DIRECTORS' REPORT

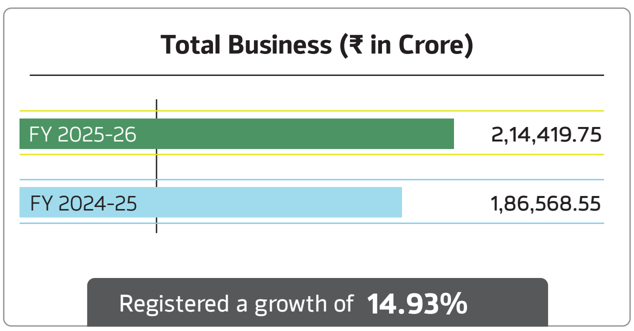
To the Members,

The Board of Directors of your Bank takes great pleasure in presenting the 107th Annual Report on the Bank's business and operations, along with the audited financial statements for the Financial Year (FY) ended 31st March 2026.

KEY PERFORMANCE INDICATORS

Your Bank has achieved significant growth across all areas of operations and delivered a strong performance during the FY 2025-26, reflecting the effectiveness of the strategies implemented over the past few years. The highlights of the performance for the FY 2025-26 are outlined below:

PARTICULARS	31ST MARCH 2026 (₹ in Crore)	31ST MARCH 2025 (₹ in Crore)
Deposits	1,15,665.74	1,02,077.99
Advances	98,754.01	84,490.56
Investments	29,394.19	24,206.14
Total Income	13,158.67	11,507.59
Total Expenditure	9,083.69	8,295.26
Operating Profit	4,074.98	3,212.33
Net NPA	186.21	166.21
Net Profit	2,510.33	1,941.64



DEPOSITS

The Bank's Gross Deposits increased by ₹ 13,587.75 Crore to ₹ 1,15,665.74 Crore as on 31st March 2026, from ₹ 1,02,077.99 Crore as on 31st March 2025, registering a growth of 13.31%.

Term Deposits increased by ₹ 10,297.66 Crore to ₹ 84,543.88 Crore as on 31st March 2026, from ₹ 74,246.22 Crore as on 31st March 2025, registering a growth of 13.87%.

The Bank's CASA balances increased by ₹ 3,290.09 Crore to ₹ 31,121.86 Crore as on 31st March 2026, from ₹ 27,831.77 Crore as on 31st March 2025, registering a growth of 11.82%. The CASA balance as on 31st March 2026 comprised Savings Bank deposits of ₹ 21,983.70 Crore and Other Demand Deposits of ₹ 9,138.16 Crore. The CASA ratio of the Bank as on 31st March 2026 stood at 26.91%.

ADVANCES

During the year, your Bank's credit portfolio increased by ₹ 14,263.45 Crore to ₹ 98,754.01 Crore as on 31st March 2026, from ₹ 84,490.56 Crore as on 31st March 2025, registering a growth of 16.88%.

The growth in advances was primarily driven by the Retail and Agriculture segments. The composition of the advances portfolio reflects a continued shift towards a more granular and diversified mix.

The detailed break-up of the advances portfolio for the FY 2025-26 vis-à-vis FY 2024-25, along with comparative growth, is provided in the table below.

Classification of Advances Portfolio

PARTICULARS	31ST MARCH 2026 (₹ in Crore)	31ST MARCH 2025 (₹ in Crore)	Y-O-Y Growth %	Diversification Mix (%)
Commercial	34,279.03	30,729.51	11.55	35
Retail (Personal Banking)	26,196.86	20,896.00	25.37	26
Agriculture	24,783.78	20,818.50	19.05	25
Corporate	13,494.34	12,046.55	12.02	14
Total Advances	**98,754.01**	**84,490.56**	**16.88**	100

As on 31st March 2026, the Bank's Priority Sector Lending stood at ₹ 41,261.50 Crore, constituting 48.28% of its Adjusted Net Bank Credit (ANBC), as against the statutory requirement of 40%.

AGRICULTURE ADVANCES

Your Bank's Agriculture Advances stood at ₹ 24,784 Crore as on 31st March 2026. Further, Priority Sector advances to agriculture, in terms of RBI guidelines, were ₹ 17,861.48 Crore, constituting 20.90% of ANBC, as against the regulatory requirement of 18%. Average advances to Micro Enterprises and Weaker Sections stood at 10.95% and 12.43% of ANBC, respectively. The Bank has consistently achieved and surpassed all priority sector targets and sub-targets across all quarters of the year through focused lending strategies.

ASSET QUALITY

Your Bank has a dedicated vertical, the Credit Monitoring and Recovery Department, which oversees recovery functions and plays a pivotal role in maintaining the health and stability of the loan portfolio. In the face of economic fluctuations and market challenges, the Bank remains focused on effectively managing Non-Performing Assets (NPAs) to minimize risks and optimize recovery outcomes. High-value NPA accounts are handled through eight Asset Recovery Branches located across India, ensuring focused and effective recovery efforts. In addition, the Bank has engaged recovery agencies to support these branches in reaching customers and ensuring continuous follow-up.

The Bank's Gross NPAs increased by ₹ 102.11 Crore to ₹ 743.91 Crore as on 31st March 2026, from ₹ 641.80 Crore as on 31st March 2025. Correspondingly, Net NPAs increased marginally by ₹ 20 Crore to ₹ 186.21 Crore as on 31st March 2026, from ₹ 166.21 Crore as on 31st March 2025. In percentage terms, the Bank's asset quality remained stable, with Gross NPA and Net NPA ratios at 0.75% and 0.19% respectively, as against 0.76% and 0.20% in the previous year. Further, Bank's SMA30+ levels has been managed well and confined to 0.17% as against 0.30% of previous year.

GNPA	NNPA
0.75%	**0.19%**
PCR	**SMA 30+**
96.45%	**0.17%**

The Bank has undertaken focused recovery initiatives on a continuous basis, resulting in improved recovery performance over the past three years. The Provision Coverage Ratio (PCR) stood at 96.45%, reflecting a consistent strengthening trend over the last six years. The Bank remains committed to further enhancing asset quality by taking all necessary measures to curtail slippages and expedite recovery in existing SMA and NPA accounts.

The Bank has implemented a range of measures to minimize slippages and enhance recovery, including strengthening credit risk assessment processes, proactive monitoring systems, timely restructuring for stressed borrowers, engagement of specialized recovery agencies, utilizing a dedicated Early Warning Signal (EWS) tool, and streamlining of legal and recovery frameworks. These initiatives facilitate early identification of potential stress, prompt resolution actions, and improved recovery efficiency, thereby contributing to reduced slippages and enhanced recovery performance.

INVESTMENTS

The Bank's Investment Portfolio stood at ₹ 29,394.19 Crore as on 31st March 2026, as against ₹ 24,206.14 Crore as on 31st March 2025, registering a year-on-year increase of 21.43%. The average investment for FY 2025–26 was ₹ 28,187 Crore. The composition of the investment portfolio remains aligned with the Bank's Investment Policy, with a focus on liquidity management, regulatory compliance, and income generation.

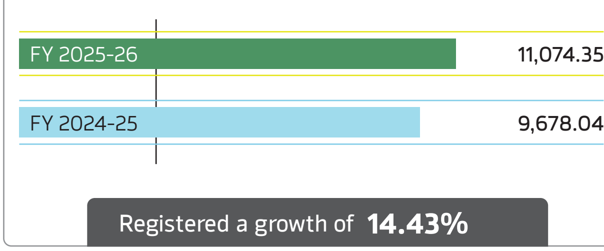
Interest income earned on investments during FY 2025-26 amounted to ₹ 1,883.92 Crore, compared to ₹ 1,622.47 Crore in FY 2024–25. Profit on sale of investments was ₹ 162.81 Crore during the year. To minimize volatility, the modified duration of the overall portfolio, including Held to Maturity (HTM) securities, was maintained at a prudent level of 3.83 years. The Bank maintained a comfortable liquidity position throughout the financial year.

FOREIGN EXCHANGE TRANSACTIONS

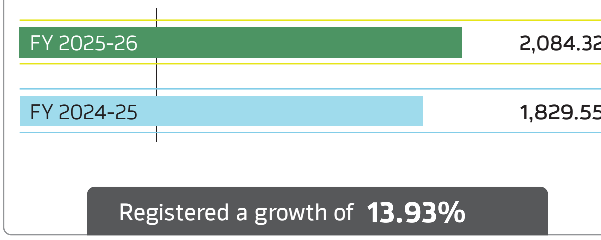
The Bank's merchant turnover stood at ₹ 26,223 Crore for FY 2025-26, as compared to ₹ 25,136 Crore in the previous financial year. Export credit extended by the Bank amounted to ₹ 1,473 Crore during FY 2025-26, marginally higher than ₹ 1,467 Crore in FY 2024-25. Total income earned from foreign exchange transactions increased to ₹ 67.36 Crore during FY 2025-26 from ₹ 58.83 Crore in the previous year. This comprised exchange profit of ₹ 39.27 Crore and commission and other income of ₹ 28.09 Crore.

INCOME

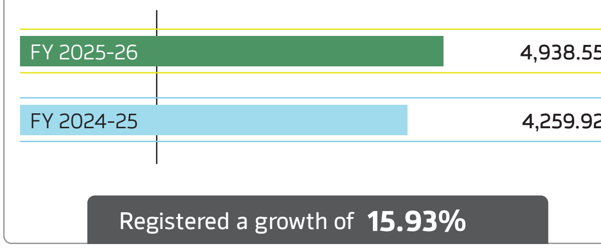
Interest Income (₹ in Crore)



Non-Interest Income (₹ in Crore)



Net Interest Income (₹ in Crore)

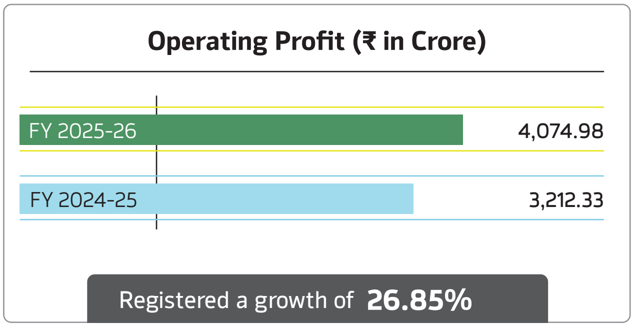


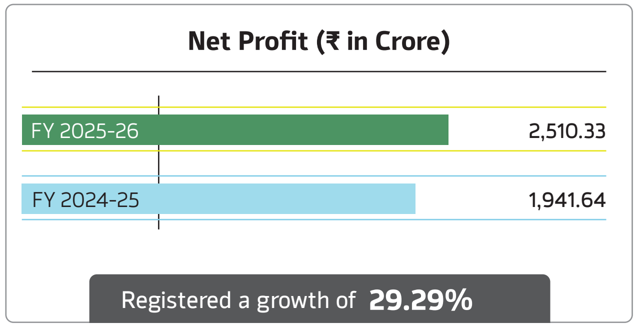
EXPENDITURE

Your Bank's interest expenditure increased by ₹ 717.68 Crore to ₹ 6,135.80 Crore during FY 2025–26, as compared to ₹ 5,418.12 Crore in FY 2024–25, in line with the growth in deposits over the previous year. Operating expenses increased to ₹ 2,947.89 Crore during FY 2025–26 from ₹ 2,877.14 Crore in the previous financial year, reflecting the Bank's continued focus on business expansion, technology initiatives, enhancement of digital capabilities, and strengthening of operations. The Bank continued to maintain a disciplined approach towards cost management through regular monitoring of operating and establishment expenses and implementation of effective expenditure control measures across the organization.

Your Bank continued to maintain a healthy margin profile during FY 2025-26 through effective management of funding costs and asset yields in spite of reduction in repo rates by 100 bps during the year. The Cost of Deposits reduced by 5 bps to 5.56% during the FY 2025-26 as compared to 5.61% for the FY 2024-25 and Yield on Advances stood at 10.02% as against 10.15% in the previous financial year. Yield on Investments improved by 7 bps to 6.68% from 6.61% in the previous financial year. Due to reduction in Cost of Deposits, the Spread between Yield on Funds and Cost of Funds improved marginally to 3.37%, with Yield on Funds at 8.93% and Cost of Funds at 5.56%, compared to 3.32% in the previous financial year. Accordingly, Bank's Net Interest Margin (NIM) improved by 2 bps to 4.11% during FY 2025-26 from 4.09% in the previous financial year.

PROFIT





Bank Surpasses ₹ 2,500 Crore in Profit, Marking a Historic Milestone

APPROPRIATIONS

The Net Profit of ₹ 2,510.33 Crore along with ₹ 11.74 Crore brought forward from the previous financial year, aggregating to ₹ 2,522.07 Crore, was appropriated as follows:

Appropriation – Transfer to Reserves	Amount (₹ in Crore)
Statutory reserve	627.60
Capital reserve	9.55
Investment reserve	Nil
Investment Fluctuation reserve	31.13
Special reserve	59.85
General reserve	1526.00
Balance carried to Balance sheet (including proposed dividend of ₹ 251.33 Crore)	267.94

DIVIDEND

Your Bank has formulated a Dividend Distribution Policy in accordance with the requirements of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), and the directions issued by the Reserve Bank of India. The objective of the Policy is to maintain an equitable balance between rewarding shareholders through dividends and retaining adequate funds to support the Bank's future growth, in line with the dividend payout matrix prescribed under the extant RBI guidelines. The Policy is available on the Bank's website at: https://www.kvb.bank.in/docs/dividend-distribution-policy.pdf.

Accordingly, considering the Bank's capital position and the permissible payout, the Board of Directors has recommended a dividend of ₹ 2.60/- per equity share of face value ₹ 2/- each (130%) for the FY 2025–26. The Bank has fixed 24th July 2026 as the record date for determining the shareholders eligible for the dividend on equity shares. The proposed dividend is in accordance with the Bank's Dividend Distribution Policy and is subject to the approval of the shareholders at the ensuing 107th Annual General Meeting (AGM) and receipt of necessary regulatory/statutory approvals, if any.

In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date notified under the Companies (Accounting Standards) Rules 2021, the proposed dividend amounting to ₹ 251.33 Crore has not been shown as an appropriation from the Profit and Loss account for the year ended 31st March 2026 and correspondingly not reported under Other Liabilities and Provisions as at 31st March 2026 (is reported under balance of profit).

SHARE CAPITAL

As on 31st March 2026, the Bank's Authorized Share Capital stood at ₹ 250 Crore, comprising 125 Crore equity shares of face value ₹ 2/- each. During FY 2025–26, the Bank increased its authorized capital from ₹ 200 Crore (100 Crore equity shares of face value ₹ 2/- each) to ₹ 250 Crore (125 Crore equity shares of face value ₹ 2/- each).

During FY 2025-26, the shareholders of the Bank approved the issuance of Bonus shares at the 106th AGM of the Bank held on 21st August 2025. Accordingly, the Bank issued 16,11,85,653 equity shares of face value ₹ 2/- each, out of which 16,10,35,439 equity shares were allotted to eligible shareholders, and 1,50,214 equity shares were kept in abeyance, corresponding to existing abeyance shares. Further, Bank has allotted 4,86,121 equity shares of face value ₹ 2/- each to the employees who exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme, during the financial year under review.

Post issuance and allotment of the aforesaid equity shares, the Issued Share Capital increased from ₹ 1,61,14,46,944 to ₹ 1,93,47,90,492, comprising 96,73,95,246 equity shares of face value ₹ 2/- each, and the Paid-up Share Capital increased from ₹ 1,61,02,49,318 to ₹ 1,93,32,92,438, comprising 96,66,46,219 equity shares of face value ₹ 2/- each. Other than the above, there was no change in the capital structure of the Bank during the year under review.

The Bank's Net Owned Funds increased to ₹ 14,107.87 Crore as on 31st March 2026, from ₹ 11,929.54 Crore in the previous financial year.

EARNINGS PER SHARE/BOOK VALUE

The Bank's Earnings Per Share (Basic) stood at ₹ 25.98 for the financial year 2025–26, as against ₹ 20.10 of the previous year. Consequent to the issuance of bonus shares during FY 2025-26, the previous year's EPS has been restated in accordance with the Accounting Standards. The Book Value of shares was ₹ 145.95 (includes proposed Dividend) per equity share of face value ₹ 2/- each (fully paid up) as on 31st March 2026, as against previous year position of ₹ 148.17 per equity share of face value ₹ 2/- each (fully paid up). The decrease in Book Value is primarily due to the impact of bonus shares issuance during FY 2025–26.

DEBT INSTRUMENTS & CREDIT RATING

The Bank did not issue any debt instruments during the year under review. The details of the credit ratings obtained during the period are provided below:

Particulars	Rating Agency	Rating	Rating Action	Date of Revision
Certificate of Deposit Programme for ₹ 5,000 Crore	ICRA	[ICRA] A1+	Reaffirmed	13.06.2025
Certificate of Deposit Programme for ₹ 10,000 Crore (Enhanced from ₹ 5,000 Crore)	ICRA	[ICRA] A1+	Reaffirmed/ Assigned for enhanced amount	19.06.2025
Certificate of Deposit Programme for ₹ 10,000 Crore	ICRA	[ICRA] A1+	Reaffirmed	16.09.2025
		[ICRA] A1+	Reaffirmed	11.12.2025
		[ICRA] A1+	Reaffirmed	09.03.2026
Issuer Rating	ICRA	[ICRA] AA (Stable)	Reaffirmed	19.06.2025
Certificate of Deposit Programme for ₹ 5,000 Crore	CRISIL	CRISIL A1+	Reaffirmed	20.05.2025
		CRISIL A1+	Reaffirmed	25.09.2025
Short Term Fixed Deposit of ₹ 12,000 Crore	CARE	CARE A1+	Reaffirmed	16.12.2025
Fixed Deposit		CARE AA (Stable)	Reaffirmed	16.12.2025

As per rating agency schedule:

ICRA A1+ / CARE A1+ / CRISIL A1+ : Securities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

ICRA AA / CARE AA : Issuers/securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio (CAR) stood at 18.76% as on 31st March 2026, in accordance with Basel III norms. This is well above the regulatory requirement of 11.50%, comprising a minimum capital requirement of 9% and a Capital Conservation Buffer of 2.50%, as prescribed by the Reserve Bank of India.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Bank does not have any Subsidiaries or Associates/Joint Ventures for the financial year ended 31st March 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to provisions of the Regulation 34(2)(e) of SEBI LODR, the Management Discussion and Analysis Report for the year forms part of this Annual Report.

NETWORK OF BRANCHES

The selection of new branch and office locations is undertaken through a strategic approach focused on identifying high-potential areas. To assess the viability of prospective centres, the Bank conducts a detailed analysis leveraging data from various sources and platforms. Additionally, inputs from location-based surveys conducted by Divisional Offices provide valuable on-ground insights. By integrating these inputs, the Bank carefully shortlists locations for opening new branches and offices, ensuring that its expansion strategy remains aligned with the growth potential of each center.

Your Bank has added 13 Branches (Regular Branches – 5, Lite Branches - 8) and 9 Offices viz. Telangana North Divisional Office, ED-Secretariat, Central Financial Intelligence and Surveillance Unit, Open Market Channel (OMC)-Vadodara, OMC-Coimbatore, OMC-Kanpur, OMC-Hyderabad, OMC-GOA and OMC-Hubli during FY 2025-26.

Your Bank has 901 Branches as on 31st March 2026. During the year under review, your Bank has installed 151 new Automated Teller Machines (ATM) at new and existing locations, 76 Bunch Note Recycler Machines (BNRM) and 127 Self Service Passbook Kiosks. As of 31st March 2026, 1,538 Automated Teller Machines (ATM), 675 Bunch Note Recycler Machines (BNRM) and 397 Self-Service Passbook Kiosks are providing uninterrupted Banking services to customers.

Branch Distribution

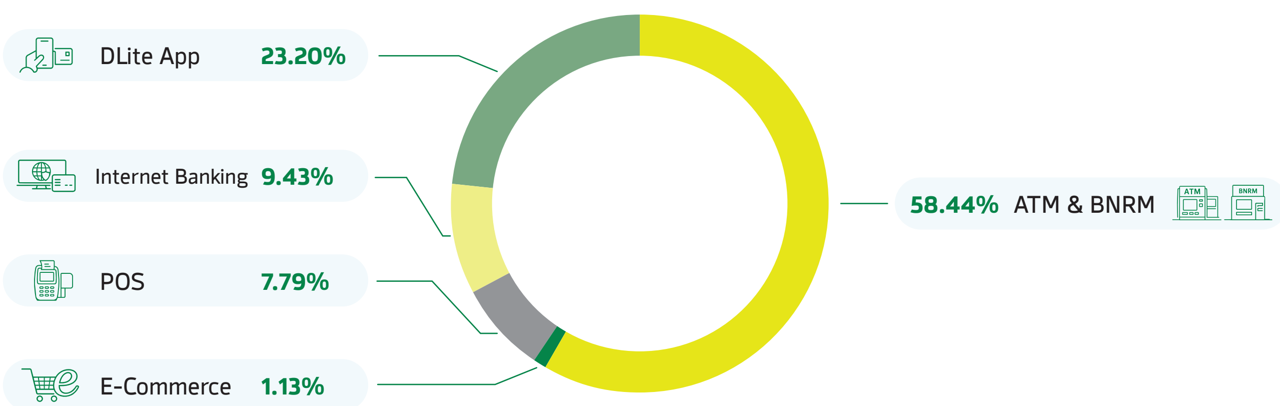
Metro	Urban	Semi-Urban	Rural
229	181	354	137

Total: 901 Branches

Alternative Delivery Channels

397	1,538	675	8,802
Self-Service Passbook Kiosks	ATMs	BNRMs	POS Machines

Classification of Transactions through Alternate Channels during FY 2025-26



CURRENCY CHEST

As on 31st March 2026, your Bank has eight Currency Chests across different locations in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to ensure adequate supply of cash to branches and ATMs within their respective regions, in adherence to the Reserve Bank of India's (RBI) Clean Note Policy. Currency Chests also assist branches in maintaining cash within prescribed retention limits, thereby facilitating smooth operations. During the year, the Bank also conducted soiled note exchange melas and undertook distribution of coins through Currency Chest-linked branches, further supporting currency management initiatives.

FINANCIAL INCLUSION

Financial inclusion refers to efforts to make financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net-worth or company size. Financial inclusion is an effort to make everyday financial services available to more of the world's population at a reasonable cost. It aims to ensure that the poor and marginalized people make the best use of their money and attain financial education.

Your Bank has undertaken several initiatives and reached the underserved segment of society and extended its focused financial services through 156 Bank Mitras in rural villages, 3 Bank Mitras in urban locations including 39 Ultra Small Branches. The Bank Mitra use Business Correspondent (BC) devices for providing banking services to the customers.

Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Social security schemes of Insurances viz., Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pension product viz., Atal Pension Yojana (APY) and thereby support the Government in implementation of various social welfare schemes. The Bank has made 1,19,417 fresh enrollments under PMJJBY, 2,75,197 fresh enrollments under PMSBY and 30,440 enrollments under APY during the financial year.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

Your Bank has opened 76,056 PMJDY accounts during the year. The balances outstanding in the PMJDY accounts as on 31st March 2026, was ₹ 44.91 Crore. The Bank has issued 76,056 Rupay Debit Cards under PMJDY accounts during the year. Micro ATM devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Aadhaar enabled Payment system (AePs)/Third Party deposit, Balance enquiry, Mini statement. Bank Mitras have carried out ₹ 3.80 Lakh transactions, amounting to ₹ 51.29 Crore during the year under report which includes Direct Benefit Transfer/ Old Age Pension/Viksit Bharat Schemes transactions.

Micro Credit

Your Bank provides credit facilities to Joint Liability Groups (JLG) to meet the credit needs of the poor. As on 31st March 2026, the Bank has 83,882 JLG loans with outstanding of ₹ 183.22 Crore.

Financial Literacy

Financial Literacy campaigns are intended to provide basic banking knowledge to people across various corners of the Society. Your Bank has been in the forefront in creating awareness to the rural masses on the financial services and products through the Financial Literacy Campaigns. During FY 2025-26, your Bank has conducted 417 financial literacy campaigns in Rural, Semi Urban/Urban areas, including RBI Financial Literacy Week Campaign 2026.

TECHNOLOGY INITIATIVES

Your Bank has consistently demonstrated a strong inclination toward adopting emerging trends, technological advancements, and innovative practices. Long-term initiatives are initially undertaken as study projects and, upon establishing their technical feasibility, are transformed into structured action plans for implementation, thereby enhancing value for customers. The Bank has been progressively integrating Artificial Intelligence (AI) and Machine Learning (ML) into its operations to strengthen decision-making, augment risk assessment frameworks, and elevate customer service. These technologies enable the delivery of personalized banking experiences while optimising operational efficiency and workflows.

Your Bank has implemented the following customer centric projects during the FY 2025-26:

- **Interoperable Card less Cash Withdrawal**

  The Bank has introduced Interoperable Card-less Cash Withdrawal at select ATMs, providing customers with enhanced convenience and security. This service allows customers to withdraw cash without the need for a physical ATM card. This service that facilitates participating Bank's customers who are live on UPI, to withdraw cash from any participating Banks' ATMs (enabled for UPI-ATM) without using their card.

  To utilize this service, customers shall simply scan a dynamic QR code displayed on the ATM screen and authorize the transaction using their UPI PIN. Each transaction permits withdrawals of up to ₹ 10,000. The entire process is facilitated by the UPI and NPCI systems, helping to significantly reduce the risk of common ATM frauds such as card skimming.

- **Corporate Mobile Banking**

  KVB Corp Mobile Banking App is designed to address the diverse banking requirements of corporate users by offering a wide range of features. In addition to core functionalities such as account management and transaction services, the app includes other utilities that support day-to-day business operations of the corporate customers. The application is built with a sleek, minimalistic user interface that prioritizes content clarity and ease of navigation, ensuring a seamless user experience.

- **Enhancement in GST payment through UPI**

  The Bank has implemented a convenient and secure solution for taxpayers to meet their Goods and Services Tax (GST) obligations. Taxpayers are now able to pay their GST liabilities directly through the official GST portal (gst.gov.in) by utilizing Unified Payments Interface (UPI) applications. Supported UPI apps include widely used platforms such as BHIM. This enhancement streamlines the tax payment process, offering users the ability to complete transactions swiftly and securely from their mobile devices.

- **Digital Account Opening (Paperless & Video KYC Enabled)**

  The Bank continued to enhance its digital onboarding capabilities by strengthening the paperless account opening process integrated with Video KYC (V-KYC). Customer can seamlessly initiate account opening through digital channel using Aadhaar based e-KYC enabling faster data authentication of customer information. Further, the Bank enabled secure V-KYC slot booking and real time video verification allowing customers to complete identity validation conveniently without visiting branches, these initiatives accelerated customer onboarding, improved operational efficiency, reduced processing time and to secure seamless and technology driven banking services.

- **Improved mobile and internet banking performance by providing Value-added service to customers**

  The bank enhanced the performance, scalability and reliability of its mobile and internet banking platforms by deploying technology upgrades and introducing value added digital services. This improvement resulted in higher transaction processing efficiency and increased platform stability.

- **Strengthened grievance tracking and resolution through centralized monitoring dashboard**

  To strengthen governance, service monitoring management processes were integrated with a centralized monitoring dashboard that provides real time tracking, workflow visibility, analytics driven insights, and faster issue resolution.

- **Enabled 24x7 digital services with improved uptime and Disaster Recovery (DR) readiness**

  The Bank ensured the availability of digital services through improved uptime management, infrastructure optimization, proactive monitoring and enhanced DR readiness. This initiative reinforced the Bank focus on resilient, secure and future ready technology systems.

INFORMATION SECURITY

The Board of Directors and Senior Management recognize the risks associated with implementing new information technology and digital transformation initiatives to enhance customer service. To address these risks, your Bank had established the Information Security Group (ISG), led by a Chief Information Security Officer (CISO) who is a specialist in managing information and cyber security risks to safeguard the bank's information assets.

The ISG has been formed to protect the bank's information assets—including systems, data, and networks—from both internal and external threats. This is achieved through the implementation of robust security controls, policies, and technologies that are aligned with regulatory standards and industry frameworks. The ISG's responsibilities cover a broad range of activities, such as developing and enforcing information security policies, ensuring compliance with regulations, Security Operations Center (SOC) monitoring, incident management, application and cloud security, data protection, endpoint and network security, threat intelligence and monitoring, cyber forensics, vulnerability management, and conducting security assessments. The group is also in the process of adopting advanced approaches like Artificial Intelligence, Machine Learning, and zero trust models to further strengthen the Bank's security posture.

The CISO is responsible for defining the Bank's information security strategy and reports directly to the Chief Risk Officer. Key duties include overseeing security governance, risk management, policy development, continuous security monitoring, cyber incident response, and ensuring that the Bank complies with all applicable laws and Reserve Bank of India (RBI) regulations related to cybersecurity. The CISO's office remains dedicated to adapting to the evolving threat landscape by leveraging skilled personnel, effective processes, and advanced technology.

Your Bank has maintained ISO/IEC 27001 certification since 2018, demonstrating compliance with the globally recognized standard for information security management. In accordance with this certification, the CISO office has established and documented Information Security Management System (ISMS) procedures, including formal processes for change management and incident management. In case of security issues, the Bank conducts a Root Cause Analysis (RCA) to identify the underlying issues and implements corrective measures to resolve any weaknesses, if discovered. Additionally, the Bank adheres to best practices by setting baseline standards for its IT systems.

Your Bank's ISMS reinforces not only the Confidentiality, Integrity and Availability of information but also other security principles such as Authenticity, Non-Repudiation and Accountability. Thus, your Bank's ISMS ensures the following objectives:

- Safety and privacy of sensitive customer and Bank's information.
- Prevent IT Assets and Information System from Unauthorized Access.
- Protect the Data / IT Systems from threats such as Phishing, Ransomware and other malware, malicious actors targeting cloud services and integrated systems in multiple locations over the Internet and zero-day attacks.
- Timely availability of Data / IT Systems to the authorized users.

The Bank has implemented several controls to prevent or detect data breaches, including:

- Perimeter security controls such as network firewalls, web application firewalls, network intrusion prevention, network segregation, network behavior analysis and anomaly detection systems.
- Privileged access management control.
- Host-based intrusion prevention systems to automatically detect and prevent known vulnerabilities.
- 24x7 security monitoring to identify unusual security events in the Bank's IT environment and timely incident response actions.
- Periodic management and Board oversight to review control effectiveness and strengthen controls.

To provide awareness on recent trends in Information Security and understanding on the crucial role in safeguarding the data, Bank has been arranging Virtual trainings, Cyber awareness workshops, Phishing campaigns, awareness Email and SMS, etc., to its employees and also circulating the awareness Email and SMS to its customers.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the Bank during the financial year under review.

SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Bank uses computerized solutions comparable to those of new-generation private sector banks to meet all customer banking needs. It has established adequate infrastructure to process day-to-day transactions efficiently. The Bank operates on "Flexcube," a Core Banking Solution (CBS) widely used by several leading banks in the country. The platform is configured with well-defined internal financial controls, including maker-checker requirements and appropriate access credentials. Automation of interest, charges, and accounting entries further strengthens these controls. In addition, periodic IT audits of the CBS help ensure compliance with regulatory and mandatory requirements. The Bank also uses dedicated reporting software supported by appropriate systems and protocols, which are reviewed regularly to ensure clear and accurate business reporting. Standardized operating procedures for monitoring account operations support effective internal controls, while a separate monitoring team helps prevent and detect fraud and errors. Regulatory and mandatory compliance is overseen by a dedicated team that follows defined procedures to implement approved policies and maintain disciplined financial reporting. Together, these systems provide the Bank with a robust framework of internal control over financial reporting.

The Bank has Board-approved policies covering key banking activities such as lending, investment, and borrowing, supported by a clearly defined hierarchy of officials with sanctioning authority. The Inspection & Audit Department and Risk Management Department periodically review internal controls, procedural compliance, and credit assessment protocols.

Internal Financial controls of the branches are verified by the Statutory Branch Auditors during their branch audit and covered in their report. Joint Statutory Central Auditors of the Bank audit the internal controls over financial reporting of the Bank and submit a separate report containing the salient features of their observations to the Board of Directors.

RISK MANAGEMENT

Risk is inherent in all banking activities, and the Bank recognizes that effective risk management is fundamental to achieving sustainable growth and financial stability. The Bank has established a robust, multi-layered risk management framework to systematically identify, assess, measure, monitor, and mitigate risks through well-defined processes supported by advanced information technology systems.

The overarching objective of the Bank's risk management framework is to optimize the risk–return trade-off while operating within the Board-approved Risk Appetite Statement. An independent Risk Management function ensures comprehensive coverage of risks across all business lines through policies and procedures duly approved by the Board of Directors. The function adopts both quantitative and qualitative methodologies to proactively identify emerging vulnerabilities at both transaction and portfolio levels.

The Bank continues to enhance its risk measurement and management capabilities through ongoing refinement of models, strengthening of data architecture, and automation of risk processes. These initiatives are aimed at ensuring regulatory compliance, improving risk transparency, and enabling optimal capital allocation to achieve superior risk-adjusted returns.

The Board of Directors retains ultimate responsibility for oversight of the risk management framework and periodically reviews the Bank's risk profile to ensure alignment with the defined risk appetite. To facilitate focused governance, the Board has delegated oversight responsibilities to the Board-level Risk Management and Asset Liability Management Committee (RM & ALM Committee). This Committee monitors the implementation of the risk governance framework and adherence to risk policies and processes.

At the executive level, specialized committees—including the Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee, and Asset Liability Management Committee oversees respective risk domains. These Committees regularly evaluate the effectiveness of risk management practices and provide strategic guidance. Proceedings of these committees are reported to the RM & ALM Committee of the Board for review and direction.

The Risk Management Department plays a central role in reviewing all key policies of the Bank to ensure adequate incorporation of risk management considerations. The Bank has instituted a comprehensive suite of risk management policies, including those covering Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Strategic Risk, Reputational Risk, Risk Culture, Integrated Risk Management, Stress Testing, and the Internal Capital Adequacy Assessment Process (ICAAP).

The Bank's risk management approach encompasses end-to-end risk lifecycle management, including identification, assessment, measurement, monitoring, control, mitigation, and reporting of risks across all business segments. The strategy is anchored in a clear articulation of risk appetite, reflecting the Bank's capacity and willingness to assume risk under both normal and stressed conditions.

All material risks arising from the Bank's operations are subject to continuous monitoring and are managed through a well-defined control environment to ensure timely mitigation.

The Bank remains adequately capitalized, with a Capital to Risk Weighted Assets Ratio (CRAR) of 18.76% as at 31st March 2026. The capital base provides a strong buffer to absorb unexpected losses that may arise despite prudent risk management practices. Based on the current assessment, there are no material risks that pose a threat to the Bank's going concern status.

VIGIL MECHANISM/WHISTLE-BLOWER POLICY

The Bank has put in place a 'Whistle Blower Policy' in compliance to the provisions of Regulation 4(2)(d)(iv) of the SEBI LODR, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, from time to time. This policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector Banks instituted by the Reserve Bank of India. The Bank's Whistleblower Policy is in synchronization with all statutory and regulatory guidelines on Vigil Mechanism.

Through the Whistleblower Policy / Vigil Mechanism, the Bank encourages an open and transparent system of working and dealing amongst its stakeholders to make or report any disclosures under this Policy, without any fear of reprisal, retaliation, discrimination or harassment of any kind.

Under the Whistleblower Policy, the employees are free to report violations of applicable laws & regulations and Code of Conduct. The objective of the policy is to pre-emptively identify any untoward events with the help of the employees and to take timely corrective measures before they become incidents. This mechanism also provides adequate safeguards against victimization of employees who avail this mechanism and provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases when the Whistleblower is not satisfied with the resolution of the complaint. During FY 2025-26, 8 complaints were received under this mechanism and there were no instances of escalations made to the Chairman of the Audit Committee. The Audit Committee of the Board reviews the complaints received through the Whistleblower mechanism on a quarterly basis.

The Bank is encouraging all its stakeholders to share the details of any kind of unlawful/unethical instances/practices noticed on the part of any employee, in order to take appropriate action upon review. Further, the Bank is ensuring that the details shared under this mechanism are kept confidential and protection is available to the Whistleblower. Periodical training and awareness sessions are being conducted for the employees on the importance of Whistleblower mechanism.

The details of the Whistleblower policy is made available on the website of the Bank at https://www.kvb.bank.in/docs/whistle-blower-policy.pdf.

The Bank has a robust Vigilance Mechanism which provides guidance on managing the Fraud Risk. Cases detected / reported are investigated and appropriate process refinements and systemic corrections are implemented to avert similar incidents in future. Various mitigation measures and surveillance mechanisms are employed to combat both internal and external frauds. Regular sensitization programs for employees on various frauds and prevention techniques foster an atmosphere of vigil.

The Bank is committed to raising employee awareness about modus operandi of recent frauds through, email channel under tag line "Beware... Be Aware...!". The Preventive Vigilance workshops, curated by the Vigilance Department, elucidates the gaps exploited by fraudsters to perpetrate frauds against Banks. This program also imparts strategies to avert such frauds. Additionally, Fraud prevention meetings under the tag line "Watchful eyes, Honest ways" are regularly conducted for branches to familiarize the employees with the various modus operandi of trending frauds and their preventive measures. Surprise visits of identified branches / divisions are conducted on a monthly basis to ensure that vigil mechanism is in place.

Vigil at KVB: The stakeholders are encouraged to voice their concerns by way of Whistleblowing and may raise their concerns at pds@kvb.bank.in.

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The details related to Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are furnished in the Corporate Governance Report that forms part of this Annual Report.

COMPLIANCE WITH MATERNITY BENEFIT ACT, 1961

The Bank has complied with the applicable provisions of Maternity Benefit Act, 1961.

RELATED PARTY TRANSACTIONS

All transactions entered into by the Bank with related parties are in a repetitive nature, carried out in the ordinary course of business and on an arm's length basis. Omnibus approval was obtained from the Audit Committee for such repetitive transactions, and the same are reviewed on a periodic basis. The Bank's policy on Related Party Transactions is available at https://www.kvb.bank.in/docs/related-party-transactions-policy.pdf.

During the year, your Bank has not entered into any materially significant transactions with the related parties, which could lead to potential conflict of interest. Therefore, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Companies Act, 2013 and Form AOC-2 is not applicable to the Bank.

AUDIT COMMITTEE RELATED DISCLOSURE UNDER SUB-SECTION 8 OF SECTION 177 OF THE COMPANIES ACT, 2013

Your Bank has constituted a Board-level Audit Committee in accordance with the requirements of the Companies Act, 2013, SEBI LODR and the guidelines issued by the Reserve Bank of India, as amended from time to time. The Board has accepted all the recommendations made by the Audit Committee. The details of the composition of the Audit Committee are disclosed in the Corporate Governance Report forming part of this Annual Report.

DISCLOSURE RELATED TO DETAILS OF DEPOSITS ACCEPTED UNDER RULE 8(5)(V) OF COMPANIES (ACCOUNTS) RULES, 2014

Being a Banking company, the disclosures required as per Rule 8(5)(V) of Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of the 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, the particulars of loan and guarantees as required under Section 134(3)(g) of the Companies Act, 2013 are not required to be disclosed. The particulars of investments made by the Bank are disclosed in the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

AUDITORS

Joint Statutory Central Auditors

In terms of Section 139 of the Companies Act, 2013 read with Section 30(1A) of the Banking Regulation Act, 1949, it is proposed to re-appoint, M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/ W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S) as Joint Statutory Central Auditors of the Bank (for the third year of the three year term), who are retiring at the conclusion of the ensuing 107th Annual General Meeting (AGM), subject to the approval of Reserve Bank of India and shareholders of the Bank. The Bank has received consent from the Auditors on their reappointment and confirmation to the effect that they are not disqualified to be reappointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and the rules made thereunder.

Accordingly, the Board of Directors have recommended to the shareholders, the reappointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/ W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S) as Joint Statutory Central Auditors of the Bank, to hold office from the conclusion of the ensuing 107th AGM till the conclusion of the next AGM. Fee payable to Joint Statutory Central Auditors is proposed at ₹ 1.40 Crore (Rupees One Crore and Forty Lakh only) plus applicable taxes and out of pocket expenses with a cap of 10% of fees for the FY 2026-27, subject to the approval of Reserve Bank of India and shareholders of the Bank.

Members are requested to consider the re-appointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/ W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S) as Joint Statutory Central Auditors of the Bank.

Pursuant to the Regulation 33(1)(d) of the SEBI LODR, the Joint Statutory Central 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.

Independent Auditors' Report

The Joint Statutory Central Auditors of the Bank viz., M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S), have audited the accounts of the Bank for FY 2025-26 and their Report forms part of this Annual Report. Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Joint Statutory Central Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Joint Statutory Central Auditors in their report for FY 2025-26.

Secretarial Auditor

In line with Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI LODR, shareholders of the Bank approved the appointment of M/s S.A.E. & Associates LLP, Company Secretaries, (Firm Registration No. L2018TN004700) in 106th AGM of the Bank held on 21st August 2025 for undertaking the Secretarial Audit of the Bank for a period of five years from FY 2025-26 to FY 2029-30 with a remuneration of ₹ 2,25,000/- plus applicable taxes and out of pocket expenses for FY 2025-26 with 10% increase in last drawn fees every year thereafter till FY 2029-30.

Secretarial Audit and Secretarial Compliance Report

M/s. S.A.E. & Associates LLP, Company Secretaries (Firm Registration No. L2018TN004700), undertook the Secretarial Audit of the Bank for FY 2025–26 pursuant to the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI LODR. The Secretarial Audit Report for the FY 2025-26 is annexed to this report as **Annexure – I**.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in their report for the FY 2025-26.

Further, in terms of aforesaid provisions, the Bank has obtained Secretarial Compliance Report, from the Secretarial Auditor of the Bank on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder and the copy of the same was submitted to Stock Exchange within the stipulated timeline.

Implementation of Indian Accounting Standards (Ind AS)

As per the RBI guidelines, the Bank has been submitting Proforma Ind AS financial statement to RBI on a Half yearly basis. RBI has issued final guidelines on 27th April 2026 Reserve Bank of India (Commercial Banks -Asset Classification, Provisioning and Income Recognition) Directions, 2026, effective from 1st April 2027.

The Bank has initiated necessary measures towards implementation of the new framework, including assessment of systems, processes and data requirement for compliance with the RBI directions. The Bank will continue to closely monitor further regulatory updates and clarifications in this regard.

Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

REPORTING OF FRAUDS BY AUDITORS

During FY 2025–26, one of the frauds identified by the Bank and duly reported to the Reserve Bank of India (RBI), with necessary corrective actions taken, was reported by the Joint Statutory Central Auditors to the Central Government under Section 143(12) of the Companies Act, 2013 read with the NFRA Guidelines dated 23rd June 2023. Other than the above, no fraud was reported by the Joint Statutory Central Auditors under the said provisions during the review period.

Further, no fraud was reported by the Secretarial Auditor under the said provisions during the review period.

COMPLIANCE WITH SECRETARIAL STANDARDS

During FY 2025-26, your Bank is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

STATUTORY DISCLOSURES

Disclosures relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are detailed as under:

Conservation of Energy

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation at its branches / offices by installing LED lights in a phased manner. VRF (Variant Refrigerant Flow) AC units have been installed in back offices across various cities to save electricity by energy conservation technology. Your Bank owns a 850 kW Wind Turbine Generator in Govindanagaram, Theni District, Tamilnadu and the said windmill has generated 8,81,599 units during the year under review. Bank is utilizing the power generated by Wind Turbine for its Central office at Karur and Divisional Office at Chennai.

Roof top solar power plant has been installed at our Bank's own buildings at Trichy Divisional Office (38 kW), Namakkal Main branch (15 kW) and Batlagundu branch building (7.50 kW) for utilization of renewable energy during the year under review. In addition to the above, your Bank has installed roof top solar power plant at Hyderabad Divisional Office (38 kW). The total generation from Roof top solar power plant is 1,02,470 units from the said four locations during the year under review.

Your Bank has made a capital investment of ₹ 42,71,971/- on LED Lights and ₹ 44,85,042/- towards installation of roof top solar power plant during FY 2025-26.

Technology Absorption

Your Bank has always used information technology extensively to deliver quality service to its customer, for more details please refer the section on Technology Initiatives that forms part of this report.

Foreign Exchange Earnings and Outgo

Your Bank continuously supports and encourages the country's export efforts through its export financing operations. The details on foreign exchange earnings and outgo are furnished in the Foreign Exchange Transactions section that forms part of this report.

MATERIAL EVENTS THAT HAVE OCCURRED AFTER THE BALANCE SHEET DATE

There are no material events/changes and commitments, which affect the financial position of the Bank between the end of the financial year of the Bank and the date of the Directors' Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During FY 2025-26, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank which impacts its going concern status and Bank's operations in future.

MAINTENANCE OF COST RECORDS

Being a Banking Company, your Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

ANNUAL RETURN

The Annual Return for the financial year ended 31st March 2026, as required under Section 92 (3) and Section 134(3)(a) of the Companies Act, 2013 is available on the Bank's website at https://www.kvb.bank.in/investor-corner/annual-general-meeting/annual-return/.

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

There is no application or proceeding against the Bank under Insolvency and Bankruptcy Code, 2016 during FY 2025-26.

However, Bank has been filing cases in NCLT under IBC, 2016 as a part of its recovery mechanism and the status of the cases as at the end of FY 2025-26 is furnished as below:

S. No	Particulars	No of Cases	Book balance (₹ in Crore)	Status
1^	Cases filed by KVB against the Corporate Debtors under IBC	4	181.51	Under CIRP & Liquidation
2	Cases filed by KVB against Individual Guarantors of the Corporate Debtors	22	463.40	Filed and pending

^There are 48 other claims filed with NCLT under IBC by other Lenders/ Operational Creditors, involving ₹ 1,010.46 Crore, in which the Bank has submitted claims as one of the creditors.

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

Being a Banking Company, the aforesaid provision is not applicable to the Bank.

PARTICULARS OF EMPLOYEES

The information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as **Annexure – II**.

EMPLOYEE STOCK OPTION SCHEME

Your Bank has formulated and adopted Employee Stock Option Schemes to provide a platform to employees for participating in the ownership of the Bank and in its long-term growth. Bank uses stock options as a compensation tool to attract and retain critical talent and encourage employees to align individual performances with that of Bank's objectives. In order to ensure sustainable progress and to aid next journey of Bank's growth path, attracting, retaining, and rewarding talent is essential. Bank aims to attract, retain, develop talent pipeline and align employees' long-term interests with the Bank's strategic objectives. To support this alignment and given the limited number of stock options available in the existing ESOP Schemes for the current talent pool's requirements, introduction of 'Karur Vysya Bank - Employees Stock Option Scheme 2025' ("KVB-ESOP-2025/ Scheme") was proposed during the review period and the same was approved by the shareholders in the AGM held on 21st August 2025. Currently, the Bank has the following Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014.

- Karur Vysya Bank Employees Stock Option Scheme 2011 ("KVB-ESOS-2011").
- Karur Vysya Bank Employees Stock Option Scheme 2018 ("KVB-ESOS-2018").

- Karur Vysya Bank Employees Stock Option Scheme 2025 ("KVB-ESOS-2025").

During the period under review, your Bank has granted to the tune of 1,03,541 options under KVB-ESOS-2018 to Shri B Ramesh Babu, MD & CEO and other Senior Management towards their variable pay as a part of non-cash component for the performance period FY 2024-25. The said variable pay is in accordance with Bank's Compensation policy read with Reserve Bank of India (Commercial Banks - Governance) Directions, 2025. Further, consequent to the issue of bonus shares during FY 2025-26, appropriate adjustments have been made in the respective pool of the Scheme and in the options granted where such options remain unvested.

Pursuant to Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ("SEBI SBEB & SE") Bank's Secretarial Auditors, M/s S.A.E. & Associates LLP, Company Secretaries, has certified that the Bank's above mentioned Schemes have been implemented in accordance with the Resolutions passed by shareholders for 2011 & 2018 Schemes and SEBI SBEB & SE Regulations. The disclosures as required under the said regulation are available on Bank's website at https://www.kvb.bank.in/investor-corner/other-disclosures/esos-disclosures/.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividends remaining unclaimed for a period of seven years and all shares in respect of which dividends have not been claimed for the last seven consecutive years are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). This requirement does not apply to shares in respect of which there is a specific order of a Court, Tribunal, or Statutory Authority restraining the transfer of such shares. Further details are provided in the Corporate Governance Report forming part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank's commitment to social responsibility traces back to its Articles of Association drafted in 1916, which provided for setting aside one percent of the annual profits towards a "Charity Account" to support the health and education needs of the underprivileged. More than a century later, the Bank continues to uphold this enduring legacy through its contemporary Corporate Social Responsibility (CSR) initiatives.

The Bank's view on CSR is not merely as a statutory obligation, but as a strategic commitment towards creating sustainable and inclusive value for communities. Guided by its CSR Policy and in compliance with Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Bank continues to undertake initiatives that contribute meaningfully to social development and environmental sustainability. A dedicated CSR Committee of the Board oversees the planning, execution, monitoring, and governance of CSR programmes, ensuring transparency, accountability, and alignment with the Bank's broader values and objectives.

During the year under review, the Bank spent ₹ 40.65 Crore towards CSR initiatives across key areas prescribed under Schedule VII of the Companies Act, 2013. The Bank's CSR interventions are focused on Education, Skill Development, Healthcare and Sanitation, Environmental Sustainability, and Art & Culture. Through these initiatives, the Bank aims to foster inclusive growth, strengthen community well-being, support sustainable development, and preserve the country's cultural heritage.

The Bank remains committed to driving meaningful change at the grassroots level through carefully designed and monitored programs that create long-term social impact. Details of the CSR Policy, composition of the CSR Committee, CSR expenditure, and other disclosures form part of **Annexure - III** to this Report.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Your Bank recognizes Environmental, Social, and Governance (ESG) principles as a core pillar of responsible banking and sustainable value creation. Sustainability is not viewed as a compliance obligation but as a strategic imperative shaping our decision-making, operations, and stakeholder engagement.

The Bank emphasize on robust governance, environmental stewardship, and social responsibility underpins sustained financial performance while advancing a resilient and inclusive growth trajectory. ESG considerations are systematically integrated into our business strategy and enhancing long-term institutional resilience.

To reinforce these initiatives, a dedicated ESG function has also been institutionalized to facilitate policy alignment, and coordination of sustainability-related initiatives across the organization.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

In terms of Regulation 34(2)(f) of the SEBI LODR Regulations, 2015 read with applicable SEBI circulars issued from time to time, Business Responsibility and Sustainability Reporting (BRSR) is applicable to the top 1,000 listed entities by market capitalization with effect from FY 2022-23.

Your Bank remains committed to sound governance, accountability, and sustainability-related disclosures and has been publishing the BRSR from FY 2021-22 on a voluntary basis. In line with the applicable regulatory requirements, the Bank has published the BRSR disclosure for FY 2025-26, which is annexed to this Report as **Annexure - IV**. The Bank has also undertaken Reasonable Assurance of applicable BRSR Core disclosures in accordance with the applicable regulatory requirements, with a view to enhancing the reliability and credibility of such disclosures.

BOARD MEETINGS

The Board of the Bank is constituted in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, and the SEBI LODR, maintaining an appropriate balance between Executive and Non-Executive Directors, along with majority representation of Independent Directors to ensure effective governance. The Board meets at regular intervals to discuss and decide on Bank's business policy and strategy, apart from other items of business. During the year under review, Thirteen Board Meetings were conducted, and the prescribed periodicity for holding such meetings was complied with. The schedule of the meetings of the Board is circulated in advance to the Members of the Board. Details of the composition of Board, Meetings held and attendance of the Directors at such Meetings are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Regulation 17(10) of SEBI LODR and other applicable regulations, Board has carried out annual evaluation of its own performance (Board as a whole), Committees of the Board, Non-Executive Independent Directors including Chairperson and MD & CEO. Further Independent Directors in their separate Meeting have carried out evaluation of Board as a whole and Non-Executive Non-Independent Directors. The manner of evaluation conducted for the FY 2025-26 is furnished in the Corporate Governance Report that forms part of this Annual Report.

CHANGES IN BOARD OF DIRECTORS OF THE BANK

Changes in Board of Directors of the Bank during the review period and till the date of this report are presented below;

Appointment

Dr Mythili Vutukuru (DIN: 10371961)

Dr Mythili Vutukuru was co-opted as an Additional Director of the Bank under "Non-Executive Independent Director" category by the Board in its meeting held on 24th September 2025, subject to the approval of the shareholders of the Bank.

In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders is obtained for appointment of a person on the Board of Directors at the next general meeting or within a period of three (3) months from the date of appointment, whichever is earlier.

Accordingly, the appointment of Dr Mythili Vutukuru as Non-Executive Independent Director of the Bank, for a period of three (3) years with effect from 24th September 2025 to 23rd September 2028, not liable to retire by rotation, was placed before the shareholders of the Bank for their approval through Postal Ballot having remote e-voting process and the same was approved by shareholders of the Bank on 20th December 2025.

Dr Mythili Vutukuru is an accomplished professor and researcher in the broad area of computer systems, with expertise in operating systems, computer networking, virtualization, and cloud computing. She is a Professor in the Department of Computer Science and Engineering at IIT Bombay. She is one of the Members of Standing Committee on Technology (SCOT) at NSE Clearing Ltd (NCL).

She is a person of integrity and has relevant skills, experience and expertise, representing Majority Sector in the areas of Information Technology, Business Management, Payment & Settlement Systems, Cyber Security and MSME.

Re-Appointment

Dr Meena Hemchandra (DIN: 05337181) was re-appointed as Non-Executive Independent Director of the Bank for the second term of five (5) years with effect from 26th May 2025, not liable to retire by rotation, pursuant to the approval of shareholders through postal ballot having remote e-voting process on 17th May 2025. Further, Reserve Bank of India accorded its approval for the re-appointment of Dr Meena Hemchandra as Part-Time Chairperson of the Bank vide letter dated 9th May 2025 for a second term of three years effect from 25th July 2025.

Shri Murali Ramaswami (DIN: 08659944) was re-appointed as Non- Executive Independent Director of the Bank for second term of five (5) years effective from 14th June 2025, not liable to retire by rotation, pursuant to the approval of shareholders through postal ballot having remote e-voting process on 17th May 2025.

Shri B Ramesh Babu (DIN: 06900325) was re-appointed as Managing Director & Chief Executive Officer of the Bank for the third term of two (2) years with effect from 29th July 2026, not liable to retire by rotation. The said re-appointment was approved by the shareholders of the Bank vide resolution dated 17th April 2026 through postal ballot. Further, Reserve Bank of India accorded its approval for the reappointment of Shri B Ramesh Babu as Managing Director & Chief Executive Officer of the Bank vide letter dated 24th April 2026.

CA Dr Chinnasamy Ganesan (DIN: 07615862) was re-appointed as Non- Executive Independent Director of the Bank for second term of five years (5) effective from 25th April 2026, not liable to retire by rotation, pursuant to the approval of shareholders through postal ballot having remote e-voting process on 17th April 2026.

Opinion of the Board regarding integrity, expertise and experience (including the proficiency) of the Independent Director appointed during the year:

In the opinion of the Board, the Independent Directors appointed during the year possess requisite qualifications, proficiency, expertise, track record, integrity, independence, vast and rich experience in their respective domains. Independent Director who was appointed during the year has undertaken to comply with the requirements relating to the passing of online proficiency self-assessment test for Independent Director's Databank, within the timelines prescribed.

Retirement by rotation

Pursuant to section 152 of Companies Act, 2013, two-thirds of the total number of directors, excluding independent directors, are liable to determination by retirement of directors by rotation. Accordingly, Whole Time Directors/ Executive Directors and Non-Executive Non-Independent Directors are considered for this purpose, out of whom one-third are required to retire by rotation in accordance with the said provisions. As Whole Time Directors/Executive Directors are appointed for fixed tenure with approval of RBI, the Bank has generally proposed the re-appointment of Non-Executive Non-Independent Directors who are liable to retire by rotation. As the Bank currently does not have any Non-Executive Non-Independent Directors on its Board, Whole Time Directors/Executive Directors are being considered for retirement by rotation.

Accordingly, **Shri B Sankar (DIN: 08846754)**, Executive Director, retires by rotation at the ensuing 107th Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Section 152 of the Companies Act, 2013. He was appointed as Whole Time Director designated as Executive Director of the Bank, for a period of three (3) years with effect from 12th March 2025 to 11th March 2028, pursuant to approval of RBI, and his appointment was subsequently approved by shareholders through postal ballot having remote e-voting process on 17th May 2025. Pursuant to his retirement by rotation, approval of the shareholders is requested for his re-appointment as Director of the Bank, as set out in the Notice of the ensuing 107th AGM, in compliance with the provisions of section 152 of Companies Act, 2013.

The brief profile and details in terms of Regulation 36 (3) of SEBI LODR and the Secretarial Standard on General Meetings, in respect of the Director seeking appointment/re-appointment has been annexed to the Notice of the ensuing 107th AGM and in the Corporate Governance Report that forms part of this Annual Report.

Retirement on completion of tenure

Shri J Natarajan (DIN: 02710776), Executive Director of the Bank demitted office at the close of office hours on 21st May 2025, consequent to completion of his tenure.

Shri K G Mohan (DIN: 08367265), Non-Executive Independent Director of the Bank demitted office at the close of office hours on 11th October 2025, consequent to completion of his tenure.

Shri R Ramkumar (DIN: 00275622), Non-Executive Non-Independent Director of the Bank demitted office at the close of office hours on 24th June 2026, consequent to completion of his eight (8) years tenure in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949.

KEY MANAGERIAL PERSONNEL

The changes in Key Managerial Personnel of the Bank during the review period and till the date of this report are briefed below:

Re-Appointment

Shri B Ramesh Babu (DIN: 06900325), Managing Director & Chief Executive Officer and a Key Managerial Personnel of the Bank, was re-appointed for a third term of two (2) years with effect from 29th July 2026.

Cessation

Shri J Natarajan (DIN: 02710776), Executive Director of the Bank and a Key Managerial Personnel demitted office at the close of office hours on 21st May 2025, consequent to completion of his tenure.

Shri Sudhakar K V S M, Chief Compliance Officer and a Key Managerial Personnel, was relieved from the office on 30th April 2025, consequent to his resignation.

Apart from the above, there were no changes in the Key Managerial Personnels as on the date of this report.

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES FOR APPOINTMENT/ REAPPOINTMENT OF DIRECTORS

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and relevant guidelines of RBI, the Nomination and Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines as detailed below:

- 'Fit and Proper' criteria as per Dr. Ganguly Committee Norms which stipulates age, qualification, experience, track record, integrity, etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.
- Norms laid down by the Banking Regulation Act, 1949 as amended from time to time which stipulates substantial interest, sectorial representation as per Section 10A (2)(a), restrictions as per Section 16 and 20 of the Banking Regulation Act, 1949, etc.
- Disqualification/Conflict of Interest of Directors, and other norms as per the provisions of the Companies Act, 2013 and rules made thereunder from time to time.
- Criteria of Independence of a Director as per the provisions of the Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable listing regulations as amended from time to time.
- Articles of Association of the Bank.
- Any other factors as the NRC may deem fit and in the best interest of the Bank and its stakeholders.

The terms and conditions of appointment of Independent Director are available on the website of the Bank at https://www.kvb.bank.in/docs/terms-and-conditions-of-appointment-of-independent-directors.pdf. Your Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its Directors, Senior Management and also Key Managerial Personnel. The Board of the Bank ensures that proper plans are put in place for orderly succession of appointment to the Board and to Senior Management of the Bank including KMPs.

Policy on Remuneration of Directors

Your Bank has adopted a comprehensive Compensation Policy in line with the Reserve Bank of India (Commercial Banks – Governance) Directions, 2025, the provisions of the Companies Act, 2013, and the SEBI LODR, as amended from time to time. The Policy covers aspects of remuneration payable to the Board of Directors, Whole-time Directors / Chief Executive Officers / Material Risk Takers, Key Managerial Personnel, Control Function Staff, and all other employees. The Policy is available on the Bank's website at https://www.kvb.bank.in/docs/investor-compensation-policy.pdf.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(7) read with 149(6) of the Companies Act, 2013 and Regulation 25(8) read with Regulation 16(1)(b) of the SEBI LODR, all the Independent Directors of the Bank have provided the necessary declarations that they have met the criteria of independence laid down thereunder. As required under Schedule IV of the Companies Act, 2013, Board has reviewed the declarations submitted by the Independent Directors and opined that, they have fulfilled all the conditions specified in the Companies Act, 2013 and SEBI LODR, and are independent of the management.

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Independent Directors along with all other Directors are made familiar with their rights, roles and responsibilities in the Bank at the time of appointment and on a recurrent basis.

Pursuant to regulation 46 of SEBI LODR, details of familiarization programmes attended by all Directors including Independent Directors are provided at https://www.kvb.bank.in/docs/disclosure-on-familiarisation-programmes-for-board-of-directors.pdf. Other details on the same are also covered in Corporate Governance Report forming part of this Annual Report.

CORPORATE GOVERNANCE

The details on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI LODR and the Companies Act, 2013 and the rules made thereunder are deliberated in Corporate Governance Report that forms part of this Annual Report. A certificate from M/s S.A.E. & Associates LLP, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI LODR is annexed to Corporate Governance Report which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(C) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgements 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 and of the profit and loss of the Bank for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

e) 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; and

f) 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.

AWARDS AND ACCOLADES

Your Bank received the following awards during FY 2025-26:

S. NO	NAME OF THE AWARD	AWARDED BY	CATEGORY
1	The Business Today (BT) - Banking & Economy Summit and Best Banks Awards 2026 (30th edition)	Business Today	Best Small Indian Bank of the year 2026 - 3 years in a row
2	18th edition of the BFSI & Fintech Summit 2026	Dun & Bradstreet	India's Leading Private Bank (Mid)
3	12th Global SME Excellence Awards 2025-26	Assocham	MSME Bank of the Year-Private - Winner
			Best SME Lending - Runner Up
4	Indian Chamber of Commerce (ICC) Banking awards	Indian Chamber of Commerce (ICC)	Best Bank -Winner-Private Sector Bank (Mid size)
			Best Performance on Asset Quality Winner-Private Sector Bank (Mid size)
5	4th IBA CISO Summit & Citations 2025	IBA	Cyber Security Team of the year-Winner
			Cyber Security Transformation of the year-Winner
			Cyber Security Incident Response Maturity-Special prize
			Cyber Security Compliance Champion-Special prize
			CISO Elevator Pitch-Special mention for our Cyber Risk Scoring Model
6	21st Annual Technology conference, Expo & Citations 2024- 25	IBA	Best Digital Financial Inclusion- Runner Up
			Best IT Risk Management - Runner Up
7	17th SFBCK Banking Excellence and Businessman of the Year Awards, 2024-25	State Forum of Bankers' Clubs Kerala (SFBCK)	Best Private Sector Bank National Level (Large Category)
			Best Private Sector Bank Branch in Kerala
8	Asianet News Healthcare Awards 2025	Asianet News	Best CSR Activity on Healthcare

ACKNOWLEDGEMENTS

The Board of Directors takes this opportunity to place on record its sincere appreciation to the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), National Stock Exchange of India Limited, BSE Limited, Rating Agencies, Statutory Auditors, Secretarial Auditors, the various State Governments and Union Territories, and other regulatory authorities in India for their continued guidance and unwavering support.

The Board also places on record its sincere appreciation to the Bank's valued shareholders, esteemed customers, all other stakeholders, and well-wishers for their continued faith, confidence, and patronage, and looks forward to their ongoing support in the years ahead.

Your Board also extends its profound gratitude to the other Auditors, Lawyers, and other financial institutions for their valuable support and acknowledges the dedicated efforts and contribution of the Bank's staff towards the Bank's overall performance during the year. The Board looks forward to their continued commitment and cooperation in achieving the Bank's future goals.

For and on behalf of the Board of Directors

Dr Meena Hemchandra
(DIN: 05337181)
Non-Executive Independent (Part-time) Chairperson

B Ramesh Babu
(DIN: 06900325)
Managing Director & Chief Executive Officer

Place: Karur
Date: 07th July 2026

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

To
The Members,
THE KARUR VYSYA BANK LIMITED
No.20, Erode Road, Vadivel Nagar,
L.N.S., Karur - 639002.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya 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 on 31st March 2026 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 31st March 2026 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder (as amended from time to time);

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (as amended from time to time);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (as amended from time to time);

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time). The Bank does not have any Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time;

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time;

e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025, as amended from time to time, regarding the Companies Act, 2013 and dealing with client; (Not applicable as the Bank is not registered as a Registrar to an issue and as a Share transfer agent)

g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended from time to time;

h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time; (Not applicable to the Bank during the Review Period)

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended from time to time; (Not applicable to the Bank during the Review Period).

j) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994 as amended from time to time.

(vi) following other applicable laws:

a) The Banking Regulation Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;

b) The Reserve Bank of India Act, 1934 to the extent applicable and Master Circulars, Notifications and Guidelines and other directions pertaining to Commercial Banking issued by Reserve Bank of India (RBI) from time to time;

c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (as amended from time to time);

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India relating to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

(ii) The Listing Agreements entered into by the Bank with National Stock Exchange of India Ltd.

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

We further report that

(i) The Board of Directors of the Bank is duly constituted with proper balance of Whole-time Directors (MD & CEO and Executive Director), Non-Executive Directors, Independent Directors and Woman Directors. During the period under review

a) Dr Meena Hemchandra was re-appointed as Non-Executive Independent Director for second term of five years from 26th May 2025 to 25th May 2030 vide postal ballot resolution passed on 17th May 2025.

b) Dr Meena Hemchandra was re-appointed as Non-Executive (Part-time) Chairperson for second term of three years from 25th July 2025 to 24th July 2028 vide RBI Letter dated 9th May 2025.

c) Shri Murali Ramasami was re-appointed as Non-Executive Independent Director for second term of five years from 14th June 2025 to 13th June 2030 vide postal ballot resolution passed on 17th May 2025.

d) Consequent to RBI Approval Shri B Sankar was appointed as an Additional Director in category of Whole-Time Director designated as Executive Director for a period of three years from the date of taking charge i.e., 12th March 2025. Thereafter his appointment was approved by the shareholders vide postal ballot resolution passed on 17th May 2025.

e) Shri J Natarajan, Whole-Time Director designated as Executive Director, completed his tenure at the close of office hours on 21st May 2025.

f) Shri R Ramkumar, Non-Executive Non-Independent Director retired by rotation at the annual general meeting held on 21st August 2025 and was re-appointed.

g) Dr Mythili Vutukuru was appointed as an Additional Director (Independent) with effect from 24th September 2025. Thereafter vide postal ballot resolution passed on 20th December 2025 she was appointed as Non-Executive Independent Director for a period of 3 years with effect from 24th September 2025.

h) Shri K G Mohan, Non-Executive Independent Director completed his tenure at the close of office hours on 11th October 2025.

i) Shri Ramesh Babu was re-appointed as Managing Director & CEO for the third term of two years with effect from 29th July 2026 to 28th July 2028, vide postal ballot resolution passed on 17th April 2026.

j) CA Dr Chinnasamy Ganesan was re-appointed as Non-Executive Independent Director for the second term of five years with effect from 25th April 2026 to 24th April 2031, vide postal ballot resolution passed on 17th April 2026.

k) Shri R Ramkumar, Non-Executive Non-Independent Director completed his tenure at the close of office hours on 24th June 2026.

The changes in the composition of the Board of Directors that took place during the period under review, as mentioned above, were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all Directors to schedule the Board Meetings; notice, agenda and detailed notes on agenda were sent at least seven days in advance and shorter consent was obtained wherever required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before and at the meeting for meaningful participation at the meeting. Decisions of the Board/Committee meetings are in consensus and results are recorded in minutes with suggestions / directions, if any, made in respect of any agenda item.

(iii) Based on the compliance system prevailing in the Bank, and after carrying out test checks of the relevant records and documents maintained by the Bank, we, further report that, there are adequate systems and processes commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(iv) We further report that the Bank has responded to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found/deemed necessary.

We further report that during the audit period:

(i) The Bank had allotted 4,86,121 equity shares under KVB ESOS 2011 and KVB ESOS 2018 on various dates to employees of the Bank which includes 55,986 equity shares to Shri B Ramesh Babu, MD & CEO and 42,691 equity shares to Shri J Natarajan, Former Executive Director (for the position held as President & COO).

(ii) In terms of the RBI approval vide letter DOR.GOV. No.S6766/08.41.001/2025-26 dated December 02, 2025, the Nomination and Remuneration Committee of the Bank in its Meeting held on December 05, 2025 has granted 52,017 options at an exercise price of ₹ 247.03 under KVB ESOS 2018 Scheme to Shri B Ramesh Babu, MD & CEO of the Bank, as a part of non-cash component of variable pay for the performance period FY 2024-2025.

(iii) The Bank has received renewal of authorisation from RBI for Import of gold/silver for the financial year 2026-2027 (renewed for the period up to March 31, 2029).

(iv) During the audit period, the Bank has increased its authorised capital to ₹ 250 crores (125 crores equity shares of ₹ 2 each) at its Annual General Meeting held on 21st August 2025.

(v) At the annual general meeting held on 21st August 2025, the shareholders approved to create, grant, offer, issue and allot securities under Karur Vysya Bank Employee Stock Option Scheme – 2025.

(vi) During the audit period, the shareholders at the 106th Annual General Meeting held on August 21, 2025, approved issue of shares by way of bonus in the proportion of one share for every five shares held and the same were allotted to eligible members at the meeting of the Board of Directors held on 28th August 2025.

(vii) Consequent to Bonus issue made by the Bank in the ratio of 1:5 during FY 2025-26, appropriate adjustments were made to the respective ESOP (KVB ESOS 2011, KVB ESOS 2018 and KVB ESOS 2025) pools outstanding options and exercise price to provide for effect of Bonus Issue.

For **S.A.E & Associates LLP**
Company Secretaries

Sri Vidhya Kumar, Partner
FCS. No. 11114, C.P. NO. 20181
FRN: L2018TN004700
Peer Review Certificate No. 2822/2022
UDIN: F011114H000768244

Place: Chennai
Date: 07th July 2026

To

The Members,

THE KARUR VYSYA BANK LIMITED

No.20, Erode Road, Vadivel Nagar,

L.N.S., Karur - 639002.

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

1. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws, rules regulations & standards & to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
2. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards, and procedures based on our audit.
3. 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.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
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 **S.A.E & Associates LLP**

Company Secretaries

Sri Vidhya Kumar, Partner

FCS. No. 11114, C.P. NO. 20181

FRN: L2018TN004700

Peer Review Certificate No. 2822/2022

UDIN: F011114H000768244

Place: Chennai

Date: 07th July 2026

Annexure II

Disclosure pursuant to sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl No	Requirements	Disclosure	
I	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2025-26;	Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	2.47x
		Shri B Ramesh Babu MD & CEO	47.03x
		Shri R Ramkumar Non-Executive Non-Independent Director	0.53x
		Dr Harshavardhan R Non-Executive Independent Director	0.53x
		Shri Murali Ramaswami Non-Executive Independent Director	0.53x
		CA Dr Chinnasamy Ganesan Non-Executive Independent Director	0.53x
		Shri R Vidhya Shankar Non-Executive Independent Director	0.53x
		Smt Srimathy Sridhar Non-Executive Independent Director	0.53x
		Dr Mythili Vutukuru [1] Non-Executive Independent Director	1.02x
		Shri B Sankar Executive Director	10.35x
		Shri J Natarajan [2] Executive Director	17.25x
		Shri K G Mohan [3] Non-Executive Independent Director	1.00x
		[1] *Appointed on 24th September 2025* [2] *Demitted office on 21st May 2025, consequent to completion of tenure.* [3] *Demitted office on 11th October 2025, consequent to completion of tenure.*	

Note:

a) 'x' denotes the median remuneration of employees for the financial year 2025-26.

b) Pursuant to approval of the RBI and shareholders of the Bank, Non-Executive Independent (Part-time) Chairperson is entitled to receive the fixed remuneration of ₹ 30 Lakh per annum w.e.f. 25th July 2025.

c) During the financial year 2026-27, upon approval of the Financial Results for the FY 2025-26, the fixed remuneration to Non-Executive Directors [excluding Non-Executive (Part-Time) Chairperson] for the FY 2025-26 has been paid. The fixed remuneration paid is in proportion to the tenure of the Directors on the Board during the year.

d) The ratio of remuneration for Non-Executive Directors including Non-Executive (Part-Time) Chairperson is calculated after considering the payment of fixed remuneration for FY 2025-26. The payment of sitting fees for attending Board/Committee(s) was not considered for this calculation.

Sl No	Requirements	Disclosure	
II	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2025-26;	Shri B Ramesh Babu MD & CEO	18.77%*
		Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	7.62%
		Shri B Sankar Executive Director	#
		Shri R Ramshankar GM & CFO	-16.61%^
		Shri Srinivasarao Maddirala Company Secretary	-6.57%^
	The overall increase in the remuneration of the MD & CEO for FY 2025–26 is due to an increase in base salary, payment of variable pay, and ESOP vesting. *# Shri B Sankar was appointed as Executive Director of the Bank effective 12th March 2025 and there was no increase in Remuneration during FY 2025-26.* *^ The remuneration for the CFO and Company Secretary in FY 2025–26 was decreased compared to FY 2024–25, as the previous year included perquisites arising from the exercise of ESOPs.* *There was no revision in the fixed remuneration of Non-Executive Directors, other than the Non-Executive (Part-Time) Chairperson, during FY 2025–26.* *Shri J Natarajan, Former Executive Director of the Bank has been excluded from the above calculations as he demitted office on 21st May 2025.*		
III	The percentage increase in the median remuneration of employees in the financial year;	-0.22% During FY 2024–25, the Bipartite Settlement was implemented with arrears effective from 01st November 2022, resulting in a higher median remuneration for the year, which in turn led to a decrease in FY 2025–26.	
IV	The number of permanent employees on the rolls of company;	9,845	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	1. The Average percentage increase in the remuneration paid to Non-Managerial Personnel is 8.87%. There has been increase in Non-Managerial remuneration due to addition of Manpower, increase in base remuneration and inclusion of perquisites. 2. The Average percentage increase in the remuneration paid to Managerial Person is 17.97%. Managerial remuneration has increased due to increase in base remuneration, variable pay, and the inclusion of perquisites from ESOP vesting of managerial persons. Further, there are no exceptional circumstances.	
VI	Affirmation that the remuneration is as per the remuneration policy of the company.	The Bank has Board approved Compensation Policy, which is in line with the RBI Guidelines. We Affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank.	

VII. Details pursuant to Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2014.

Five employees employed throughout the year were in receipt of remuneration ₹ 1.02 Crore per annum or more, and One employee employed for the part of financial year 2025-26 who are in receipt of remuneration of ₹ 8.50 Lakh per month or more.

Statement containing particulars of top ten employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Further, the Report and the Accounts are being sent to the Members excluding the aforesaid statement. In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the Members. Any Member interested in obtaining a copy of the same may write to the Company Secretary at kvb_sig@kvb.bank.in.

None of the employees hold (himself or along with his spouse and dependent children) more than two percent of the Equity Shares of the Bank.

General Note: Remuneration paid to employees includes salary paid, taxable reimbursements, Bank Contribution towards pension, PF, NPS and other taxable perquisites (Includes ESOP) for financial year 2025-26.

Annexure III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

   The CSR Mission statement of the Bank states - "To contribute to the social and economic development of the community and to establish itself as a responsible corporate citizen. KVB realizes that CSR of the Bank is not just compliance, but it is a strategic and wholesome approach towards the Planet, People and Profit. The Bank understands that well-meaning and well implemented CSR will bring about some relief to larger issues that are of social and environmental in nature". The Bank is well involved in programs of larger ramifications whereby its projects on education, skill development, environmental sustainability and healthcare contribute substantially for the betterment of society and the community.

2. Composition of CSR Committee

Sl. No.	Name of the Director	Designation/ Nature of Directorship	No. of meetings of CSR Committee Held during the year	No. of meetings of CSR Committee attended during the year
1.	Shri B Ramesh Babu, Chairman of the Committee	Managing Director & Chief Executive Officer	4	4
2	Dr Meena Hemchandra	Non-Executive Independent (Part-time) Chairperson	4	4
3.	Shri R Ramkumar $	Non-Executive Non-Independent Director	2	2
4.	Shri Murali Ramaswami	Non-Executive Independent Director	4	4
5.	Dr Harshavardhan R *	Non-Executive Independent Director	2	2
6.	Shri B Sankar #	Executive Director	2	2

$ Member of the Committee from 9th October 2025

** Member of the committee till 8th October 2025*

 # Member of the Committee from 22nd May 2025 to 8th October 2025

3. Provide the web link 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.kvb.bank.in/CSR/

   CSR Policy - https://www.kvb.bank.in/docs/csr_policy.pdf

   CSR Projects approved by the Board - https://www.kvb.bank.in/docs/csr-annual-action-plan-25-26.pdf

4. Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

   During the period under review, Bank had two projects falling under the said purview of impact assessment.

   i) Provision of Digital X-Ray Machine to the Cancer Institute, Chennai.

      The Bank has made a meaningful contribution towards improving healthcare for individuals, particularly those suffering from cancer. Through its support to the Cancer Institute, Chennai the bank has enabled access to quick diagnosis & quality treatment and rehabilitation of the cancer affected persons.

   ii) Provision of Robotic Arm Assisted Equipment for Orthopedic Surgery to Sree Vasavi Trust to be used in Vasavi Hospital, Bengaluru, Karnataka. By donating robotic-arm surgical technology to Bengaluru's Vasavi Hospital, the Bank and Vasavi Trust are making advanced orthopedic care and faster recovery more accessible to the community.

   Further in line with the CSR Policy of the Bank, any project carried out by the Bank directly or through implementing agencies, with a budget of ₹ 50 Lakh and above, where not less than 12 months have elapsed after the completion of the execution of the Project, shall be subject to Impact assessment by the Bank. During the period under review the Bank has two such projects falling under the said requirement as per the policy.

   i) Provision of medical equipment and UV water Plant to Government Medical College Hospital, Karur.

      Government Medical College Hospital, Karur which caters thousands of in-patients and out-patients daily, is witnessing a steady increase in patient volume. To support the growing demand, the bank has made a meaningful contribution by providing high-end medical equipment and UV purified water plant to enable quality treatment to the community at a cost of ₹ 61 Lakh.

   ii) My Dream School - Modern education project in 15 rural government schools, Coimbatore.

      The Bank has supported a project for government school students that promotes holistic development through a unique educational approach. This initiative aims to foster a greater interest in learning, improve attendance, and significantly reduce school dropout rates.

Impact assessment reports on the above projects are available at https://www.kvb.bank.in/CSR/csr-impact-assessment/

5	(a)	Average net profit of the Company as per section 135 (5):	₹ 20,39,98,23,737.33
	(b)	Two percent of average net profit of the Company as per section 135(5) :	₹ 40,79,96,474.75
	(c)	Surplus arising out of the CSR Projects or programs or activities of the previous financial year	NIL
	(d)	Amount required to be set off for the financial year, if any :	₹ 14,85,646.47
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹ 40,65,10,828.28

6	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	₹ 40,06,87,258.56
	(b)	Amount spent on administrative overheads	₹ 51,08,539.72
	(c)	Amount spent on impact assessment, if applicable	₹ 7,15,030.00
	(d)	Total amount spent for the financial year [(a)+(b)+(c)]	₹ 40,65,10,828.28

(e) CSR amount spent or unspent for the Financial Year

Total Amount Spent for the Financial Year (in ₹)	**Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135**		**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**
11,60,40,829.22	29,04,69,999.06*	30th March 2026	NA	NA	NA

**Amount transferred to Unspent CSR account pertains to ongoing projects.*

(f) Excess amount for set-off, if any:

S. No	**Particulars**	**Amount (in ₹)**
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135 *	40,65,10,828.28
(ii)	Total amount spent for the Financial Year	40,65,10,828.28
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

**After setting off the exceeded budget ₹ 14,85,646.47 of FY 2024-25*

7. Details of Unspent CSR amount for the preceding three Financial Years.

S. No	Preceding Financial Year	Amount transferred to unspent CSR account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount spent in the financial year (in ₹)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any		Amount Remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2024-2025	25,43,60,167.25	25,43,60,167.25	15,55,90,389.57	0.00	-	98,769,777.68	NIL
2	2023-2024	10,33,01,594.12	3,77,31,627.50	2,43,75,179.50	0.00	-	1,33,56,448.00	NIL
3	2022-2023	6,97,70,762.60	78,00,000.00	78,00,000.00	0.00	-	0.00	NIL

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

   No

9. Specify the reason(s), if the Company failed to spend two per cent of the average net profit as per section 135(5):

   The Company has spent two per cent of the average net profit as per section 135(5)

B Ramesh Babu
(DIN: 06900325)
Managing Director & Chief Executive Officer
Chairman of the CSR Committee