of Risks and Threats). The Bank has also invested in advanced systems such as antivirus / anti-malware, threat protection, network firewalls and application firewalls. It continues to invest in enhancing the overall effectiveness of the Bank's security posture to enable the Bank to prioritise and align its resources to detect and respond to cyber incidents quickly and prevent emerging cybersecurity risks.

Information Security Management department headed by Chief Information Security Officer (CISO) was formed to address cybersecurity risks. As part of the cybersecurity framework, proactive security measures adopted by the bank are Managed Security Operations Centre, advanced anti-phishing, anti-malware and anti-roguer services, Privileged Identity Management Solution, Web Application Firewall, Intrusion Detection and Prevention System for protecting network-level threats and for preventing unwanted and malicious network transmissions, Network Access Control which will allow only authorised users to connect to banks network, Data Leakage Prevention solution to prevent data

leakage, DDoS mitigation service to prevent Denial of services, DMARC & SPF protection to enhance the email security standards, Vulnerability Assessment and Penetration Testing, SSL encryption for data transfers, network firewall etc., Bank is continuing to invest on advanced technologies to enhance the systems. To evaluate banks preparedness against cyber-attacks, bank participates in the cyber-drill conducted by IDRBT. Bank has always taken continuous steps to create cybersecurity awareness among employees and customers through training/Newsletter/SMS/Emails.

9. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures

Interest rate risk refers to impact on Bank's Net Interest Income and the value of its assets and liabilities arising from fluctuations in interest rate due to internal and external factors. The interest rate risk is viewed from two perspectives viz. 'earnings perspective' and 'economic value perspective'.

Earnings perspective - The immediate impact of changes in interest rates on bank's earnings in relation to changes in its Net Interest Income (NII).

Economic Value Perspective - The economic value of bank's assets, liabilities and off- balance sheet positions get affected due to variation in market interest rates. Consequently, the net worth gets corrected and is referred to as Market Value of Equity (MVE).

Internal factors include the composition of the Bank's assets and liabilities, quality, maturity/duration, existing rates and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions.

Rising or falling interest rates impact the Bank depending on whether Balance sheet is asset sensitive or liability sensitive. The Bank identifies inherent risk associated with the changing interest rates on its on- balance sheet and off-balance sheet exposures in the banking book from both short term and long term perspective.

RBI vide their circular dated February 17, 2023, have issued revised guidelines on Governance, measurement and management of Interest Rate Risk in Banking Book (IRRBB) which are in alignment with revised framework issued by BASEL Committee on Banking Supervision. Pending announcement of effective date of operative guidelines on IRRBB, Banks are advised to be in preparedness for measuring, monitoring and disclosing their exposure to interest rate risk in the banking book as per the new guideline. Our bank has initiated pro-active steps to fall in line with Regulatory requirements on this count.

Structure and organisation

The Asset-Liability Management Committee (ALCO) is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through ALM Policy of the Bank.

ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directs the investment activities of the bank in line with its interest rate view. The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and reviews its functioning periodically and provides direction. It reviews various decisions taken by ALCO for managing interest rate risk.

Scope and nature of risk reporting and measurement systems –

RBI has stipulated monitoring of Interest Rate Risk at monthly intervals through a Statement of Interest Rate Sensitivity under Traditional Gap Analysis (IRS-TGA). Earnings at Risk (EaR) measures the change in Net Interest Income of the Bank due to parallel change in interest rate on both the assets & liabilities.

RBI has also stipulated to estimate the impact of change in interest rates on economic value of Bank's assets and liabilities through Interest Rate Sensitivity under Duration Gap Analysis (IRS-DGA), and is the same is carried out monthly. The impact of interest rate changes on the Market Value of Equity (MVE) is monitored through IRS-DGA by recognising the changes in the value of assets and liabilities for a given change in the market interest rate. The change in value of equity (including reserves) with 2% parallel shift in interest rates on both assets and liabilities are estimated. Accordingly, ALCO reviews IRS-TGA and IRS – DGA on a monthly basis and monitors the Earnings at Risk and Market Value of Equity.

BASEL III PILLAR 3 DISCLOSURES (Contd.)

Key Assumptions for IRRB calculations:

- Bulk of the advance portfolio to re-price within 12 months.
- Maturity of term deposits considered after adjusting empirically observed premature closure rates.
- Savings Bank Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived basis on behavioral analysis.
- Current Deposits portfolio is distributed in buckets less than 5 years as per maturity pattern arrived from behavioral analysis in duration gap approach
- In the case of EaR approach, Current Deposits are treated as non-sensitive

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective

(₹ in Million)		
1 Year Change in Market Rates (Parallel Shift)	Impact as on March 31, 2024	Impact as on March 31, 2023
+200 basis points	1004.34	2008.51
-200 basis points	-1004.34	-2008.51

Interest Rate Risk – Economic Value Perspective

(₹ in Million)		
1 Year Change in Market Rates	Impact as on March 31, 2024	Impact as on March 31, 2023
+200 basis points	(1199.90)	1331.82
-200 basis points	1199.90	(1331.82)

10. COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. Capital for Counterparty Credit Risk is assessed based on the Standardised Approach. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognise bilateral netting for capital computation.

(₹ in Million)				
	Notional Amount March 31, 2024	Credit Equivalent March 31, 2024	Notional Amount March 31, 2023	Credit Equivalent March 31, 2023
Forward Exchange Contracts	373.73	16596.77	10791.04	249.31

Leverage Ratio frame work

Definition and minimum requirement

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage

Leverage Ratio =Capital Measure/ Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 01, 2015 and the Basel Committee will monitor the impact of these disclosure requirements. Accordingly, banks operating in India are required to make disclosure of the leverage ratio and its components from April 01, 2015 on a quarterly basis and according to the disclosure templates as indicated in paragraph 16.7 along with Pillar 3 disclosures.

Table 1- Summary comparison of accounting assets Vs. leverage ratio exposure method

Item	(₹ in Million)
1 Total consolidated assets as per published financial statements	360559.90
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4 Adjustments for derivative financial instruments	
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	13598.92
7 Other adjustments	
8 Leverage ratio exposure	374158.82

Table 2 – Leverage ratio common disclosure template

Item	Leverage ratio framework
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	360559.90
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	360559.90
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	36.77
5 Add-on amounts for PFE associated with all derivatives transactions	336.96
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8 (Exempted CCP leg of client-cleared trade exposures)	
9 Adjusted effective notional amount of written credit derivatives	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11 Total derivative exposures (sum of lines 4 to 10)	373.73
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	
14 CCR exposure for SFT assets	
15 Agent transaction exposures	
16 Total securities financing transaction exposures (sum of lines 12 to 15)	

BASEL III PILLAR 3 DISCLOSURES (Contd.)

Item	Leverage ratio framework
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	13225.19
18 (Adjustments for conversion to credit equivalent amounts)	
19 Off-balance sheet items (sum of lines 17 and 18)	13225.19
Capital and total exposures	
20 Tier 1 capital	36378.78
21 Total exposures (sum of lines 3, 11, 16 and 19)	374158.82
Leverage ratio	
22 Basel III leverage ratio	9.72%

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 01, 2013 to December 31, 2017)

		Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 Capital: Instruments and reserves			
1 Directly issued qualifying common share capital plus related stock surplus (share premium)	19918.60		a1+a2
2 Retained earnings	15728.58		b1+b2+b3+b4+b6+b7a
3 Accumulated other comprehensive income (and other reserves)	784.11		c1
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6 Common Equity Tier 1 capital before regulatory adjustments	36431.28		
Common Equity Tier 1 Capital: regulatory adjustments			
7 Prudential valuation adjustments			
8 Goodwill (net of related tax liability)			
9 Intangibles	52.50		e1-e2
10 Deferred tax assets	0.00		e2
11 Cash-flow hedge reserve			
12 Shortfall of provisions to expected losses			
13 Securitisation gain on sale			
14 Gains and losses due to changes in own credit risk on fair valued liabilities			
15 Defined-benefit pension fund net assets	0.00		
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			
17 Reciprocal cross-holdings in common equity			
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00		

		Amounts Subject to Pre-Basel III Treatment	Ref No
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20 Mortgage servicing rights ⁴ (amount above 10% threshold)			
21 Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)			
22 Amount exceeding the 15% threshold			
23 of which: significant investments in the common stock of financial entities			
24 of which: mortgage servicing rights			
25 of which: deferred tax assets arising from temporary differences			
26 National specific regulatory adjustments ⁷ (26a+26b+26c+26d)			
26a of which: Investments in the equity capital of the unconsolidated insurance subsidiaries			
26b of which: Investments in the equity capital of unconsolidated non-financial subsidiaries			
26c of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank			
26d of which: Unamortised pension funds expenditures			
Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
of which: [INSERT TYPE OF ADJUSTMENT]			
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28 Total regulatory adjustments to Common equity Tier 1	52.50		
29 Common Equity Tier 1 capital (CET1)	36378.78		
Additional Tier 1 capital: Instruments			
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)			
31 of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)			
32 of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)			
33 Directly issued capital instruments subject to phase out from Additional Tier 1			
34 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)			
35 of which: instruments issued by subsidiaries subject to phase out			
36 Additional Tier 1 capital before regulatory adjustments	0		

BASEL III PILLAR 3 DISCLOSURES (Contd.)

		Amounts Subject to Pre-Basel III Treatment	Ref No
Additional Tier 1 capital:Regulatory Adjustments			
37 Investments in own Additional Tier 1 instruments	0		
38 Reciprocal cross-holdings in Additional Tier 1 instruments			
39 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41 National specific regulatory adjustments (41a+41b)			
41a Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			
41b Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			
43 Total regulatory adjustments to Additional Tier 1 capital			
44 Additional Tier 1 capital (AT1)			
44a Additional Tier 1 capital reckoned for capital adequacy			
45 Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	36378.78		
Tier 2 capital: Instruments & Provisions			
46 Directly issued qualifying Tier 2 instruments plus related stock surplus			
47 Directly issued capital instruments subject to phase out from Tier 2	0.00		d
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			
49 of which: instruments issued by subsidiaries subject to phase out			
50 Provisions	2147.96		c1+c3+c4
51 Tier 2 capital before regulatory adjustments	2147.96		
Tier 2 capital:Regulatory Adjustments			
52 Investments in own Tier 2 instruments			
53 Reciprocal cross-holdings in Tier 2 instruments	0.00		
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			

		Amounts Subject to Pre-Basel III Treatment	Ref No
56 National specific regulatory adjustments (56a+56b)			
56a of which: Investments in the Tier 2 capital of unconsolidated subsidiaries			
56b of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank			
Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment			
of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
of which: [INSERT TYPE OF ADJUSTMENT]			
57 Total regulatory adjustments to Tier 2 capital	0.00		
58 Tier 2 capital (T2)	2147.96		
58a Tier 2 capital reckoned for capital adequacy	2147.96		
58b Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c Total Tier 2 capital admissible for capital adequacy (58a + 58b)	2147.96		
59 Total capital (TC = T1 + T2) (45 + 58c)	38526.74		
Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
of which: [INSERT TYPE OF ADJUSTMENT]			
of which: ...			
60 Total risk weighted assets (60a + 60b + 60c)	157450.51		
60a of which: total credit risk weighted assets	124574.90		
60b of which: total market risk weighted assets	6346.92		
60c of which: total operational risk weighted assets	26528.68		
Capital ratios			
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	23.10%		
62 Tier 1 (as a percentage of risk weighted assets)	23.10%		
63 Total capital (as a percentage of risk weighted assets)	24.47%		
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	8.00%		
65 of which: capital conservation buffer requirement	2.50%		
66 of which: bank specific countercyclical buffer requirement	0		
67 of which: G-SIB buffer requirement	0		
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	16.47%		
Capital ratios			
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70 National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71 National total capital minimum ratio (if different from Basel III minimum)	9.00%		

BASEL III PILLAR 3 DISCLOSURES (Contd.)

		Amounts Subject to Pre-Basel III Treatment	Ref No
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0.00	c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1968.13	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	0.00	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

Notes

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.00
	Total as indicated in row 10	0.00
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	

Row No. of the template	Particular	(₹ in million)
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	1557.19
	Eligible Investment Fluctuation Reserves included in Tier 2 capital	590.77
	Total of row 50	2147.96
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0.00

Composition of Capital: Reconciliation Requirements Step 1

(₹ in million)		
	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
i Paid-up Capital	1,735.38	
of which: Amount eligible for CET1	1,735.38	
of which: Amount eligible for AT1	-	
Employee's Stock Options Outstanding	172.96	
Reserves & Surplus	36,128.13	
Minority Interest	-	
Total Capital	38,036.47	
ii Deposits	2,97,188.04	
of which: Deposits from banks	24,852.12	
of which: Customer deposits	2,72,335.91	
of which: Other deposits (pl. specify)	-	
iii Borrowings	17,573.80	
of which: From RBI	-	
of which: From banks	-	
of which: From other institutions & agencies	7,565.20	
of which: Others (pl. specify)	10,008.60	
of which: Capital instruments	-	
iv Other liabilities & provisions	7,761.60	
of which: DTLs related to goodwill	-	
of which: DTLs related to intangible assets	-	
Total Capital & Liabilities	3,60,559.90	
B Assets		
i Cash and balances with Reserve Bank of India	30,896.48	
Balance with banks and money at call and short notice	652.39	
ii Investments	75,514.29	
of which: Government securities	73,385.77	
of which: Other approved securities	-	
of which: Shares	42.76	
of which: Debentures & Bonds	1,098.76	
of which: Subsidiaries / Joint Ventures / Associates	-	
of which: Others (Commercial Papers, Mutual Funds etc.)	987.01	

BASEL III PILLAR 3 DISCLOSURES (Contd.)

(₹ in million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
iii Loans & Advances	2,43,355.76	
of which: Loans and advances to banks	-	
of which: Loans and advances to customers	2,43,355.76	
iv Fixed assets	4,059.16	
v Other Assets	6,081.82	
of which: Goodwill and intangible assets	641.73	
Out of which:		
Goodwill	-	
Other intangibles (excluding MSRs)	641.73	
of which: Deferred tax assets	602.56	
vi Goodwill on consolidation	-	
vii Debit balance in Profit & Loss account	-	
Total Assets	3,60,559.90	

Composition of Capital: Reconciliation Requirements Step 2

(₹ in million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
	As on reporting date	As on reporting date	
A Capital & Liabilities			
i Paid-up Capital	1,735.38		a1
Employee's Stock Options Outstanding	172.96		
Reserves & Surplus	36,128.13		
of which:			
Share premium	18,010.26		a2
Statutory Reserves	5,977.06		b1
Capital Reserves	2,095.41		b2
General Reserves	1,034.91		b3
Investment Fluctuation Reserve	590.77		b4
Special Reserve (Tax): After Tax Portion	394.98		b5
Special Reserve (Tax): Tax Element (not considered as part of capital funds)	-		b6
Contingency Reserves	0.50		b7
Investment Reserve	40.16		b8
Add: Credit balance in Profit and Loss account	557.49		b9a
Current Period profits not reckoned for capital adequacy purpose	5,668.22		b9b
Revaluation Reserve reckoned as Tier I Capital	784.11		c1
Revaluation Reserve not reckoned as Tier I Capital (55% discount)	974.25		c2
Investment Reserve			c3
Minority Interest	-		

(₹ in million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
	As on reporting date	As on reporting date	
ii Total Capital	38,036.47		
Deposits	2,97,188.04		
of which: Deposits from banks	24,852.12		
of which: Customer deposits	2,72,335.91		
of which: Other deposits (pl. specify)	-		
Borrowings	17,573.80		
of which: From RBI	-		
of which: From banks	-		
of which: From other institutions & agencies	7,565.20		
of which: Others (pl. specify)	10,008.60		
of which: Capital instruments: Tier II Bonds	-		
of which Eligible Amount after discounting	-		d
Other liabilities & provisions	7,761.60		
of which: Provision for Standard assets	-		c4
Total Capital & Liabilities	3,60,559.90		
B Assets			
i Cash and balances with Reserve Bank of India	30,896.48		
ii Balance with banks and money at call and short notice	652.39		
Investments	75,514.29		
of which: Government securities	73,385.77		
of which: Other approved securities	-		
of which: Shares	42.76		
of which: Debentures & Bonds	1,098.76		
of which: Subsidiaries / Joint Ventures / Associates	-		
of which: Others (Commercial Papers, Mutual Funds etc.)	987.01		
Loans & Advances	2,43,355.76		
of which: Loans and advances to banks	-		
of which: Loans and advances to customers	2,43,355.76		
v Fixed assets	4,059.16		
Other Assets	6,081.82		
of which: Goodwill and intangible assets	641.73		
Out of which:			
Goodwill	-		
Other intangibles (excluding MSRs)	641.73		e1
of which: Deferred tax assets	602.56		e2
vii Goodwill on consolidation	-		
Debit balance in Profit & Loss account	-		
Total Assets	3,60,559.90		

Notes

[illegible]

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