

Chairman's Speech at the 97th Annual General Meeting

A very Good Morning to all of you,

I am honored and privileged to welcome you all, on behalf of the Board of Directors, to the 97th Annual General Meeting of "The South Indian Bank Limited" for the Financial Year 2024-25, being held today via Video Conference. I am delighted to address you all virtually and highly appreciate your participation in this significant event.

As we convene today, I am pleased to highlight the Bank's remarkable performance during Financial Year 2024-25, which has been marked by significant milestones that underscore our commitment to excellence and customer satisfaction, reaffirming Bank's position as a leading financial institution among its peers.

The Directors' Report and the Standalone and Consolidated Audited Financial Statements for the Year ended March 31, 2025, along with its annexures have already been shared with you and with your permission, I take them as read.

Before I present the performance of the Bank, I would like to briefly reflect on the present macro-economic and banking scenarios. The fiscal year 2024–25 continued India's strong growth trajectory, with the economy projected to expand by 6.5%, building on the robust 7.6% growth in the previous year. This performance reflects the country's resilience amid global uncertainties, supported by buoyant domestic demand, healthy investment flows and a well-capitalized technology-driven banking sector that remains a key enabler of growth.

Banking Scenarios

The regulatory guidelines issued by Reserve Bank during the year addressed model risk management, transition pathways for small finance banks and

eligibility criteria for universal banking licenses, which ultimately helped in enhancing governance, ensuring greater risk management and operational resilience. Capital and liquidity buffers across banks remained well above regulatory requirements, with macro stress tests indicating that the banking system would remain resilient even under adverse economic scenarios.

Performance of the Bank

The Bank has embarked on a comprehensive transformation journey during the last few years. Throughout the year, the Bank has demonstrated resilience, adaptability and an unwavering focus on innovation and growth despite the challenging economic landscape. Let me place before you the position of our Bank on leading indicators.

- The total gross business of the Bank increased from ₹1,82,346.52 crore to ₹1,95,104.12 crore.
- Deposits increased from ₹1,01,920.26 crore to ₹1,07,525.60 crore.
- Gross advances increased from ₹80,426.26 crore to ₹87,578.52 crore.
- Operating profit of the Bank had increased to ₹2,270.08 crore in FY 2024-25 from ₹1,867.67 crore in FY 2023-24.
- The Net Profit increased to ₹1,302.88 crore in FY 2024-25 as against ₹1,070.08 crore in FY 2023-24.
- The Provision Coverage Ratio (PCR including write-off) has improved to 85.03 per cent in FY 2024-25 from previous level of 79.10 per cent in FY 2023-24..
- The Gross NPA to Gross Advances stood at 3.20 per cent and the Net NPA to Net Advances stood at 0.92 per cent as on March 31, 2025.
- The CASA has increased by 3.17 per cent during current financial year to ₹33,729.72 crore from ₹32,692.67 crore in the FY 2023-24.

- Net Interest Income of the Bank has increased from ₹ 3,332.06 crore in the FY 2023-24 to ₹ 3,485.64 crore in the FY 2024-25. The Bank's net interest margin (NIM) stood at 3.24%.
- Further, the Net profit margin increased by 104 bps from 10.57% in FY23-24 to 11.61% in FY24-25.
- Net worth increased by ₹ 1,243.75 Crore from ₹ 8,402. 40 Crore in FY23-24 to ₹ 9,646.15 Crore in FY24-25.
- The Capital Adequacy Ratio of the Bank was 19.31 under Basel III norms as on March 31, 2025, as against the RBI mandated level of 11.50.
- The Book value per share has increased from ₹33.73 as on March 31, 2024 to ₹38.60 as on March 31, 2025.
- The gross revenue from Treasury Operations segment increased from ₹2,010.99 crore in the FY 2023- 24 to ₹2,204.18 crore in the FY 2024-25.
- The Bank has its network across India with 953 banking outlets (948 Branches, 3 Satellite branches and 2 Ultra small Branches (USB)) and 1,280 ATMs & CRMs as on March 31, 2025. The Bank has opened 17 new ATMs across the country and closed 50 ATMs and 8 CRMs. The branch network covers 26 States and 4 Union Territories.
- The Bank was honored with significant Institutional recognitions, awards and accolades for various initiatives undertaken such as Banking Frontier Finnoviti Awards 2024, IBA's 20th Technology Awards, Infosys Finacle Innovation Awards 2024, Navabharat BFSI Conclave and Awards 2025 etc.
- The Board has recommended a dividend of 40% i.e., ₹0.40 per equity share of face value of ₹1/-each, which is subject to the approval of shareholders in this meeting.

This exceptional performance underscores Bank's robust business model,

strategic initiatives and the unwavering dedication of the employees. The Bank has strategically revamped the loan book, focusing on high-quality assets and leveraging technology to enhance operational efficiency. Our strategy to diversify the loan book has yielded substantial positive results. The Bank has expanded its business in various segments including personal, gold, home and auto loans. The personal loan segment grew from ₹17,639 crore in March 2024 to ₹22,405 crore in March 2025, a robust 27% growth. Gold loans also experienced robust growth of 9% year-on-year, reaching ₹16,982 crores.

The Bank accords utmost importance to Capability Building and regular upskilling of the staff members. In the dynamic landscape of the banking industry, staying ahead necessitates a workforce that is not only skilled but also strategically aligned to meet the evolving needs of Bank's customers. Over the past year, we have dedicated ourselves to achieving this objective by focusing on three key areas: optimizing the Tooth to Tail ratio, Empowering Customer-Facing Roles and Bolstering Employee Productivity.

Through meticulous analysis and strategic planning, we have identified areas for improvement and implemented targeted interventions to drive progress towards our ideal ratio. Recognizing the pivotal role of customer-facing employees in achieving this objective, we have undertaken initiatives to empower and equip them for success. Employee productivity forms the bedrock of Bank's operational efficiency and competitive advantage. In Bank's pursuit of excellence, we have implemented a range of measures aimed at fostering a culture of productivity and continuous improvement.

To enhance branch productivity, the Bank has introduced the 'Sales Value Addition' metric to track and improve performance at the branch level. This metric enables us to compare branch performance effectively and identify areas for improvement. The Bank is continued to focus on training and reskilling of the

branch staff, ensuring they have the skills and competence to meet customer needs efficiently.

Leveraging advanced technology has been a cornerstone of the Bank's strategy. The Bank has implemented automated processes for loan approvals and renewals, significantly reducing operational costs and improving efficiency. The digital transformation initiatives of the Bank have led to 98% of total transactions being conducted digitally. Some of the Major Digital/Technology Initiatives/Solutions embarked during the FY 2024-25.

Internal Control Systems and Compliance

The Bank has put in place extensive internal controls and processes to mitigate operational risks, which includes maker checker authentication of Core Banking Solution (CBS) transactions, centralised processing of opening and modifications of CASA accounts and loan accounts, centralised sanctioning of loan facilities etc.

Various Preventive controls viz., Dual custody for cash, gold and other security items, maintenance of daily control registers for security items, finger-scan authentication for processing of transactions in CBS in addition to login passwords, stringent guidelines on password usage, STP processes between CBS and payment interface systems for transmission of messages etc. are in place.

The transactions generated in the CBS is monitored by the Fraud Risk Management (FRM) CBS by alert generated in a near real time basis. Transactions happening through various digital channels are being monitored centrally on a 24x7 basis by Fraud Risk Management (FRM) Cell, for real time detection and prevention of frauds.

As per requirement of Companies Act, 2013, the Bank has formulated Internal Financial Controls Framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework.

Inspection and Vigilance Department plays a significant role in testing the control effectiveness for each process under the framework.

Looking ahead

The Bank is actively shaping a future based on resilience, efficiency and trust backed by a sustainable technology. Its transformation journey focuses on improving its core by deepening credit quality, boosting operational stability and implementing smarter controls. Technology is key to this change. The Bank is speeding up digital adoption across channels, updating its internal systems for faster and more accurate performance and using data for better decision-making. These improvements go together with efforts to increase productivity across its network and simplify operations for cost savings. By broadening its reach through new distribution formats and partnerships, the Bank is also becoming more agile and responsive to customer needs. Governance and compliance are fundamental, ensuring that progress is sustainable and is made with discipline and accountability. With this integrated approach, the Bank is not just managing the present; it is building a stronger, tech-driven, sustainable future.

The Bank is confident that its proactive initiatives, coupled with robust governance and rigorous risk management practices, will pave the way for sustainable growth and generate enduring value for all the stakeholders. By continuously refining its strategies and embracing innovation, the Bank is poised to navigate challenges effectively and capitalize on opportunities in the dynamic financial landscape. As we advance, the Bank remains dedicated to upholding the highest standards of integrity, transparency and customer-centricity. Our collective efforts will not only strengthen the position in the market but also reinforce Bank's commitment to driving positive outcomes for the communities it serves.

I also take this occasion to inform that our Bank is approaching a remarkable milestone – its 100th Anniversary i.e, 2029. As we prepare to celebrate this

momentous occasion, we invite all our shareholders to share your thoughts, suggestions and ideas on how we can make the anniversary truly special and memorable.

Acknowledgements

It is with great pleasure that I extend my sincere thanks to fellow Board members and to our Managing Director and CEO, Mr. P R Seshadri for their immense contribution in Bank's growth over the year. Their exceptional leadership during some of the most challenging periods have laid a strong foundation for our current and future successes.

I also take this opportunity to express my deep sense of gratitude to the Government of India, Government of Kerala and other State Governments where the Bank operates, Reserve Bank of India, the Securities and Exchange Board of India, and other Government and Regulatory Authorities, including stock exchanges, where the Bank's shares are listed, Joint Statutory Auditors M/s K Venkatachalam Aiyer & Co, who are completing their term on conclusion of this meeting and M/s. M.P Chitale & Co., Secretarial Auditors M/s SVJS & Associates and correspondent banks for their strong support and guidance, during the year.

The Board also places on record its gratitude to the Bank's shareholders and customers for their continued support, patronage and goodwill. The single most important pillar of any Institution is its personnel, more so in the case of a service entity like a bank. The Bank profoundly acknowledges this fact and thanks all of them for their diligence, devotion and loyalty towards the Bank, during these trying times. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Bank at all levels.

Since joining this esteemed Bank as a Director in 2018 and assuming the role of Chairman in November 2023, it has been my privilege to serve the legacy Bank, whose legacy stretches back to 1929 and remains deeply interwoven with our

nation's financial history. Over this period, I have witnessed the dedication, professionalism and resilience that define our people and drive our success.

With a robust business strategy, solid financial base and a team deeply committed to excellence, the Bank has positioned itself to capture new opportunities and sustain long-term growth. Over the years, we have turned challenges into stepping stones, marking achievements that reinforce our reputation for trust and innovation in the Banking industry. I firmly believe that the dedication and synergy across the organization will continue to advance our vision and deliver enduring value to our shareholders and build a stronger tomorrow.

Thank you all.

20-08-2025

V J Kurian

CHAIRMAN

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.
