



“CSB Bank Limited Q4 FY2026 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to CSB Bank Limited Earnings Call for Q4 FY2026 financial results hosted by Yes Securities Limited. Please note all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. With that, I hand over the call to Mr. Shivaji Thapliyal from Yes Securities. Thank you and over to you.

Shivaji Thapliyal: Thank you Swapnil. Good evening and a warm welcome to all those who have joined the call. The CSB Bank Management is represented by Mr. Pralay Mondal, Managing Director and CEO, Mr. B. K. Divakara, Executive Director and Mr. Satish Gundewar, Chief Financial Officer. We specifically thank the management of CSB Bank for giving Yes Securities the opportunity to host their result call. Management will first be making some opening remarks, after which we will throw the floor open for questions. I now invite the management to make their opening remarks. Pralay, over to you!

Pralay Mondal: Thank you, Shivaji, and thanks everybody for joining our annual and Q4 analyst call. To start with, we will brief on the global economic scenario. As we all know that the West Asian crisis has been continuing for more than two months now in a row with probability of further escalations being large, though de-escalations cannot be ruled out altogether. Higher crude prices for an unduly long period definitely pose inflation risk. Consequently, Federal Open Market Committee, BOE and EU have kept the rates on hold cautiously with the guidance that they may have to increase it subsequently. Global growth forecast remains subdued and financial markets are likely to remain highly volatile. As a result of higher crude prices, Indian growth is expected to reduce by 50 basis points as per certain estimates. The inflation forecast has been revised upwards and RBI expects the inflation for the next year to be around 4.6%. The deposit growth continues to lag the credit growth, raising the bulk deposits and CD rates in Q4. Surplus liquidity since then has reduced rates slightly, but they are likely to remain elevated due to uncertainties in the economic conditions. The G-Sec yield curve has also moved up sharper due to inflation and CAD concerns. We expect the banking sector NIM to remain under pressure due to rising costs and unabating volatility. We expect the liquidity to remain easy and RBI to stay on hold for longer in this financial year in the wake of impact on domestic and global growth.

Now, coming to CSB specifics. First of all, I want to apologise that my voice is a little bad. So it is little difficult; but hope you can hear me properly. On profitability highlights, Net profit for FY2026 stood at Rs.633 Crores with 7% growth over FY2025 and for Q4 2026, Net profit of Rs.202 Crores was registered with a sequential quarterly growth of 32%. Operating profit of the bank grew by 19% on a FY basis and stood at Rs.1085 Crores as on



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March 31, 2026. Net interest income grew by 17% on a full FY basis to Rs.1720 Crores and NII grew by 25% for Q4 FY2026 versus Q4 FY2025. Other income grew by 21% and constituted 21% of the total income for FY2026.

The cost-to-income ratio for FY2026 stood marginally lower than the previous FY at 62.53%. NIM for FY2026 stood at 3.76% while Q4 FY2026 NIM was 3.83%. RoA for the quarter ended March 31,2026 stood at 1.53% - being the highest among the quarters in FY2026. RoA for FY2026 stood at 1.29%. Contingency provisions are held intact and the bank is continuing with the accelerated loan provisioning policy, which will aid the bank in transitioning towards ECL framework.

On the liability side, the funding base continued to grow. Deposits registered a robust growth of 20% Y-o-Y and faster than the industry growth of 13.5%. CASA ratio stands around 20%. To aid the liquidity, we also availed both domestic and FCY borrowings based on cost considerations. On the liquidity side, bank has managed liquidity risk efficiently. CD ratio stood at 91%. Average LCR for the quarter is at 109%. NSFR ratio was around 122%. Asset growth was quite robust with 27% Y-o-Y growth as against the industry growth of 16%. Yield on advances for FY2026 stood at 10.8%.

On asset quality metrics, I think it was a fantastic quarter for us. GNPA and NNPA ratios for the quarter stood at 1.66% and 0.4% respectively, with both ratios being the lowest across the last four quarters. PCR now stands at 76.38% without PWO reflecting a significant improvement as compared to the previous quarters. Bank is holding a provisioning buffer of around Rs.210 crores over and above the regulatory requirements. On the Capital-base - CRAR continues to be well above regulatory requirement and stood at 20.66%. Tier-1 ratio as on March 31, 2026 stood at 18.93%. Proportion of risk-weighted assets continue to be lower compared to the industry. In terms of valuation, book value per share stands at INR 272, EPS for the year is INR 36.5, while in Q4 it was INR 47.12. RoE for the year stood at 14.14%, and for Q4 FY2026 it was 17.66%.

On distribution side, we have a network of 862 branches and 832 ATMs as on March 31, 2026. These are the key numbers which we will further deliberate on the call.

In conclusion, I would like to say that we concluded FY2026 on a strong and positive note, delivering consistent growth despite facing significant external challenges and going through a massive tech overhaul internally. This performance gives us strong confidence as we enter the final and exciting Scale phase of our SBS 2030 vision, which will play out in the next four years and we are fully aligned with our strategic vision.



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For the fourth consecutive quarter, we outpaced growth of the industry, both in deposits and advances. During FY2026, we recorded 20% growth in deposits and 27% growth in advances, compared to the industry average of 13.5% and 16.1%, respectively. While our corporate portfolio has progressed as envisaged and planned, our calibrated and cautious approach adopted towards our MSME/BLG business and unsecured portfolios - amidst an adverse operating environment - along with liquidation of the loan against security as per regulatory prescription - where the security has been primarily gold as a collateral, has resulted in a relatively higher share of gold loans during the year. Importantly, our gold loan portfolio has managed to be pretty risk-free with strict oversight on parameters such as LTV, price sensitivity and risk metrics, ensuring a healthy and profitable book. We have successfully migrated to the new core banking system with OGL, OFSAA and 50 and odd surround systems around it. With technology advancement, bank is now in a better position to scale up its activities more meaningfully. We are also planning to implement the entire transaction banking systems in the next three to four months in the form of Vayana in supply chain finance, Aurion pro in CMS and trade products on the core itself from the Oracle. With all of this together along with the ServiceNow platform - we are building various systems around it with LMS, LOS, huge investments in our data center and various other initiatives on the digital side, OBDX on the core etc. I think we are firmly in place to meaningfully scale the bank as a full service bank justifying for the full service license and a scaled bank over the next few years. We are now leveraging the capabilities of the new core system and surround systems to launch the full retail product bouquet - both on the deposit and assets front and with the new/revamped products, we plan to meaningfully kickstart our retail franchise journey by Q4 FY2027/Q1 FY2028 - when we will start seeing the portfolio growing on the asset side.

Growth in BLG Group is also expected to resume once the global ecosystem turns favourable. We remain firm on achieving the targeted portfolio mix, which is envisaged under SBS 2030, and we will continue to strive towards this objective.

As advances growth outpaced deposit growth - as was the case for most of the banks during the year - liquidity management and regulatory ratio maintenance remained challenging, further compounded by tight systemic liquidity conditions, which has eased a little bit now. Despite this, we navigated the environment effectively through prudent management of deposit costs and tenors, along with optimization of borrowings. We continue to maintain adequate liquidity buffers and comfortable regulatory ratios, with both cost of deposits and cost of funds declining sequentially.

From a profitability perspective, FY2026 witnessed a strong operating performance with 19% growth in operating profit over the previous year and a 7% increase in net profit. Q4



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FY2026 was particularly notable, marking our best performance in terms of slippage control and recoveries. Consequently, we closed the year with lowest NPA levels compared to previous quarters with GNPA of 1.66% and NNPA of 0.40%. Non-interest income supported by sustained growth in core fees increased by 21% over last year despite significantly lesser traction in treasury income due to higher bond yields and constituted 21% of the total income. Net interest income growth remained robust, registering 25% Y-o-Y growth on a quarterly basis and 17% for the full year. All key financial ratios remain stable and well above regulatory thresholds.

Delivering this performance in a year marked by significant infrastructure build-out and a large-scale technology transformation further reinforces our confidence as we transition to the Scale phase of our journey, with a clear aspiration to become a mid-sized bank by 2030. We have also revamped our organizational structure with a sharp focus on customer acquisition across verticals, which will be critical to the success of our vision. Leveraging the capabilities we have built, we look forward to a progressive and sustained delivery quarter-on-quarter and year-on-year.

I would like to highlight primarily two points here before we move into the Q&A. There are two or three key things which gives us the confidence about the future. Number one, the entire technology transformation which happened with such seamless ability with minimal challenges as we moved into the advanced core system with so many surround systems has been a fantastic experience and as we talk today, we have minimal issues impacting the transition. It is like a once-in-a-lifetime experience for us, with the entire team working together for this. Congratulations to the team. The second thing is that we have delivered what we had predicted and that requires a lot of confidence on what we are doing as well as in terms of execution what we have done. For example, in Q2, when we spoke about NIM compression and I said that we will improve it in Q3 - we did it. In last quarter, there were significant questions, and rightly so, about the quality of the portfolio in terms of GNPA and NNPA slippages and other things and I gave exact explanation why it happened and how we will ensure that we take care of it and we have done it – which can be as seen in the way the numbers have come out. The critical part is that - we know what we are doing and we are progressing on the right path and most of the predictions which we gave through the year, we have been able to achieve. With that I end my initial comments here. Over to you for Q&A!

Moderator:

Thank you so much. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We request participants to restrict to two questions and then return to the queue for more questions. To rejoin the queue, you may click on the raise



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hand icon again. We will wait for a few minutes until the question queue assembles. We have our first question coming in from the line of Suraj Das of Sundaram Mutual Fund. Suraj, please go ahead.

Suraj Das:

Hi Pralay sir. Thanks for the opportunity. Sir, I had a few questions. First, on your LCR it has been declining over the past two quarters and probably now in the lowest quartile in the sector. What is the rationale behind it? Why is it declining? Also how do you see the impact of new guidelines on the LCR? More broadly, I think, how should one think about this in the context of growth because especially in your case, the deposit growth is lagging not just for you, but also for the system as you highlighted, but in your case, the deposit growth is increasingly driven by wholesale bulk deposit, which is now almost 50% of the term deposit versus a couple of years back and it has also cost implication. In terms of this, what is your expectation that the share of wholesale deposit will continue to go up and probably you will continue to deliver maybe 20%, 22% kind of a loan growth. So, that is question one. Question two is on the gold loan portfolio. The number of accounts on the gold loan portfolio is declining consistently in this quarter but also over the past three years coming down from let us say six- seven lakhs to now four lakhs and then tonnage growth is hardly there for the industry as well. It looks like that the growth is largely driven by the higher gold prices rather than underlying volume expansion, so while you have an LTV cushion but want to know what is your strategy in terms of may be incremental customer acquisition front here? Lastly, if you can comment on the NRI deposit flow, how it is trending, let us say, during the March quarter and if you have seen any slowdown post-March, particularly because of this West Asia crisis. Those are my three questions.

Pralay Mondal:

Thank you so much for the questions. Let me cover one by one. On the LCR, average for quarter ended March was around 109% and as we are talking today the number is significantly better compared to that point of time. We all know that March being a year/quarter end, the kind of deposit rates which were there in the ecosystem. As our bulk deposits are around 50% and our CASA being slightly on the lower side, we had to play tactically on this one while maintaining the average LCR on a comfortable level. We could have easily taken it to 115%, but we have to incur higher cost for that. Besides, when you balance it out - the same deposit when taken in the next quarter, we have to pay a lower cost. Given that, we said that we will keep it somewhere around 110% and ended with 109%. At this point, LCR is not our concern because we are significantly higher than these levels and NSFR is around 122%, which also gives comfort that we are on track on that front. Coming to related question on wholesale deposits, yes - it is around 50% of our overall term deposits. It is a tactical play – we are building our liability franchise now. Without a core system, without all surround systems and solutions, building something is difficult and will carry a cost and we did not want to do that earlier. Now we will do it in a



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proper organic way. If you look at our quarter wise deposit cost for the FY, it has been coming down, with significantly higher cost reduction in wholesale deposits. If I remember correctly, our deposit cost came down by 10bps from Q1 levels. On the wholesale side, it came down by more than 30 bps or more. As part of strategy, we have locked in ourselves only for a short period in wholesale deposits, with majority of the wholesale deposits maturing within six months - so to that extent, this tactical move will play out. The wholesale deposit cost is slightly higher than the retail cost of deposits, but incremental cost reduction in bulk deposits is better than the retail deposits, which has helped us in our management of cost of funds in the short term in a tactical way. This has not played against us in our execution strategy, but we have to build the liability and before I go to the gold loans, let me tell you what I have been saying on the liability side. Eventually, the main job the bank has to build a good liability franchise, which will help us in quality asset growth. With the core system falling in place now; we have initiated various product launches, with launching of three new products on the liability side this quarter. As we are talking, we launched Smart Save Current account, Smart Save Savings account, Smart Save NRO account - with very good features and it has already started doing well. We have also launched Freedom Current account. There are various products which we plan to launch every quarter, because now we have the system to launch, which we previously did not have. On the current account side with the transaction banking, CMS, supply chain and trade - all of this coming together, will help us in going to both wholesale as well as SME customers and also to TASC customers, which will help us in building our granular long-term customer franchise. With these products in our arsenal, we are launching the sales machinery specially for current accounts and savings account in the metro markets and this is the strategy which will play out. Effectively, the liability franchise buildup process starts now. In the new LCR guidelines, one of the guidelines which will favour us is the guidelines on TASC (Trust, Association, Societies and Clubs) - where the runoff rate is now 40%, making TASCs LCR friendly. We have created a separate vertical on TASC headed by a very senior person. He will work across wholesale, retail, SME and will see a significant growth in the TASC segment. Other guidelines, because of CASA itself being low and our penetration has still not reached high levels - this is something we want to improve significantly from here. But again, it has not taken away too much of LCR from our side at this point of time, so to that extent we are on the right place. Having said that, the main job will be to build the liability franchise now.

On the next question on gold loans - very relevant point which you have mentioned number of accounts having gone down and tonnage growth not happening. These are two different points for us - Number of accounts went down before and tonnage growth is also going down now. The reason for that is, on the regulatory guidance there was some challenge before on the collateral free loans, which has now been clarified and changed favourably.

But, once we moved into the larger ticket size, we realized that on the overall for the bank, it is better in the long run. The risk with respect to LTV etc. is much better there because what we have seen is that high value customers are taking only the loan amount they need against the tonnage. Hence, typically, when prices go down, tonnage will go up and when prices go up, tonnage will go down. As the ticket size increases to beyond 10 lakhs and given our cost and other issues, we also move slightly on the higher end of the curve on the gold loan side and hence, our number of customers have come down. The tonnage growth has gone down because people take what they need, because we are not attempting that segment where they are giving their savings on the gold to take some consumption loans; most of our loans go into productive usage and from that perspective, tonnage growth will go up, if at all your gold prices goes down. There is no risk at all in the gold loan portfolio. We have done our analysis - our LTV is pretty low, despite a very large portfolio is on the agri side, which is not governed by the 75% LTV. Given that perspective, I think we are sitting on a fair bit of margin in terms of risk. Even another 10% fall in gold prices will do nothing to the portfolio so to that extent, we are fairly convinced. Our eventual play is to bring gold loan to 30% of our portfolio by 2030. Out of that, at least 5% of that 30% will be working capital loan and we are launching a product, which is targeted towards working capital SME backed by gold as a collateral. This should be around minimum 5% of our portfolio as we go to 30% and hence it will be 25% plus 5% by 2030. Rest around 30% plus will be on the wholesale side, around 18% will be on the SME side and rest will be on the retail side, which will be around 20% to 23%. One of the other things is that our gold portfolio increased by around 9% in the mix - from around 44% to around 53%. When you see on the retail side, the retail portfolio has exactly decreased by that mix. Basically, the loan against security, which was having gold as collateral, has moved from this side to that side. Hence, if we exclude the impact of the portfolio, where gold is a collateral, it has remained below 50%. From that perspective, I think the gold growth, which you are seeing around 53% year-on-year, is slightly artificial and obviously we do not see that next year and if we continue to grow at the levels that we are growing at a bank level on the asset side, provided we can grow the deposit franchise, you will start seeing some of the other businesses growing much faster.

On the NRI deposit flow - we have around 13% of our deposits as NR deposits at this point of time - it is not good and we can do better. We have created a very clear, strong vertical with a very senior person driving it right now. We have applied for our representative office in Dubai which would have been operational, but because of the West Asia crisis we have asked for an extension. We have finished most of our legal paperwork, etc., and we have finalized the CRO i.e., Chief Representative Officer. We have created a separate vertical within the bank now focusing primarily on NRI business. Obviously, in the short run, there has been a little bit of a disruption in the NRI flow in the bank, but these are short-term kind



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of things. In the long run, at least 20% of our deposits/liability must come from NRI and we have created a separate vertical structure for this. I hope I could answer most of your questions.

Suraj Das: Yes, I think that was very elaborative. Just one follow-up Sir. So, this LCR coming down is because of wholesale shorter tenure deposit impacting the denominator of the LCR?

Pralay Mondal: Yes. We are now having higher LCR. Cost of funds was very high in the last 20 days, 15 days, one month of the year, but we know that cost will come down post-March. That is the reason we tactically said we targeted 110, but we achieved 109. They are much higher right now.

Suraj Das: Got it Sir. Thank you so much.

Moderator: Thank you. We will take our next question from the line of Akshat Agrawal of SMIFS Institutional Research. Akshit, please go ahead.

Akshat Agrawal: Good evening, Sir. Thank you for the opportunity. Sir, my first question is on your scale strategy. So, as we enter into the scale phase of SBS 2030 strategy from this year onwards, could you please update on the progress of the retail transformation on the asset side? When do we expect growth to meaningfully pick up in retail and SME and what kind of numbers should we expect in FY2027? My second question is on fee income side, which picked up strongly so I wanted to understand the key drivers, so like last quarter, PSLC income was missing, so has this come back this quarter and was there any syndication fee in the numbers, this quarter and a related question on costs were there any material PSLC-related costs which were largely absent in 3Q which were charged in 4Q and did you see any headcount reduction and how should we think about the cost-to-income ratio trajectory can we see it move below 60% in FY2027? So those are my three questions. Thank you.

Pralay Mondal: Thanks, Akshat for the questions. Starting with the retail assets - we are first focusing on retail liabilities because our retail strategy is very clear. For assets, which are earning assets and the way we define them are businesses like commercial vehicles, commercial equipments, health care and to some extent inventory funding, and auto loans - a consumption business that is secured; are the ones we would grow beyond our liability franchise, which means through dealerships including our internal customers. Any other product which is on the consumption side, we will do it on the back of our liability franchise and primarily it will happen by cross-selling to our existing customers. We have limited set of scored existing customers and hence we are primarily focusing on new customer acquisition this year onwards to have a meaningful growth on the retail side. We



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have been cautious on the unsecured side of the business for the last two, three years and this has helped us well because our delinquencies are same as the markets, but because our portfolio is coming down it is helping us in managing our slippages and managing our credit costs. Prudent decisions were taken here. Now, simple strategy is build the retail assets on the productive assets and this year you will see that those are the products which has grown and what has de-grown are products which are unsecured in nature. There was a cycle on MFI and with the monsoons not being predicted very well for this year so far, we will not take that much risk on Agri business also. Given all this, I think you will not see a meaningful growth on the retail asset side, but we will create the dry gun powder there by creating a good liability franchise, which means basically more customers to whom we will sell the retail assets. Our meaningful growth in retail assets will start from FY2028 onwards. I have already explained it, but I would emphasise that our retail assets growth this year has been negative primarily because of the loan against gold security and as we say, loan against security backed up by gold, that portfolio has come down from more than Rs.2000 Crores to around Rs.300 Crores and that was a regulatory mandate and we compensated it on the gold loan side. That is why you are seeing a negative growth, but core retail assets have not grown negatively. In addition to this, we have launched two products in retail assets. One is the School Fee Financing, which is a very good product and the second one is, again, it is called LAS, Loan Against Security, but the security is now mutual funds. Eventually, we will look for shares, insurance policies and all of this. These two products are very safe products at this point of time and it requires capability, which you have built already. These two products will also see some traction in the bank going ahead. That is about retail assets. Now, coming to your question on fee income, I confirm that there has been no syndication fee in Q4 and frankly, PSLC premium was very low in Q4 this year, which is exceptional. We never felt it will be so low. We did not book much and the quantum was significantly lower than what we booked in Q4 of last year. Additionally, as we all know, interest rate dynamics, which is a market phenomenon, happened with all banks, and the MTM gain which you had in Q4 of last year in fees/other income was significantly higher and this quarter obviously there was nothing. If at all there was an HFT, there had been something we had to compensate for. Given all this, if you look at Q4 last year and Q4 this year on fees, overall fees is actually lower, but the core fees - what I mean by core is non-PSLC and non-treasury our fees is higher, which is more critical for us because that is sustainable over a period of time. In a worst-case scenario, we have done well and 21% still is not a bad number, when we did not have syndication, we did not have much from PSLC, and we had a negative MTM. Given all these, I think fee income is a good story here, like our credit cost line. Coming to the cost, yes, there was a significant increase in Q4 over Q3, but again, this is tactical in nature because most of our CSR initiatives played out in the last quarter of the year and hence, that is a one-time kind of a



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cost, which got booked in the last quarter of the year. That is why from Q3 to Q4 cost went up. On the headcount increase, we had an increase of around 570 people over a base of 7600, so it is not even 8% increase in headcount, but the cost increased a little more than that. This year we invested into high cost and high quality resources in wholesale banking. Our wholesale banking franchise moved from a barely double-digit number of relationship team to an 80-plus relationship team. We are also investing in the transaction banking franchise. This manpower investment is expected to obviously reduce the cost to income of the bank because they are supposed to get much more income. Hopefully, this will play out for us. On the CTI, I would always say that we will be between 60% to 65% till end of FY2027. FY2028 onwards, the operative leverage will kick in because all said and done, technology upgrade has just come in now. From 2027-2028 onwards, we will start seeing the operating leverage across branches, across products, and across the technology investments which we have done. Till FY27 end, our CTI will remain between 60% to 65% and we are somewhere in the midway, around 62% there. That is the answer to your four questions. Thank you.

Akshat Agrawal:

Very well Sir. Thanks for the detailed answers. Just a follow up on the SME growth, what kind of growth we expect this year and when should it pick up meaningfully?

Pralay Mondal:

SME and LAP together we call it BLG, which is Business Lending Group. That grew around 2% to 3% last year, year-on-year basis and this is something we did consciously because we saw a strange situation last year. The first half of the year actually and it is still going on, was impacted by the tariff-related issue, but this got overpowered by the West Asia crisis, which also impacts in a way not only exports now, but also on the supply chain. Not always do the SMEs have the kind of staying power, a large corporate or even sometimes a mid-corporate has. Given the size of our balance sheet, we did not want to take a risk. We always did it, whether it was in personal loan, whether it was in MFI, and then we did it in SME last year. We deliberately did not focus on SME portfolio growth, but the same team worked very hard to get the portfolio quality better, and that has helped us in the Q4. Coming to this year, once we get clarity on this West Asia crisis and hopefully it can come in this quarter or may be next quarter, then we will clearly decide on what is the level of acceleration we want to put on the SME. But as we are talking, we are investing more in SME because this thing will come and go, but eventually, the 2030 commitment of around 18% of SME portfolio into the book remains and it is now around 11%. A significant roadmap is there for SME, but we will accelerate only when we feel comfortable in terms of risk. Whatever happened, single-digit growth is given and hopefully we will be back to that 28%-30% growth range in the next two years.

Akshat Agrawal:

Thank you very much, Sir. I will rejoin the queue. Thank you.



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Moderator: Thank you so much. We have our next question coming in from Parth Gutka of 360 One Capital. Parth, please go ahead.

Parth Gutka: Thanks a lot for the opportunity, Sir. So first, what is the impact of ECL on the day of transition?

Pralay Mondal: I will give a one-line answer to this and our CFO - Satish will respond in detail. At a high level, what we understand is, though various components are there, the large impact items are on the SMA front by way of the stage wise provisioning floor norms that ranges from 0.40% to 5% including 1.5% for gold loans. While this will be a large impact item on the negative side. on the positive side, we will be able to or we have to now write back the contingency provision of Rs.105 Crs and the entire Rs.210 crores of provisions above the regulatory prescriptions should be subtracted from the additional provisions which you have to take. At the end there could be some marginal impact. The calculations are being done and now I will hand over to Satish to answer this question technically.

Satish Gundewar: We already have an ECL model in place as we are reporting our numbers as per IFRS to Fairfax. However, that model we are reviewing completely based on the revised ECL guidelines and the work is currently underway. As our model was prepared some time back, and over a period of time our business model has also changed, we do not know what happens once this entire model refresh happens. It is still one or two months away when we have the full model. Nevertheless, basis the model that we are using currently for our IFRS reporting and basis the portfolio which we had as at December 2025, we have computed the impact - which we can call as the transition impact. As per the guidelines, the transition impact on account of ECL guidelines will have to be taken as on April 1, 2027, whereas the transitional adjustment for ECL impact on regulatory capital is phased over four years. The transition impact is not a significant number for us at the moment as we have some advantage because of the aggressive provisions that we make on the NPAs and even on standard assets, we have this additional contingency provision created at the time of Covid which is above Rs.105 Crores. These provisions will now get subsumed into the overall provision that we hold. Hence, the transition impact is not a significant number at all, subject to any significant changes that happen to the model post review. I would not completely say that this is the impact, and this is what will happen because the work is currently underway. Once, we refresh that model and then run that model on March 31, 2026 numbers, then we will have the impact estimate. All along we have been updating the numbers and that impact is not significant for us.

Parth Gutka: Sure. Thanks a lot for the answer. My second question is on the gold loan portfolio; the yields had been coming off at least from Q4 FY2024 to Q4 FY2025. But over the last 3-4



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quarters, again, the yields have increased by around 40 to 40 bps at the portfolio level. Is this largely because of the gold loan that we have done under the new segment, which is the working capital against gold loan that we have started. Is that the right understanding?

Pralay Mondal: We are not aggressively pursuing gold in the same way that we have been doing before because now we are looking at larger ticket sizes and hence we must maximize returns. We see that a lot of these customers are coming to us from various NBFCs and other institutions where they are paying higher than what we are charging. We have an opportunity to improve the returns here and we did that. It is not that it happened only in that portfolio which you just talked about - the working capital, but also in the other portfolios as well. Overall, that strategy has worked out well for us.

Parth Gutka: Thanks a lot for answering my question.

Moderator: Thank you, Parth. We will take our next question from Vibhor Talreja of Nest Amplifier. Please go ahead.

Vibhor Talreja: Thank you for the opportunity. This question is more from a long-term perspective. This is probably your sixth year in CSB and from the start I think the idea was to grow liabilities, which somebody asked and you answered that it has taken its time and on the retail assets, and the business has done well, and we have been beneficiary of gold prices, but on the retail, etc., I look at the last four years, five years, it has been a fairly tepid growth than what we would have thought through or planned for and even now if I understood correctly, what you said was that this will pick up in the Q4 FY2027, Q1 FY2028. So, if you can give me a colour of why exactly it is taking so much time. Because the market exists, there are NBFCs who are able to capture at that small base reasonable pool of assets and profits, but somehow despite our liability advantage, we have been able to do fairly little on the retail side, except the gold loan where which has been a meticulous execution benefited by the increase in gold prices.

Pralay Mondal: As a bank, we do not want to address retail assets similar to an NBFC model, because the whole approach is different when you are in a bank. I have also been on the Board of NBFCs before like HDB and Axis Finance and there was a time when I used to handle both the bank and NBFCs together when I was in HDFC Bank. As a bank, we are not here to build asset book first, but to build a franchise where liability comes first and assets follows and in the process, liability also grows because EMIs and other things happen in their accounts. That is the approach we are taking and hence even if it takes a high road, eventually in the long term, it builds a franchise, which is a compounding growth story. In this kind of a framework, it is a slightly different strategy, based on liability and cross sell.



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Given that perspective, you are right that we took a little time and there is a reason for that. Our core system migration for many reasons have got little delayed in terms of decision making about the vendor and the roll out timelines. We started the core system migration, for various internal reasons only in FY2025 though the decision was taken in FY2024. The roll out happened in May 2025 along with the surround systems in a quick and record time. When you look at Maarvel, our old software, it cannot do much and I also realized over a period of time that due to the short comings of Maarvel, you really cannot launch new products or have the required functionalities. Hence our entire story of the bank from a retail franchise is starting now, because the core system is stabilising now only. Now we can launch products. We will also launch a sales team. We tried one sales team before, then we realized that in the absence of products, though customers come, they do not keep balances, and those accounts becomes inactive. There is no point in keeping those accounts and definitely you cannot cross sell them anything. Given this, the retail journey is starting now, and we know how to execute it and take it forward. I am confident that we are not shifting the goalposts from FY2030 to FY2032 or FY2033. We are saying that, if you have lost two years in taking the decision on the core system for whatever internal reasons, we will work harder to make up for that time and by 2030 we will deliver what we had promised. That is the real answer. I hope this clarifies.

- Vibhor Talreja:** Thank you. All the best, Pralay.
- Moderator:** Thank you so much. We will take our next question from Punit Bahlani of Dolat Capital. Punit, please go ahead.
- Punit Bahlani:** Thank you. Sir, just on your NIM, the reported NIM were flat Q-o-Q and advances growth at 9% Q-o-Q and deposit growth is 10%, but the NII growth is only 2% - what am I missing here. That is the only question I have.
- Pralay Mondal:** NII growth quarter-on-quarter is lower, but year-on-year is 25%. Your question is more on quarter-on-quarter.
- Punit Bahlani:** Yes, quarter -on -quarter. Like, how do I reconcile this because the loan growth has been 9%, and NII growth is only in the range of 2%
- Pralay Mondal:** Our quarterly advance growth is 9% and the NIM has fallen by two or three basis points over Q3. On a year on year basis i.e., vis a vis Q4 FY 25, the NII is up by 25%. Our yields have fallen sharply and cost of deposits or cost of funds has increased, which has impacted the NIM. In spite of a significant improvement on the quality of the portfolio, which is the GNPA and NNPA and credit cost, if the NIM has fallen, then the difference between our



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cost of funds and yields is little more than what it meets the eye and the dip is caused accordingly.

Punit Bahlani: Thank you Sir.

Moderator: Thank you so much, Punit. We will take our next question from the line of Narendra Gandhi of Dante Equity.

Narendra Gandhi: I just wanted to know if your CTO is on the call?

Pralay Mondal: CTO is not on the call, but I will try to answer.

Narendra Gandhi: No, actually, it was regarding this recent AI-related cybersecurity threat that even our FM kind of, came online and spoke about. Just wanted to understand if there are any implications on the new update that we have just rolled out and with regards to Anthropic, a lot of banking software are sort of already said to be under upgradations now in the next two years and since we just rolled out our software, I wanted to understand if you are up to date with that or not?

Pralay Mondal: Yes, certainly. Any other question, I will respond to this?

Narendra Gandhi: We have been talking for the last two concalls and I am really glad that you have been able to deliver on the 1.5 % ROA and 15% ROE in Q4. I think a lot of analysts were very sceptical in the last quarter about you delivering on those numbers and you kind of told that you are going to make sure you end the year above 15% ROE and I think for the quarter you have done around 17% to 18% ROE, which is a great number, so congratulations on that and other than that, just wanted to kind of understand what are we targeting for the next year, in terms of loan growth, I think you said 25%, if I am not mistaken, please correct me and I think ROA and ROE wise, I would like to know where are we targeting because I think the cost to income should start coming down from next quarter onwards, right? So, these are my questions.

Pralay Mondal: On the Claude Anthropic, which you are talking about the AI model Mythos, the advantage of working in a small bank is that we all have to know everything. There is an advisory dated April 27, which prescribes certain actionable for the banks and within that there are guidance/ directional inputs on the things that the banks needs to put together. Banks have to place an update/plan to the board/ITSC within a period of two months i.e., by end June. ITSC Chairman Mr Sharad Saxena is a practitioner and he is extremely good and he understands the subject well. Both our CTO and CISO also understands it as well. Between



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all of us, we will do the needful. I will also be involved in this because this is too critical- I will not say strategic- but too critical aspect, not to have an eye on and not to have a grip on. We have started working on this based on the guidance. I believe that the largest banks in the country are looking at this holistically and also working on it. This is not part of a competitive landscape, but it is about the banking ecosystem, not only for India but for the whole world. I think different countries are talking to each other to understand this, because beyond the banking system, cybersecurity has much larger implications. Lot of clarity will evolve on this over a period of time. Right now, we are doing what is stipulated in the April 27th advisory and we will update the ITSC /board before June.

Narendra Gandhi: Just one question regarding this. Are we expecting that cost to income dip, which we were expecting from next quarter onwards, might be delayed because of the cost that might come with regards to this particular notification because obviously, this is going to come with added costs, right?

Pralay Mondal: Let me put it this way. We are talking about frameworks and ways to do it because I do not think that there is complete clarity on exactly what is to be done - will there be a cost, what will be the inputs, how this will get shared, etc and we have to figure this out going forward. It is an evolving scenario, both globally as well as in India. Hence, it is premature to answer on this one. However, I just want to clarify one thing. I never said that cost to income will come down from next quarter. I said it will remain for FY2027 in the range of 60 to 65%, hopefully somewhere around where we are. FY2028 onwards it will start coming down and by FY2030, we should be significantly lower than this.

Narendra Gandhi: It will stop going up this year onwards, is what you said, right?

Pralay Mondal: We cannot respond on something where there is no clarity to anyone in the world, forget about us, or in the ecosystem. It is an evolving story. Let us figure it out what it is and how it is to be worked out. It is too premature to answer that. On the second question, this one I can answer with more clarity which is on the loan growth. Loan growth will completely depend on the deposit growth, what we have. We have the ability to grow at similar or even faster rate than what we have grown last year. Even if our gold loan growth comes down a little bit, it may happen, but it all depends on at what cost, what deposits come, and how the liability franchise picks up. This year onwards, we will significantly focus on CASA acquisition. The CASA acquisition will bring in customers. The balances will start growing only after one year. From that perspective, I think loan growth will be a function of our ability to build the liability franchise, but yes, I think 25% is something that we will strive for. We will be disappointed if we do not do that part, that much at least. On the ROA, ROE, you are right. We have delivered what we promised in Q3/ Q2 on NIM, ROA, ROE,



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Asset Quality etc. You can see that we are consistent there. Coming to next year prediction, I think a range of somewhere around 1.5% and 15% for ROA and ROE respectively will sustain.

Moderator: Thank you so much. We have a follow-up question coming in from Akshat Agarwal. Akshat, please go ahead with your question.

Akshat Agarwal: Thank you for the opportunity again, Sir. On margins, would you say NIM has largely bottomed out and what kind of trajectory do we expect from here, if not quantitatively, at least qualitatively and what were the drivers of the yield compression. Was it just higher share of wholesale lending because gold yields increased on a portfolio level or was it coming from the full impact of the December repo rate curve flowing through P&L and MCLR repricing. That was my first question Sir. I have one more.

On the SME book, out of the 10 to 11 accounts that slipped last quarter, how many accounts have been upgraded or recovered during this quarter and how many are pending, which could affect the asset quality or credit cost upside next quarter and should we expect most of these to be resolved by 1Q or there is benefit to 2Q as well? Lastly on the levers to ROA and ROE, we have talked about a bit, but just to understand like because this quarter 1.5 ROA was due to low credit cost? So going forward, I mean, the credit costs will slightly move up, and we will have better retail growth and fee income.

Pralay Mondal: Akshat, I think I have understood your question, though the voice is breaking. Let me try and answer that. On the margins, the general guidance which I have always given is that, it will be between 3.75% to 4%. We are right in the middle of it, somewhere at 3.83% in Q4 FY 26. I think it is very difficult to predict in basis points that it will go up or go down, but it will remain in the range of 3.75% to 3.8%. Having said that, I am not so sure if it has bottomed out or not because of two reasons. One is our own internal portfolio, where the business mix will start gradually changing. I do not know whether it will happen in the next year or next quarter- but over a period of time it will happen and whatever business mix changes leading to any interim, even if it is transition fee change in NIM will get compensated on the ROA side by fee and cross sell to those customers unlike in gold loans. In gold loans, for the higher ticket size customers we are planning to do some cross sell. In wholesale, SME and some of these businesses where your yields are lower, we are going big time into transaction banking. We expect cross sell and also liability, which on a long term basis brings down our cost of funds. There is some interim noise here and there, but eventually it is all about building up a franchise and hence, we will look at a NIM which is similar or higher, we will try to remain between 3.75% to 4%. On yield compression, you are right. Two to three things happened, and you only answered some of them, which is the



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repo rate cut and all. On the BLG portfolio, it immediately impacts, and on wholesale business, it impacts, depending on the MCLR how it is moving, and what is the tenor of the MCLR with the customers. Now everything has almost played out. BLG almost instantly and on wholesale, basis the MCLR. Hence, we could see a completion both on the wholesale side as well as on the BLG side in terms of yield compression which has happened. I think that answers the yield compression part. Coming to your question on SMA book, we do not give this level of details in our past responses, and it is difficult to give the answers at this granular level. But at a high level, for your comfort, I want to tell you that I was looking at the presentations on SMA. Almost at every business or at a bank wide level, our SMA book has constantly been improving and as we are talking on Q4, the SMA book is lowest in the last five quarters.

Akshat Agarwal:

Just to interrupt, Sir, actually, I was asking about the 10 to 11 accounts, which slipped last quarter on the SME.

Pralay Mondal:

It is not right from a customer perspective or from a disclosure perspective to go this granular. But you can obviously understand that some of them already got upgraded/recovered. I said that in the last quarter itself, that because we are going through migration, some of the MIS, etc., got a little delayed, because of which it was more of a technical default issue. Some of those accounts are related to that. It is obviously coming from the existing slippages. On the levers of RoA, gold loan portfolio degrowth, etc. It is not coming down immediately in terms of percentage. Levers for ROA and ROE are basically cross sell to the lower yielding product customers because why should we do a business where it is lower yielding if we do not have a visibility of ROA in that business. We are not doing business here only for topline. If we strategize to build a business, it is an entry strategy, whether it is in wholesale, SME or in retail and eventually the ROA tree will play out there. In the transition somewhere it can happen and that will be managed because the gold portfolio is not coming down in one year's time from a 53% to a 30% and we will get that time to manage this. I think we should be able to manage ROA and ROE and you will see that. This year also, let us not forget that we delivered this result this quarter, in spite of the most difficult scenario on the fee business especially on the treasury side. So the upside on this, nobody can see the future, can predict the future, but we have taken a large book on the AFS side, which we could do only one time during that period when RBI came out with the regulation from HTM to AFS, hoping that we will leverage that last year, but instead of leveraging it went the other way - nobody predicted that from 6.6, yield will go to 7.1 whereas everybody thought it will come to 6.1. Eventually that will play out once the crisis gets over. Hopefully on a full year basis next year, there is a significant leverage there on the ROA. With capital consumption going high, that is more technical and more maths,



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obviously, ROE naturally will improve, but that thing, I think you guys should factor in. That is broadly the answer to your questions.

Akshat Agarwal: Very well Sir. Thank you very much and all the best.

Moderator: Thank you so much. Ladies and gentlemen, that was the last question for today. On behalf of CSB Bank Limited, that concludes today's conference call. Thank you for joining us and you can now click on the leave icon to exit the meeting. Thank you all for your participation.

Pralay Mondal: Thank you very much and look forward to everybody joining the call again in Q1. Thank you. Have a good evening.