

INDEPENDENT AUDITORS' REPORT

To The Members of **The Karur Vysya Bank Limited**

Report on the Audit of the Financial Statements

OPINION

1. We have audited the accompanying financial statements of **The Karur Vysya Bank Limited** ('the Bank'), which comprise the Balance Sheet as at 31st March 2026, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date, of:
 - i) 21 branches including Treasury Branch audited by us and
 - ii) 995 branches including processing centres audited by statutory branch auditors located across India.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the statutory branch auditors as referred to in paragraph 6 below, the aforesaid financial statements, read with notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act'), as amended in the manner so required for banking companies and circulars and guidelines issued by the Reserve Bank of India ('RBI'), and give a true and fair view and are in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, of the state of affairs of the Bank as at 31ST MARCH 2026, its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the '*Auditor's Responsibilities for the Audit of the Financial Statements*' section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India,

including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, provisions of section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the statutory branch auditors, in terms of their reports referred in paragraph 6 is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 6 below, were of most significance in our audit of the financial statements for the financial year ended 31ST March 2026. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
5. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

A. Identification of Non-Performing Assets ('NPA') and Provisions thereon

(Schedule 9 read with Note 3 of Schedule 17 and Note 4.1 and Note 14.5 of Schedule 18 to the financial statements)

Key Audit Matter

Identification of Non-Performing Assets ("NPA") and provisions in respect of NPAs and restructured advances are made based on management's assessment in accordance with norms, circulars and directions issued

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by the RBI on Prudential Norms on Income Recognition, Asset Classification and Provisioning ("IRACP") pertaining to Advances from time to time which are also used to classify investments.

The Bank is also expected to apply its judgement to determine the identification and provisioning required against NPA by applying quantitative as well as qualitative factors. The provision on NPA is based on the valuation of the security available and also requires management estimates and judgements. The provision on NPA is estimated based on its ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning as per IRAC and Board approved policy in this regard.

Accordingly, our audit focused on identification of NPAs and provision on assets as a key audit matter because of the level of management estimates and judgment involved in determining the provision and the valuation of the security of the NPA loans and the resultant impact on the financial statements of the Bank. Given the significance of the amount of advances and investments and its significance to overall audit due to stakeholder and regulatory focus, identification of non-performing assets and provision thereon has been considered as Key Audit Matter.

AUDITOR'S RESPONSE

Our key audit approach/procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances and investments included:

- Understanding and considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRACP Norms.
- Understanding, evaluation and testing the design and operating effectiveness of key controls (including system based controls) for identification and provisioning of non-performing assets based on the extant guidelines on IRACP laid down by the RBI.
- Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included:
 - (a) Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in the RBI's central repository of information on large credits (CRILC) to identify stress.

- (b) Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors.
- (c) Reading of minutes of management committee and credit committee meetings and performing inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product.
- (d) Considering key observations arising out of Internal Audits, Systems Audits, Credit Audits and Concurrent Audits conducted as per the policies and procedures of the Bank.
- (e) Examination of advances including stressed/restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines.
- (f) Visits to branches/offices and examination of documentation and other records relating to advances.
- (g) Considered the branch audit reports submitted by the Statutory Branch Auditors of branches of the Bank.
 - For Non-performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, compliance of income recognition, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.
 - Assessed the appropriateness, accuracy and adequacy of presentation and disclosures in accordance with the applicable accounting standards, IRAC and other requirements of RBI.

B. Information Technology - IT Systems and Controls**Key Audit Matter**

The Bank's operations utilise many independent and inter-dependent information technology systems for processing and recording large volume of transactions in numerous locations on a daily basis. As a result, there

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is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of a financial statements which provides a true and fair view of the Bank's financial position and performance. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and consistently, which directly impacts the completeness and accuracy of financial reporting.

Since, IT systems and controls significantly impact the financial recording and reporting of transactions, it is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Bank's IT controls.

AUDITOR'S RESPONSE

We tested the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested key automated controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included:

- Identification of critical application softwares used in the Bank with reference to its functionalities and impact on the books and records of the Bank.
- Assessing the governance and higher-level controls across the IT Environment, including those regarding policy design, review and awareness, and IT Risk Management practices;
- Evaluation and understanding the key IT systems being used by the Bank;
- Design and operating effectiveness testing of controls across the User Access Management Lifecycle, Change Management as well as effectiveness testing of automated business process controls including segregation of duties;
- Design and operating effectiveness testing of controls to enable Change Management including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical IT Applications. We assessed the appropriateness of users with access to release changes to IT application production environments in the Bank;

- Evaluated other areas including password policies, security configurations, controls over changes to applications and databases and access controls to developers and production support.
- Verified the audit trail (edit log) on test check basis for identified accounting softwares.
- We have relied on the testing performed by the internal departments of the Bank relating to information technology.

Reviewing effectiveness of mappings and flagging of financial transactions and automated reconciliation controls (both between systems and intra-system) and data integrity of critical system reports used in our audit to select samples and analyse data used by management to generate financial reporting.

C. Direct and Indirect Taxes

(Schedule 5 and 12 read with Note 13 and 15 of Schedule 17 and Note 14.13 of Schedule 18 to the financial statements)

Key Audit Matter

This matter has been identified as a key audit matter due to the significant level of management judgment required in the estimation of provision for taxes including any write back of provisions, due to factors like uncertain tax positions and provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and related disclosures.

AUDITOR'S RESPONSE

- Our audit procedures to test uncertain tax positions included understanding processes, evaluation of relevant controls and testing thereof over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.
- We have obtained details of completed tax assessments and demands from the management of the Bank.
- We discussed with appropriate senior management personnel, evaluated the management's underlying key assumptions in estimation of tax provisions and independently assessed management's estimate of the possible outcome of the disputed cases. We have also relied upon the opinion given by tax consultants while evaluating management's assessment for the uncertain tax positions.

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- We considered past assessments and appellate orders for earlier years and other relevant legal precedence and rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or written back.
- We also considered the adequacy and completeness of the disclosures made in relation to matters where management concluded that no provision should be recorded.

OTHER MATTERS

6. We did not audit the financial statements / information of 995 branches including processing centres included in the financial statements of the Bank whose financial statements / financial information reflects total assets of ₹ 1,18,34,92,979 thousand as at 31st March 2026 and total revenue of ₹ 11,41,50,766 thousand for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 77.10% of advances, 82.22% of deposits, 58.78% of non-performing assets as at 31st March 2026 and 86.75% of revenue for the year ended 31st March 2026. The financial statements/ information of these branches have been audited by the statutory branch auditors whose reports have been furnished to us and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches including processing centres, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid branches including processing centres, are based solely on the reports of such statutory branch auditors.

Our opinion on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the statutory branch auditors.

Our opinion is not modified in respect of above matters.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

7. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Overview, Directors' Report including annexures to Directors' Report, Management Discussion and Analysis, Basel III – Pillar 3 disclosures and Corporate Governance report included in the Annual Report, but does not include

the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

8. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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9. In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. Materiality in the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31st March 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**
17. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 and Accounting Standards as per section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.
 18. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 6 above, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) the returns received from the offices and branches of the Bank have been found to be adequate for the purpose of our audit.
 19. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) of the Act in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.
 20. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the statutory branch auditors as referred to in paragraph 6 above, we further report to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The reports on the accounts of the branches and processing centres of the Bank audited under section 143(8) of the Act by the statutory branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 to the extent they are not consistent with the policies prescribed by the RBI.
 - (f) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2026 from being appointed as a director in terms of section 164(2) of the Act.
 - (g) With respect to the adequacy of internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of

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such controls, our separate report in Annexure A is attached.

- (h) The entity being a banking company as defined under Banking Regulation Act, 1949, the remuneration to its directors during the year ended 31st March 2026 has been paid / provided by the Bank in accordance with the provisions of Section 35B(1) of the Banking Regulation Act, 1949.
- (i) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in Schedule 12 and Note 14.13 of Schedule 18 to the financial statements.
 - ii. The Bank has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as detailed in Schedule 12 and note 7 of Schedule 18 to the financial statements and
 - iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended 31st March 2026.
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any

guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 15 of Schedule 18 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.

- v. As stated in note 1.2 of Schedule 18 to the financial statements and as disclosed in Profit and Loss Account under 'Appropriations' to the Financial Statements:
 - (a) The final dividend proposed in the previous year, declared, and paid by the Bank during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The Bank did not pay any interim dividend during the year.
 - (c) The Board of Directors of the Bank have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable, until the date of this report.

Based on our examination which included test checks, the accounting softwares used by the Bank for maintaining the books of account,

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have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software except that in absence of an appropriate conclusion in the independent auditor's report in relation to maintenance of audit trail (edit log) at database level of Loan Origination System, we are unable to comment on whether audit trail facility was enabled at database level.

Further, for the periods where audit trail (edit log) feature was enabled and operated throughout the year for the respective accounting software, we did not come across

any instance of the audit trail feature being tampered with during the course of our audit.

Pursuant to the requirements of Rule 3(1) of the Companies (Accounts) Rules, 2014 and as required under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, the audit trail has been preserved by the Bank in compliance with the applicable statutory requirements for record retention except for the matter stated above and logs were retained for the period commencing from 13st June 2023, 9th July 2023 and 1st February 2024 for digital gold loan, people soft HRMS and bullion precious metal software, respectively.

Kalyaniwalla & Mistry LLP

Chartered Accountants

Firm Regn. No. 104607W/W100166

Varma & Varma

Chartered Accountants

Firm Regn. No. 004532S

Sushant S Lahoti

Partner

Membership No.114092

Date: 7th May 2026

Place: Karur

UDIN: 26114092EEIQSR2931

Radhesh L Bhat

Partner

Membership No. 214229

Date: 7th May 2026

Place: Karur

UDIN: 26214229MSTKZB4398

ANNEXURE “A”

TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 20 (g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the Financial Statements of the Karur Vysya Bank Limited for the year ended 31st March 2026)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

We have audited the internal financial controls with reference to financial statements of The Karur Vysya Bank Limited (“the Bank”) as of 31st March 2026, in conjunction with our audit of the financial statements of the Bank for the year ended on that date which includes internal financial controls with reference to financial statements of the Bank’s branches including processing centres.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Bank’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

ANNEXURE "A"

TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the statutory branch auditors referred to in the Other Matters paragraph of our report on the audit of the

financial statements, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 2026, based on the criteria for internal control with reference to financial statements established by the Bank considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the ICAI.

OTHER MATTERS

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls with reference to financial statements of 971 branches including processing centres is based on the corresponding reports of the respective statutory branch auditors of those branches including processing centres.

Our opinion is not modified in respect of this matter.

Kalyaniwalla & Mistry LLP

Chartered Accountants

Firm Regn. No. 104607W/W100166

Varma & Varma

Chartered Accountants

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Sushant S Lahoti

Partner

Membership No.114092

Date: 7th May 2026

Place: Karur

UDIN: 26114092EEIQR2931

Radhesh L Bhat

Partner

Membership No. 214229

Date: 7th May 2026

Place: Karur

UDIN: 26214229MSTKZB4398