

**Transcript of 91st AGM, The Federal Bank
Limited - 27 July 2022**

- **Mr. Samir Rajdev - Company Secretary, Federal Bank:**
- Good morning everyone. Welcome to the 91st Annual General Meeting of Federal Bank Ltd. Request all participants to please stand up for the National Anthem.
- (National Anthem plays)
- Welcome once again. I'm Samir Rajdev – Company Secretary of the bank. I'm attending the meeting from the registered office of the Bank in Aluva in Kerala. Hope all of you are safe and well. In these challenging times, we are conducting the AGM of the bank through video conference rather than at a place in a physical venue. Please note that all the shareholders joining this meeting are by default put on Mute mode for the smooth and seamless conduct of the meeting. If members face any issue for participation in the AGM, please contact the helpline number of CDSL as mentioned in our AGM notice. Please also note that all the registers like the Registers of Directors, KMPs, Contracts, Arrangements and other documents as required under the Companies Act are kept open for inspection. We will be able to provide the copies of it through email, based on a request. Now I cordially invite Mr. C. Balagopal – Chairman of the Bank, who is also attending the meeting from the registered office of the Bank, to preside over the meeting and address the shareholders. Thank you and over to you sir.
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Thank you Mr. Rajdev. Good morning to all shareholders, board members and other officials of the Bank who are attending the 91st Annual General Meeting of the Bank. As the requisite quorum is present, I now call the meeting to order. I would like to request the participants to stand and observe a minute's silence in memory of all those who have left us during the year.
- (1 minute silence)
- Thank you. I now call upon the directors and senior officials of the Bank to introduce themselves.
- **Mr. A.P. Hota – Independent Director, Federal Bank:**
- A.P. Hota – Independent Director.
- **Mr. Siddhartha Sengupta – Independent Director, Federal Bank:**
- Good morning to all of you. This is Siddhartha Sengupta – Independent Director.
- **Mr. Manoj Fadnis – Independent Director, Federal Bank:**
- A very good morning. I'm C.A. Manoj Fadnis – Independent Director.
- **Mr. Sudarshan Sen - Independent Director, Federal Bank:**
- Good morning. I'm Sudarshan Sen – Independent Director.
- **Ms. Varsha Purandare - Independent Director, Federal Bank:**

- Good morning everyone. I'm Varsha Purandare – Independent Director.
- **Mr. Sankarshan Basu – Independent Director, Federal Bank:**
- Good morning everybody. This is Sankarshan Basu – Independent Director.
- **Mr. Ramanand Mundkur – Independent Director, Federal Bank:**
- Good morning. This is Ramanand Mundkur – Independent Director.
- **Mr. Shyam Srinivasan – MD & CEO, Federal Bank:**
- This is Shyam Srinivasan – Managing Director.
- **Mr. Ashutosh Khajuria – Executive Director, Federal Bank:**
- Good morning. This is Ashutosh Khajuria – Executive Director.
- **Ms. Shalini Warriar – Executive Director, Federal Bank:**
- Good morning everybody. This is Shalini Warriar – Executive Director.
- **Mr. Harsh Dugar – Group President & Country Head, Wholesale Banking, Federal Bank:**
- Good morning everyone. This is Harsh Dugar – Group President & Country Head, Wholesale Banking.
- **Mr. Venkatraman Venkateswaran – CFO, Federal Bank:**
- Good morning everyone. This is Venkatraman Venkateswaran. I'm the Chief Financial Officer.
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Thank you. Let me once again extend a warm welcome to all our shareholders who joined us today for the AGM. The Bank is conducting the 3rd virtual Annual General Meeting considering the pandemic and in compliance with the applicable MCA circulars. The Bank had provided the facility to all the shareholders of the Bank to cast their votes electronically on all resolutions set forth in the notice through remote e-voting from July 24 to July 26, 2022. Shareholders who have not cast their votes electronically through remote e-voting and who are participating in this meeting, have an opportunity to cast their votes during the meeting through e-voting system provided by CDSL as per the details mentioned in the AGM notice. The board of directors has appointed CS Sivakumar P, Practising Company Secretary as the scrutiniser to supervise the e-voting process. The result of the voting of all resolutions would be announced by the Bank within the regulatory timeline, and would be made available in the Bank's website, websites of stock exchanges of BSE and NSE and on the CDSL website. The resolution shall be deemed to be passed today subject to receipt of requisite number of votes. The notice convening the 91st Annual General Meeting and Annual Report were already circulated to all the members, and hence all the resolutions for the 13 agenda items as set out in the notice of the Annual General Meeting is taken as read. The shareholders are

requested to note that there were no qualifications, observations or comments on financial statements or matters which had any adverse effect on the functioning of the Bank mentioned in the Auditor's Report.

- Dear Shareholders and others attending the meeting,
- It is with great pleasure that I welcome you all to the virtual meet of the 91st Annual General Meeting of Federal Bank. I have been associated with the Bank for 7 years, and I'm honoured to be addressing this meeting today in the capacity as the Bank's Chairman. We have all seen that the fiscal year that went by had heightened challenges with supply chain restrictions, rise in input costs, geo political tensions, and despite the arduous macro environment, your Bank has performed excellently, as it has been doing these past few years. The Bank is on a journey to become the most admired banking institution, and in this journey, its focus is on providing a superior and unparalleled banking experience to customers. In fact, this has been the core of its philosophy. This year, the Bank has recorded a market share gain in its core business due to its thrust on innovation. The growth momentum will be enhanced in the coming years due to the incremental asset mix we have introduced in recent times in the form of credit cards, personal loans, microfinancing institutions and commercial vehicles and construction equipment business. These green shoot segments will soon become formidable business opportunities and will support the bank in gaining market share and to grow in scale. The bank is entering its next phase of growth strategy with a strong position, with a focus on becoming a market leader and embracing this change in the environment by increasing and improving its expertise. The ambition of the bank to break into new realms with unified purpose have all of the efforts centred around that. The bank is expected to further leverage this with new-age distribution channels and greater conviction which would lead to greater levels of excellence while capitalising on the opportunities. Additionally, as a responsible, progressive and sustainable step, the bank has embedded environment, social and governance standards in its core business operations. For instance, the bank is today a near paperless bank with perhaps one of the lowest direct and indirect carbon footprints. You would be glad to know ~~that~~ your bank is among the largest facilitators of various government sponsored credit schemes to support financial inclusion. These sustainability actions have helped the bank secure a spot in CRISIL Sustainability Yearbook 2020 and bag an investment from the International Finance Corporation (IFC). This is IFC's first such investment in India which is aligned to the greening equity approach. I take this opportunity to welcome IFC aboard and believe that the bank would grow leaps and bounds with their global expertise.
- Federal Bank has delivered one of its best performances with a broad based progress across all parameters. Let me share a few of the highlights here. Net Profit growth was sturdier at 18.83%. Networth stood at 18,660.98 crores growing by 15.83% over the previous year. Capital Adequacy Ratio improved 115 bps to 15.77%. The bank also witnessed a strong momentum in advances. The Total Gross Advances grew by 9.46% Year on Year to Rs. 147,639 crores. The market share of personal inward remittances to India saw an upsurge to 21% as clients experienced end to end automated solutions that ensured instant transfers with the highest levels of safety. CASA ratio stood at 36.94%, Gross NPA as a percentage to Gross Advances stood at 2.80% and Net NPA stood at 0.96%. With this well capitalised position, a solid market

reputation and credit quality, Federal Bank is now positioned to accelerate growth and withstand any disruptions that may come.

- Every organisation is built on the power of people. I am fortunate to have some eminent intellects on the board who have guided this organisation in its pursuit of higher standards of governance. I thank them for their support and guidance. The members of the board of your bank represent some of the best of expertise in their respective fields. I would like to express my sincere gratitude to Ms. Grace Koshy for her leadership as Chairperson of the bank. This year, two new members Mr. Ramanand Mundkur and Mr. Sankarshan Basu joined the board. I welcome them onboard, and I'm sure that your bank will benefit from the diverse expertise they bring in.
- The current top tier of senior leadership of the bank is a seasoned and vibrant team of professionals who will continue their relentless pursuit of excellence under the able guidance of their visionary Managing Director and CEO – Mr. Shyam Srinivasan. With their immense knowledge, expertise and values that are aligned with the organisation, they are doing a phenomenal job in taking your bank to greater heights. Their efforts are translated into your bank winning prestigious accolades over time. It's gratifying to note that like previous years too, last year too your bank could bag a bouquet of coveted awards in recognition of its outstanding performance in multiple domains. To name a few, the bank was adjudged the best mid-sized bank by KPMG for the 2nd consecutive year. The bank also won various awards for its technology initiatives such as Finnoviti Award, BFSI Technology Excellence Award and Annual Banking Technology Award by IBA. The bank has increased dominance in its home market and continues to increase prominence in other territories. This is indeed, shaping our plans for future growth quite well. Our core principles of ethics and excellence have been time-tested and relevant, but to infuse more vigour, the bank has devised a new value framework of CARES which stands for Commitment to excellence, Agility, Relationship orientation, Ethics and Sustainability. These will be the guiding principles for actions and interactions for the employees with all the stakeholders, making the bank relevant in a multi-generational and multi-cultural ecosystem. It will also reinforce our strategic vision of becoming the most admired bank for all our stakeholders.
- In conclusion, I thank all the stakeholders for standing by us in these most challenging times. We are grateful to the customers for trusting us, and I sincerely express my gratitude to our people who truly deserve appreciation for rallying together and remaining committed towards ensuring seamless services to customers. Thank you.
- I now invite the Managing Director and CEO to deliver his speech.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- Thank you very much. Thank you, Chairman. Good morning, everybody. Dear shareholders, it is a privilege and honour to welcome you all once again to the 91st Annual General Meeting. I've always considered this a privilege, albeit this time it's on video. Thank you for joining us today.

- The last fiscal year, as being pointed out and many have spoken about, as being an action packed one on many counts. But, we stayed rooted to our commitment and delivered on all our promised despite, like our Chairman said, an arduous macro environment. We saw two waves of COVID-19 here in India, several waves across the world, global supply chain stress, widespread inflation, geopolitical tensions to top it all. But mercifully, none of these could dampen the spirit of Team Federal. We built from a position of strength and made considerable progress in all our chosen areas. We did not only deliver other business, but touched 2.45 million lives through our Sanjeevani vaccination program and collaborated with various institutions across the country to improve the healthcare infrastructure during the pandemic.
- Let me begin with a few highlights of our performance last year. But I want to call out... As I ended my speech in the last AGM, I had spoken about 3 fundamental principles of what we call Green, Granular and Digital. This financial year, as you would've noticed, many of our actions were guided by these principles. Our Chairman spoke about the improvements we've made on our financial ratios, we posted it in our Annual Report so I don't want to call that out all over again, but it is important to note, using these principles of GGD – Green, Granular and Digital, we've made meaningful progress on all these measures of corporate governance, growth, and importantly, targeting the right segments and the right audiences.
- Over the last decade, you'd be happy to note, the Bank has grown 5 times in its overall business life. We ended the year at 3.26 lakh crores; about 10 years back that figure was less than 60,000 crores. So, we've made progress, and all of it using the principles of Granular, and over the years, adapted materially on Digital. We did speak about improving ratios on CASA, which again is a significantly digital movement. We improved our capability to penetrate using digital. And lastly, the capital adequacy of the Bank has always been well above the statutory requirements, and the year that went by was no exception.
- In our Annual Report, that you may have had a chance to go through, I have spoken about 12 formidable pillars on which the year went by, where we delivered. While I'm not seeking to repeat each of them, I do want to call out a few which brings to attention some of the areas that we've given high focus on:
- I'm truly proud of what our Bank and our colleagues have achieved individually and collectively. We are not officially in the Top 50 Great Places to Work in India. This year our ratings moved up 21 points to an All-India rating of 26. We're determined to get into the top 10 not very far from now. Our constant endeavour in building, sustaining and recognising our high trust and high-performance culture, reflects in the dedication and intense efforts that our colleagues bring to work. Our workforce is an accurate example of diversity. We have today, over 20% of our footprint which are managed by women executives. We have 41% of executives who are women. Of the 800 people we have hired, almost 40% are women executives. We've recruited from 200 institutions across the country in this year, representing 20 different states; true example of diversity and inclusiveness. While the industry grappled with high levels of attritions over the last year, our steadfast commitment to our people, not only retained our diverse employee strength, but also allowed them to have a true sense of belonging. We truly believe that this is a vital part of our success story.

- We hope our maiden business responsibility and sustainability report, which forms a part of our Annual Report, caught your attention. As a socially responsible corporate, you will note that we are making meaningful progress on our host of initiatives. Our Chairman mentioned the investments by IFC. I join him in welcoming IFC as a shareholder of our Bank, and commit to the fact that they have chosen us largely influenced by our ESG principles and practices. We have scaled our efforts for sustainable and green financing and our committed to our goals of climatic ambitions and influence our strategic directions as we move ahead. We believe we can scale new heights in these areas to firmly plant our flag as a torchbearer for good ESG practices. In our efforts to finance green projects, we've introduced the concept of green deposits. Under that, the fund sources would be used for financing renewable energy, green buildings, smart agriculture and water or waste management projects among others. It will provide our retail and corporate customers an opportunity to contribute towards a better planet.
- MSMEs are the lifeline of India, contributing to well over 30% of India's GDP and accounting for majority of employment. At Federal Bank, we have always been a keen supporter of MSMEs by lending to this underserved segment. As of March 31, 2022 MSME financing accounted for about 13% of our total loan book. We intend to retain our focus and increase the share, largely enabled by our inclusive approach, and importantly, slew of digital capabilities.
- The year that went by launched an online lending platform called 'federalinstalans.com' for quick and hassle-free credit approvals for our MSMEs. I'm happy to report, just yesterday, we got to know that this launch fetched us the ET Best Award for Programs that are digitally inclusive of the MSME segment. Our hybrid focus on consistency, client satisfaction and digital innovations are the driving force which brought home the award for the Best Mid-sized Bank for the BT KPMG Survey 2nd year in a row, and followed that with the Private Sector Bank of the Year award in the Outlook Money Awards.
- I'm sure you recall Feddy, our AI powered virtual assistant which continues to witness increased acceptance for its indispensability in addressing customer requirements. Feddy has consistently grown smarter and more human since then. We're currently using over 230 robotic process automations and nearly 300 APIs to improve process efficiencies by combining AI and machine learning, and this reflects how we will use technology to enable scale without linearly increasing our cost structure. An example of early success over 71,979 personal loans totally up to 770 crores were disbursed to customers through self-service facilities and entirely digitally with no human intervention. We've ensured a whopping 96.9 lakh digital transactions, up 26.24% this year over the previous year. We became one of the first banks to go live with the account aggregator system, displaying our agility and technological progress to help develop the necessary infrastructure as well as focus on enhancing customer experience.
- Last year, we were empanelled by the Government of India and RBI for collection of direct and indirect taxes. We consider this a milestone achievement for our franchise, and this undoubtedly opens up a gamut of opportunities for us. With this

authorisation, we enter the league of handful of banks which are permitted to collect taxes in all forms across the country.

- Needless to mention, our franchise is built upon strong client relationships, which is clear as we are in the top 5 banks in terms of debit card usage across all private banks in India. While consumer preferences and behaviour have accelerated, we can proudly say that so has our readiness and understanding of our clients through using cognitive technologies and analytics.
- Last year, we launched a comprehensive CRM solution across segments to deliver connected, data-driven, intelligent customer experiences across all touchpoints seamlessly. We're confident that this will affirm a very positive customer feedback in the annual NPS scores as we seek them out from our customers to understand how they are experiencing us and whether we are actually living up to our promises of being transparent and seamless.
- You may recall, that the first half of the last decade, we had over 600 branches and more than doubled our footprint. Post that, we paused expansion of footprint because we wanted to ensure that we leverage and influence and ensure efficiencies are built in. As we enter calendar 2022, I'm delighted that all branches have turned profitable and that gives us the inspiration to flip our strategy from originally what was branch-like distribution heavy, to light branch heavy distribution, which envisages over the next 3 years, our network expanding by another 25%. And we are confident... you must have noticed that in the 1st quarter of this financial year, we have already added 10 branches and we're lining up a slew of branch launches in newer markets in the course of FY23 and beyond. This will help us mobilise growth i.e. distribution driven and top tier, while maintaining an unwavering focus on service quality.
- If you look back over the years to track our performance, you may notice that the pivot of everything we have done has been around consistency and to build for a strong tomorrow. Our in-house mantra of 'Today's success for tomorrow's significance' continues, and the momentum will be enhanced by the incremental asset mix which we have introduced in recent times, as pointed out by our Chairman, in terms of credit cards, personal loans and a range of businesses that are both new to us but growing, and gives us an opportunity to present ourselves meaningfully as a bank that is able to service entire spectrum of client requirements across the length and breadth of India. These green shoot segments will soon become formidable business opportunities and will support us to gain market share and grow in scale. Overall, the pace of economic activity has picked up and the momentum is expected to continue. You may have already seen that in our recently published Quarter 1 results. Opportunities for lending in promising areas will be explored to diversify the portfolio.
- To sum up, despite the economic headwinds, our franchise has adapted well to challenges posed by the operating environment. We're optimistic that our holistic approach and initiatives will help us deliver value to our customers, employees and shareholders while we fulfil our vision of being the most admired bank. The last fiscal exhibited to the world that getting back to normal alone won't suffice as there were permanent shifts across industries. But honestly my belief is that this is quite the

kind of situation in which our bank shines. Last year, we recorded market share gain in our core business and continued the thrust on innovation. This year, our ambition of breaking into new realms is quite firm as businesses are becoming more confident and we're ready to capitalise on the opportunities that the environment provides. My confidence for the future lies with our nearly 13,000 employees, and I want to thank each one of them for their dedication which has kept the essential service of the banking working even in the most difficult of times. Together with them as well as our board of directors, the team remains committed to delivering on our financial and strategic objectives, and the scale of the task that remains is no illusion. Our commitment of strengthening the core, investing for growth, improving further on the risk and compliance culture, would continue unabated. This should help deliver improving returns and value for you, our shareholders while building a bank that we can all admire. We are on track and I recognize there are no shortcuts.

- Finally, I take this opportunity to thank the distinguished Board members of the bank for their continued leadership and unwavering support. In closing, I would like to place on record our sincere thanks to the Government of India, Reserve Bank of India, SEBI, various state governments and regulatory authorities in India and overseas for their valuable guidance, support, and cooperation, and all our stakeholders for their trust and patronage. And to you, all our dear shareholders, thank you for your constant support and patronage. We remain committed to excellence as always, proud to be a Federal. Thank you very much.

- **Mr. Balagopalan – Chairman, Federal Bank:**

- Thank you Shyam for your update. Now it's time for the speaker shareholders who are already registered to express their opinions and to seek clarifications on matters related to the Bank. Speaker shareholders are requested to cooperate while expressing their views so as to give sufficient time to all these shareholder speakers today.

- **Moderator:**

- Thank you, Chairman. This is moderator speaking. I request all shareholders to accept the unmute request sent by the moderator and turn on your video while speaking. With this, I request the first speaker, Mr. Umesh Kantilal Shah to turn on your video and unmute yourself to ask your question.

- **Mr. Umesh Kantilal Shah – Shareholder:**

- Respected Chairman Sir, Managing Director and Mr. Samir also for giving me this opportunity and also our distinguished Board of Directors, and I can see the confidence in the speech by our Chairman and Mr. Shyam Srinivasan. We are progressing and as Chairman and all these people are saying that, we are on the course to more admired Bank. We can see from the first quarter results also. Congratulation and all admiration to you and your team. Also got the balance sheet in time. I thank you Samir for getting the balance sheet yesterday. My request is, in future when you send the balance sheet, also send notice of the meeting. There is a soft copy, luckily I can see. But with old people, we are used to the hard copy. You

send it on time. But also I request Aparna to take care in the future. This time it was okay, that to give the hard copy of the notice of the meeting also, that can help us.

- Sir my first question is, recently there was a paper in which they say that RBI penalty has been levied on some insurance sum. It is Rs. 5.7 crores or so. If such is the case, are we putting some committee or accountability to our people who have done this? That is my first question. Second thing, I have voted in favour of all the 13 resolutions. This is just to inform you that there is one resolution also that we are infusing fund by Rs.8,000 crores and Rs. 4,000 crores, and we have taken enabling resolution for one year. Can you just elaborate it, any timeframe or no? It is just left to the management and the committee of Board of Directors. So, what is the timeframe and how you are proposing to raise these funds? My last question sir, I'll be requesting you and Samir, I am in Bombay sir, my name is Umesh, and I stay very close by to you. I have seen you. Time and often, you come here to Bombay Shyam sir, Samir is also having office in Bombay. So, at least once in a year, because now the Bank progressing so well, we are benefited, I congratulate... Shyam sir on the helm, Samir is here so why not at least once in a year or so we have a meeting in person, that will help sir, if it can be done. I will be thankful to you if you can do so. Thank you very much, sir.

- **Mr. Balagopalan – Chairman, Federal Bank:**

- Thank you, Sir.

- **Moderator:**

- Thank you, Mr. Umesh. Our next speaker shareholder is Mr. Nanda Kumar. Mr. Nanda, request you to unmute yourself and ask your question.

- **Mr. Nanda Kumar – Shareholder:**

- Respected Chairman Mr. Balagopal, respected Shri Shyam Srinivasan MD & CEO, eminent members of the Board of Directors, officers of Federal Bank, my fellow shareholders, good morning to all of you. The financial year gone by has been good for the Bank and the first quarter of FY23 is even better in terms of financial performance. I congratulate Shri Shyam Srinivasan and his team Federal for meticulously steering the bank safely through the troubled waters of the pandemic years of FY 2021 and FY 2022. The growth and quality of assets were not as adversely affected as initially apprehended, bringing down the NNPA to a level less than 1% is no mean achievement by any yardstick. In FY22, Federal Bank could achieve the targeted ROA of 1% and a decent ROE of 12%.
- The numbers for Q1 FY23 also were quite heartening and encouraging. I understand that the ROA targeted for FY23 is 1.1%, and the growth in advances targeted is 15%. This can definitely translate to an ROE of around 14%. I believe that Shri Shyam Srinivasan at the helm of affairs achieving this is not at all impossible. Looking further, achieving 1.25% ROA on a further loan growth of 15% in FY24 I believe could be a tough proposition unless we address certain key issues. First in FY22, we achieved a growth in advances of 10% against a growth in deposit of 5%. Later in Q1 FY23, our advances grew by 16.3% against a deposit growth of 8.2%.

- While it is good to see that we are optimizing on the liquidity coverage ratio, this cannot be extrapolated into an indefinite future as this is not sustainable. Even in the medium term, deposits have to grow in tandem with the growth in advances. Liability franchisee has always been great with Federal Bank. But off late even considering the good CASA growth, I think we need to do more here. Please remember the classic study of Surf versus Nirma in the early 80s. Hindustan Unilever was happy that its growth in sale of detergents was exemplary, but was unaware that they were losing market share. True that the market share of Federal Bank in advances is growing. The rule of thumb says that the banking sector in a developing economy grows at 2 to 3% above the GDP growth. That way the growth of Federal Bank in FY21 by 7%, when India's GDP shrank, it's 10% growth in FY22 when the GDP grew at 8.7% and the targeted 15% for FY23 apparently look great.
- But I believe some introspection will do us good here. The growth of private sector banks in India in the past decade and a half was at the cost of their public sector counter parts. Many banks like the State Bank of Travancore and the Syndicate Bank disappeared through mergers and acquisitions and many more became marginalized players, while banks like HDFC Bank and ICICI Bank preyed on these banks and group in a supersonic pace. Just to give an idea of the growth achieved by some of these biggies. The advances of HDFC Bank in FY22 grew by 2.36 lakh crores. Please understand that the corresponding total advances of Federal Bank was only 1.45 lakh crores.
- The bottom line is that HDFC Bank is almost 10 times the size of Federal Bank and in FY22 alone they added 1.5 Federal Banks to their business in absolute terms. Now that market share of the public sector banks have shrank considerably, the big banks will have to look elsewhere to maintain growth. Going forward, this could result in increased competition for the likes of Federal Bank, both in the asset front as well as in the liability front. Our NRI customer base and deposits, which are the envy of every other bank in the state needs to be protected and nurtured. I am sure that the Board of Directors and the management of Federal Bank are aware of these developments. I laud Federal Bank for identifying FinTech partnerships as an engine for growth for the future, and also for putting in place an impeccable digital infrastructure, which is second to none in the country.
- Another heartening thing to notice that the bank has decided to resume adding branches after many years. I understand that these are going to be in locations where potential is high and the presence of Federal Bank is not prominent. A word of caution here. New branches may take time to break even, the growth in ROE and ROA for the bank has to be insulated till such time. At the risk of sounding repetitive, let me briefly touch upon two aspects, which I have been bringing to the notice of the Board in earlier years. We should follow a conservative dividend policy. With the price to book ratio of the bank being more than 1 today, a rupee retained in the bank is worth more than a rupee for the investor by way of share price. Whereas the dividend income is taxable in the hands of the shareholder, and hence a rupee disbursed is less than 70 paise in his hands. The second aspect is also related to conservation of capital. As in the earlier years, this year also there is a resolution enabling the management to raise capital if and when required. Our CRAR, I understand is comfortable now. This authorization has to be exercised, only when

capital is essential, that too only at the right price. If markets are not conducive for fairly pricing that QIP or an FPO, please raise capital only through a rights issue, that too only after exhausting the basic capital internally, like likely more prudent in dividend policy are exhausted. I believe the management is aware that the lock-in period against the 75% of our investment or Rs. 300 crores in Yes Bank will end this financial year and they can be sold to raise capital for Federal Bank. The IPO of Fedfina has already been announced and I understand that RHP has been approved by SEBI. Can you please update us on the proposed timing of the issue? I am sure that this offspring also will bring some precious capital to the parent.

- Before concluding, please allow me to remind Shri Shyam Srinivasan about a promise he made a few years back. When some of us shareholders requested that the Board may consider issuing bonus shares, he replied that if the market price per share falls below \$1, FIIs generally would not buy the stock labelling it as a penny stock. So we would pay for a more opportune time to consider bonus issue. I am optimistic about FY2023. I am sure that the share price of Federal Bank will go comfortably past \$2 before we meet at the next AGM. My request to you respected Chairman, dear MD and CEO and the Board is to split the share to face value of Re. 1 when that happens. I once again thank the Board, Shri Shyam Srinivasan and his team for conserving our hard earned wealth during the trouble times, even at the cost of some growth. Also, as a shareholder, customer and well-wisher of the bank, I look forward to growth in the coming years through conventional as well as novel deals like opening more branches, more corporate advances, leveraging on loan against gold and shares, calibrated initiatives in unsecured lending through credit cards and through tie-ups with FinTech partners. All these of course, keeping the asset quality intact. I bestow total faith in the Chairman, MD and CEO and the Board of Directors of Federal Bank to steer this esteemed institution forward to further heights of excellence in the coming years. I am glad to state that I have already voted in favour of all the resolutions proposed and recommended. Thank you. Jai Hind.

- **Mr. Balagopalan – Chairman, Federal Bank:**

- Thank you, sir.

- **Moderator:**

- Thank you, Mr. Nanda. Our next speaker shareholder is Mr. Surendranath Kapoor. Mr. Nath, request you to unmute yourself and ask your question.

- **Mr. Surendranath Kapoor – Shareholder:**

- Namaskar Srinivasan sir, namaskar to the team. Sir, definitely the purpose of our bank is lending and borrowing, and earning net interest margin on the same. But due to the capitalistic nature of the society, and also the availability of capital at some about distorted rates, the banking business, the main art of banking has been made very different. And now it has become imperative for bankers to look at different other aspects also to improve its margin, and also the tighter regulatory norms make the business of banking a tough nut to crack. Srinivasan sir, it is a great pleasure to see the continuity by the grace of RBI giving you the second term. Therefore, also for the bank, its policies, the books, many things get continuity. Otherwise, we have

seen the same, what happens to different banks when there is a change at the top notch. So, just to understand a very small point from you. How does market value you? It depends upon the stock price at which, the market cap at which the bank is trading. But when we look at your book value, I think around Rs. 94-95, correct me there, and the stock off late has just reached the three figure mark after a gap of say suppose a year, and on a consistent basis, if you take the average pricing of the stock to its historical data, it has traded below the three figures mark. So, Sir to make the long story short, the moot point sir what is there on the table for your investors?

- When, bankers like you and your team operate in the marketplace, you want to be an efficient bank where in the due diligence are worked out, you lend to the right people, you make the right collections and book the net interest margin and convert the same into profits after adjusting for the cost, correct me there if I am wrong. In toto this is the process. But what happens to your investors is where the delinquencies come from the lending part, where come the NPA, where come this terms of gross NPA, the net NPA, then the slippages. So when technology has taken over so many aspects of life, when even my mobile phone can now understand what I'm thinking and try to provide me with all the ads and all which I have thought or searched about, how can the bank not go in that AI manner wherein you can know beforehand where the slippages can occur. And the way these bankers announce that 'we are okay with these slippages', how can you justify this point, sorry sir if my language is incorrect. I have a problem with English. But what I'm trying to convey to you, when you people speak of slippage as if it is a Royal word and you say that 'this of slippage is allowed', and when you come up with a lower number on slippage, it is well celebrated everywhere. So why do the bankers have to come with this slippage at all? When you do all the delinquencies, get the caution money from the right person, then how does this happen? If I may use the wrong word here, but I'm trying to make a point here.
- Then comes the point of banks being listed on the exchanges. Sir, it is a very different aspect for investing community to first to understand what kind of profitability a bank can give over a period of time, because your variables are n numbers. Even though there are banking analyst, even the best of them go haywire when your provisioning goes up and down. For a quarter you provision X and the next time it is X/2, and we don't know how the things are going to shape up going forward. So there is no continuity, there we cannot predict the numbers and it becomes a very difficult job for investors who are putting money. Sir, even the Federal Bank has the key marquee name and I can see what kind of money they have made by remaining invested in your bank. Not only in your bank, banking as a sector. So the thought process is that, if the bank keeps aside the deposit part and then take care of the stock markets and investments wherein they create an interest amongst the investors as to how banking is done that is where things should be concentrated. I think if I'm not wrong, it was the first Modi government that made a law about it. So please remove this concern and bring in some confidence amongst the investors who have invested in the bank as to how all the banks can be like HDFC and Kotak. Forget about being like them, just at least reach half the way where they are. I'm not telling that you will command a 3x, 4x or 5x books because there a different ball game works altogether I am not going into that. But at least when an investor invest

in your bank and thereby he's investing in a company, he is looking for two aspects. No. 1, protection of his capital, growth of his capital, and the dividend pay-out.

- When it comes to dividend also there is a restriction from RBI. Whenever they want they can put a tax on dividend just like how a promoter does, and it may so happen that you pay dividend or not. So those restrictions are there and it is true, that is the due diligence on RBI and it is correct, that is my understanding. Sorry to give my views, but it is correct that the regulatory framework decides whether dividend pay-out is correct or not. And other than that comes the capital appreciation part of the story, sir. The very short point is that, can you restore your investors' confidence in the market? Take steps to create investor value, sir. Otherwise, Sir, this is a big market place, investors will get tired of investing in your bank. They will pull out the money and invest in other companies. We enjoy your banking services, we use your portal, your ATM, that way everything is fine. But when can you make the investors happy, sir? Please work on this and think on these terms. And try to find out where is the problem that the market is not giving you the right value. You also had mentioned 1-1.5 years back that you will wait for the right time, give an opportunity to the investors as to...that you will issue equity at the right time. Then you diluted 5% of the equity at the rate of Rs. 82 because there was a requirement of capital adequacy at your end.
- So for you equity is just an instrument, for raising funds. But the hard earned money of the investors are invested here. You take one step and the entire balance sheet's denominator is changed. So please keep all these aspects in mind. We have seen the same thing in Karnataka Bank, and we are seeing the same things in South Indian Bank. So that is the moot point. Other than that sir, people listen to your concall, you and your team make us understand all the aspects. In spite of that, the market doesn't give a thumbs up to your story. So at least these vagaries in numbers how we can grip it, please work on it. Turn the banking sector into such a sector which doesn't become an untouched one for the investors. The rest everything like FinTech, kudos to the team sir. You are doing excellent and putting in maximum effort. So sir please think about where there is a difference, and why the valuation is not increasing. I wish for the well of the bank, its employees, the hard work you people are doing, it is a tough business it is easy for people to give money away, but to work on it and bring back the amount is tough. You are doing a difficult job. All the best sir to the team. And we hope for the quality of numbers, your return on ROA to improve just like you guided, let your NIM improve just like how Srinivasan sir guided. We look forward for that. But please take care on the valuation front as to what can be done and what is applicable in the realm of things? I took at lot of time from you sir. Thank you for a very patient hearing sir. All the best Sir. Thank you.
- **Mr. Balagopalan – Chairman, Federal Bank:**
- Thank you sir.
- **Moderator:**
- Thank you, Mr. Kapoor. The next speaker shareholder is Mr. Paulose Parackal. Request you to unmute yourself and ask the question.

- **Mr. Paulose Parackal – Shareholder:**

- Respected Chairman, Board of Directors, Shyam sir, Rajdev sir, Salini madam, my fellow shareholders, my dear friends, greetings from a retired Federal. I am happy to congratulate our Board for the excellent results presented before us and for the ever greater performance of our bank during the first quarter of the current financial year. Figures were already discussed here. Total business grew by 7%, net profit increased by 19%, net interest margin is at 3.2%, capital adequacy ratio is at a comfortable 15.77%, net NPA came down to 0.9%. Amount involved in frauds have come down to almost half of last year. We were recognized as a great place to work in 2022 also, added 12 new branches and have set a goal of expanding our footprint by over 25-30% over next 3 years.
- I wish to discuss 2-3 points here. At the last annual general meeting, we had approved an investment proposal totalling 5% of our shares from International Finance Corporation under their green equity initiative, they are the first in India. IFC is a prestigious international finance institution and it is a big thing that a World Bank Group member partner with the bank like ours. Shareholders may remember that at the time of making this investment, IFC had put forth some preconditions. Everyone knows the conditions and have to stay away from some sectors, reduced exposure to the sectors like core sector and gradually bring down it to zero. Banks have to give periodic report to IFC, like that. Green equity have some threats attached to it.
- When one goes through this year's report, all of a sudden there is a steep change in bank's views. Anything and everything bank sees through ESG eyes. We have established environmental and social management system policy and profile all financing through E&S lens. I have some serious concerns here. Who says we will get all the green business only because we have started green lending, green deposits and adopted reporting on international standards. Banks in India function as per industry standards set by rule of the law of the country. Is it mandatory for other banks also to fulfil the environmental conditions ?Sure. We at Federal Bank are committed to society and environment. We have spent more than the required 2% of profit for the CSR initiative this year also. I am happy to see our founder's native place Mookkannoor, Angamaly, Aluva and Kanjur here in the list of CSR initiatives this year also. Hope we will continue to honour our Bank founder through these social services in the coming years also.
- Off late, we were in news for the wrong reasons. A fine of Rs. 5.72 crores were imposed on us for not ensuring that the insurance companies do not give any incentives to our employees for promoting their products. At the last annual general meeting, I had placed an appeal before the Board. We are bankers, we are to earn our income from our core business. Let that be and other income come in the ordinary course of business. Sure, we are financial supermarkets. Let the customer select, let us not push the products. If at all we push, push the banking products, our CASA and all. Out of our total other income of Rs. 2089 crores, Rs. 179 crores were recovery of written off assets. Fee income from insurance business totals to Rs. 85 crores only. I hope we have ensured the loss will not recur and suitable warnings were given and delivered to the concerned official on the file already.

- Banking industry had some unfortunate experiences of employee suicides due to work pressure during these years, certainly not in our bank. But in our bank also, employees experience great work pressure. Many all our offices do not put down the shutters before 8.00PM. Salini madam, let us arrange our work so that everyone leaves office by 6:00-6:30 PM. Let them enjoy the family and social life. We are human at core, know? The shares are granted this year also under ESOS. I hope Board will ensure fair and equitable distribution of ESOS in our bank. We are thankful to the Board for everything you have done for us retired Federals. This year the PF case also was settled for us. Thank you fellow shareholders, thank you Federals, thank you all. Hope to see you all at Aluva Town Hall for the next annual general meeting. Proud to be a Federal. Thank you.
- **Mr. Shyam Srinivasan – MD & CEO, Federal Bank:**
- Thank you Paulose. Mr. Babu George?
- We can't hear him. Mr. George? Moderator, you can go to the next person and then come back. Who is the next?
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Prakashini Shenoy.
- **Mr. Samir Rajdev - Company Secretary, Federal Bank:**
- Mr. Mohit has come.
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Oh! Mohit has come.
- **Mr. Samir Rajdev - Company Secretary, Federal Bank:**
- Yeah, Prakashini is not available, I think.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- Mr. Mohit? Mr. Mohit?
- **Mr. Mohit- Shareholder:**
- Hello?
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

- Yeah. Mr. Mohit, can you hear us?
- **Mr. Mohit- Shareholder:**
- Shyam Sir, can you hear me? Yes-yes.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- Yes, we can hear you. We can hear you perfectly.
- **Mr. Mohit- Shareholder:**
- Yes-yes.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- We can hear you, Sir.
- **Mr. Mohit- Shareholder:**
- Okay. I'll directly jump into the questions. Sir, my first question is that what is the bank branches for next three years? Sir, in your statements you explained that you'll be reaching 25% of your current bank branches in next five years. So, can you give us exact numbers? How many branches are we going to put for next 5 years? Sir, next question is regarding FedFina IPO. What's the timeline for the IPO? Do retail shareholders have any specific rights for this IPO? Sir, my next question is for a NRI deposits. In GCC countries we are a predominant player in their countries, whether what are we planning for any road shows or going to put more branches in the GCC countries? Sir, next is that our bank branches are mainly 50% in Kerala as well as Tamil Nadu, so what's the plan/a roadmap to grow in North India/North India business because we are their only in southern market but North India we are not a dominant player? And my next question is, any plans of Inorganic Growth? Whether we can acquire any microfinance institution or merge with any banks? There are small banks like the Dhanlaxmi and South Indian, whether is there any possible of merging or takeovers, M&A in Inorganic Growth? Because Federal Bank has not been in this category like Kotak have done, IDFC have done the mergers but we have not in the part of mergers. Next question is regarding Ageas Federal Life Insurance. What is the future growth for this insurance company? What Federal Bank wants to do with this insurance company under stake in this insurance? Sir, the next is that Federal Bank we all are celebrating our 91st AGM but, Sir, still we are smaller than HDFC, Kotak and ICICI. They have started just 20 years before, 25 years before, but still we are smaller than them. Why is it so? Why can't we grow biggest in the scaleup? We are for 91 years. It's a little skeptical why we are so slow. As well as, Sir, regarding the AGM, next year if it is a physical AGM we would request it as online as well as offline because I am from Chennai so that we can also participate in a virtual AGM. So, it will be useful for us also. And I really congratulate Shyam Sir for getting

an RBI nod for next three years. Sir, what is a succession planning after '2024? That's all, Sir. That's all from my end. I sincerely all the best to this Board and as Federal Bank shareholders we support your bank from the bottom of her heart. Thank you sir. Thank you.

– **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

– Thank you, Mr. Mohit. Who is Mr. Prakashini?

– **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**

– Ms. Prakashini.

– **Mr. Samir Rajdev - Company Secretary, Federal Bank:**

– Ms. Prakashini.

– **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

– Ms. Prakashini, are you able to join?

– **Moderator:**

– Thank you. Mr. Mohit. We request Mr. Babu George to join again. Mr. Babu, request you to unmute yourself and ask your question.

– **Ms. Prakashini Ganesa Shenoy – Shareholder:**

– Hello? Hello?

– **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

– Yes.

– **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**

– Yes.

– **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

– Yes, please, go ahead.

– **Ms. Prakashini Ganesa Shenoy – Shareholder:**

- Bombay. Yeah, hello? Sir, can you hear me? Hello? Hello?
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- Yes, we can.
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Yes-yes.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- We can hear you.
- **Ms. Prakashini G Shenoy – Shareholder:**
- Yeah. I'm Prakashini Ganesa Shenoy from Bombay. Respected Honorable Chairman, other dignitaries on the Board and my fellow shareholders, good afternoon to all of you. I received Annual Report well in time which is informative, transparent and contains all the information as per the corporate governance. I thank the Company Secretary and his team for the same. Of course, I have not heard the speech of this thing. I was busy with another meeting. Anyway it will be good. I am thankful to the Chair for giving such a beautiful picture about the bank, it's working excellent. I'm thankful to the Board for recommending dividend for the financial year 21-22. At the outset, I thank the management for receiving number of awards for the financial year 21-22. Sir, I have just two questions. How many accounts on online were opened during the financial year? Next question is, how our bank is planning for digital future? I wish the bank good luck for a bright future and pray God that the profit of the bank shall reach the peak in due course. Sir, I wholeheartedly and strongly support all the resolutions put forth in today's meeting. Thank you Chairman Sir. Thank you very much.
- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**
- Thank you very much, Ma'am.
- **Moderator:**
- With this we have completed the Q&A session. I now hand it over back to Chairman to conduct the further proceedings of this AGM. Thank you.

- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**

- Thank you to the shareholders for raising so many interesting questions. Now, for giving replies to your queries and evaluating the various opinions and suggestions of the shareholders I would like to invite Managing Director & CEO Mr. Shyam Srinivasan.

- **Mr. Shyam Srinivasan - MD & CEO, Federal Bank:**

- Thank you, Chairman. Thank you, dear shareholders. Those were very, very useful and valid inputs. Allow me to go through some of the questions and the responses for that. I think shareholder Umesh opened by asking us three particular observations and questions. One was around the insurance penalty, second is around the Capital raise and let me just try and speak about that. Sir, unfortunately there was an incident in 2019-20 where insurance incentives were paid to some employees and appropriate responses and disclosure was made to RBI but since it was a regulatory breach they did see it fit to levy a penalty. And in terms of employees who were on the wrong side of the activity, they were suitably punished and they did have a claw back on the amounts that they were rewarded. And as a senior person at the bank, at the helm of it, I took the responsibility of not even opting for any personal benefits of bonus or options. So, we have taken appropriate actions. Most importantly, it's a one of event that happened three years ago and it's not a repeat event. The Board has taken extremely close watch on every step of the activities and improvements and processes are very much in place and we haven't seen the recurrence of any such nature and you will notice across long periods of time our regulatory compliance has been impeccable and it will continue to be so. So, I reassure all our shareholders that there's nothing to either worry or read into it except for the fact that there was a one of event which we have taken appropriate actions.
- On Capital raise, like last year this year too we have sought our shareholder approval for up to 4000 crores. Certainly when the opportunity arises, and if and when the opportunity arises, we use capital quite responsibly. For long periods of time, I think, in the last 11-12 years Federal Bank is probably the only organization that has grown through internal accruals except for one capital raise at an appropriate price in '2017. We haven't done any QIP or any such activity. In FY22, you may recall, we did an IFC, up to 5% we brought them in. Beyond these there has been no capital interventions and we've grown considerably over the years entirely through internal accruals and therefore our principle and philosophy is try to make sure that we are wise and judicious in use of capital and that philosophy will continue. Unless we see meaningful opportunities that come up, we will be very conservative on how we use capital. I think, this answers partly a question that shareholder Nand Kumar also pointed out. Mr. Nand Kumar mentioned and did caution us on a few areas. Certainly, Sir, we have taken note of all of them and we are acutely sensitive to some of the aspects of growth and yet keeping the discipline of growth managed alongside keeping our credit quality intact, which has been the focus of the bank for many years as you sort of tracked us over the years and we don't see us wavering from

both being sensitive to good quality growth and the operative word is 'good' and 'quality' and we would like to make sure that we don't compromise on either and we continue to steam ahead. We do believe FY23, at this juncture just as we reported very strong performance in Q1, we will be focused on repeating or delivering similar numbers in quarters ahead. The underlying point you mentioned, I think, is about focus on Deposit growth. We have been thoughtful about Deposit growth and not bulked up our book. We've been always focused on granular. So, in FY22 and in FY21 we shared some of the bulk deposits because we did not want to carry high-cost bulk deposits. We wanted to make sure that its retail in nature. As we look into FY23, I think the markets, as you pointed out, the liquidity is getting stressed out and there is a situation that may require adequate focus on deposits and we are at this juncture very attractively priced for retail, domestic and non-resident deposits and we will continue to make sure our Deposit growth continues to be very robust, particularly on the retail and at the end of a customer. So, that will continue to be. Your observations on Bonus shares have been noted and we will certainly have appropriate actions as we get into FY23.

- Shareholder Surendra Nath spoke at length around the value of the bank. Sir, I just want to reassure on behalf of the entire team and the Board that we are sensitive to the fact that the share price has not reacted to all our efforts but I can only assure you the management is unwavering in its focus on building value. I just want to point out, we probably are the very few banks that in the last five years has more than 50% growth in our book value; Book Value Per Share. We do believe very confidently that in periods ahead this Book Value Per Share will translate into earnings multiples and our share price expansion is, you know, probably due as in our sustained performance improvement is visible and we, like I pointed out, are sensitive about creating value. Valuation follows. And, I'm convinced that our Book Value Per Share growth on a sustained basis cannot be ignored and we do believe value and in value creation. Valuation will follow value creation and I'm sincerely hopeful that when we gather next year this time around we are in a position to make sure that we are all celebrating a much higher share price. But that is something that management can't control. We can only focus on the inputs which is performance and I can assure you on behalf of the entire team and the Board that our focus is on high quality performance and operative word is 'high' and 'quality'. Both are important for us.
- Shareholder Paulose spoke about many areas. I think his observations are well noted. I did answer on the insurance and I think, Mr. Paulose, you should be aware that we are an EGS committed institution and we believe that this is something that is the right way to grow a franchise socially and be relevant for society. Relevant from the point of the highest quality of governance and yet focus is on businesses that are growth oriented that will preserve society for long periods of time. As a socially responsible corporate we will not take our eyes off that and any commitments we make to either an invested party or the society have to be taken in the context of over long periods of time how do we glide path down rather than abrupt stop and even in the partnership with IFC there is a commitment over a long period of time. We will zeroise some but there are incremental growth opportunities which are substantial and we will make sure that those compensate for any potential reduction in any other areas. That's why we have not suggested any lower growth in

the years ahead and we believe that as long as the environment doesn't turn very, say, hostile Federal Bank's quality and growth will be intact and will continue to grow.

- Shareholder Mohit had a few observations. Branches; I do not guide for five years, Sir. I guide for the next three years. We are saying 25% expansion. We are at this point in time 1282 branches. We believe between now and FY25 we will be in a position to add another 250 branches or so. Exact locations are certainly something that cannot be crystallized at this very juncture. We can take a quarter-to-quarter view. In the quarter ahead we're looking at another 15 branches, that is the Quarter2, and by end of calendar 22-23, Financial Year 23, we would have added 65 branches. And NR Deposits; we are a magnet for that segment of the market. We, like Mr. Bala pointed out in the opening remarks, 21% of India's remittances come through Federal Bank and this is not just GCC India or GCC Kerala but this is globally coming into India and we tap in to a large share of that and it's certainly our endeavor to use technology and our ground coverage to ensure that the share only keeps climbing. Just to remind ourselves, we were 6% of India's remittances only 7-8 years back. We are 21% of India's remittances. I don't think of any institution that can even match our rate of growth and we don't see that's cooling off in periods ahead. Certainly we will, as things unfold, we will be looking at an online-offline model as we go into AGMs in the years ahead. And observations of why an institution that is 91 years old should be smaller than HDFC and ICICI; sometimes we have to be quite conscious of cutting our cloth to suit our needs. I don't think we should try to be somebody else. We have chosen to be the most admired bank and we will not take our eyes off that. Our growth quality and our credibility are paramount and we will continue to grow. And in periods ahead, you know, there have been institutions in the last 10 years we've tried to mimic those models and today don't even have an address. So, Federal Bank is very sensitive to kind of growth and how we grow and how we pace our growth because we can't eat more than we can digest. So, rest assured shareholder Mohit and others that the bank's commitment to growth and quality are unwavering and we will ensure that in the periods ahead you will be proud to be a shareholder and our job is to create value and in the bargain valuations will go up. We will commit to delivering that and that's the bank's focus. In terms of succession, the bank has a very well thought through succession plan. The Board, you know, continuously reviews that and the nomination committee of the Board constantly looks at how to improve the bench strength of the organization and this is reviewed at all and on a periodic basis. I'm sure the Board will have very thoughtful answers to you when and around my term ends which is still three years away.
- Lastly, Madam Shenoy, thank you very much for your inputs. You would have noticed that our theme of 'Digital at the fore. Human and the core' is prevalent in everything we do. We have got very good fintech partnerships which are helping us bring a large number of the clients digitally. I did mention, we had a whopping 96 lakh transactions last year which were digital which is a 26% growth over the previous year. And, we believe in the period ahead similar performance or even a greater improvement will happen. And, I've always said, the future of digital is human and our focus is to make sure that we are digital at the fore and human and

the core and rest assured that both elements will power up and ensure Federal Bank can truly be most admired.

- So, thank you very much all our shareholders and always happy to engage with you and I'm sure we'll get opportunities to meet up somewhere, some place in person too. Thank you very much. Thank you, Chairman.

- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**

- Thank you, Shyam Srinivasan, for answering all the questions raised by the shareholders. We have 92 shareholders who attended this meeting and there were 6 among them who had questions and who spoke. I would like to extend my whole hearted thanks to my colleagues on the Board for the sincere cooperation and support for the smooth conduct of the Annual General Meeting. I also extend the thanks to be valuable customers of the bank, the shareholders and our large team of employees for their support. Wishing you all, the very best and urging you all to stay safe and stay well. I now invite the Executive Director Mr. Ashutosh Khajuria to deliver the vote of thanks.

- **Mr. Ashutosh Khajuria - Executive Director & CFO, Federal Bank:**

- Good afternoon All, respected Chairman Mr. Balagopal Chandrasekar, MD & CEO Mr. Shyam Srinivasan, honorable Directors on the Board, esteemed shareholders holders, the Federal family, ladies and gentlemen. The 91st Annual General Meeting of the Bank is coming to a successful conclusion. With the patronage and support of our shareholders, customers and employees we could have a decent performance in a year full of unforeseen challenges and obstacles, particularly for the banking sector. A creditable achievement indeed, about which all of us can be proud of. It is mainly the support and patronage of shareholders that gives us the confidence for future. While thanking the fraternity of shareholders for their unstinted support, I welcome our new shareholders also who brought with them the strength and refute to the bank's Balance Sheet.

- Bank's customers are strength and our motivation. Many of our shareholders are also our customers. The existence of enterprise is because of its customers and for its customers. To all our customers who are extremely valued to us and who all are spread across the states in India and across the countries globally, I extend my heartfelt thanks for patronizing the bank all through the challenges.

- Now it is my pleasant privilege to thank all those who have been instrumental to make this meeting a success. I especially thank all those who actively participated in the meeting and raised quite pertinent queries. The meeting is being presided over by our honorable Chairman Mr. Balagopal Chandrasekar, a person of a wide past. A former bureaucrat, a successful entrepreneur, a prolific writer and extensively travelled person etc.-etc. His commitment and leadership have been invaluable. On behalf of all the shareholders, Directors on the Board, employees and all those

present in the meeting, I extend my hearty thanks to our Chairman Mr. Balagopal Chandrasekar.

- Our MD & CEO Mr. Shyam Srinivasan has been leading the organization for nearly 12 years. A period symbolized as 'Yuga' in our culture. In 'Shyam Yuga' the bank has been run with a missionary zeal and under his leadership the bank has stood firm on the pillars of transparency, openness and the best practices in everything that we do. He's determined and dedicated to make this bank equally attractive for all the shareholders, customers, employees and the society with the excellent results, which we all witnessed now, is a reflection of his relentless pursuit to take the bank to greater heights and make it the most admired bank. Under his leadership the Bank has expanded from 700 odd branches to nearly 1300 branches and is amongst the top six private sector banks, both in topline growth and in profitability while upholding its heritage culture and the values laid by our late founder Mr. K.P. Hormis. His vision to make our bank as the most admired bank for all stakeholders is a path on which the entire team Federal is committed to tread. I thank you, Sir, for your leadership and wish you a long and more successful innings ahead.
- Directors on our Board have rich and varied experience in governance, regulation, banking, accounting, administration, risk management, payment and settlement systems, international banking, MSME, Agriculture and Information Technology and bring with them a load of experience; firsthand experience on the Board and the highest level of professionalism as well. For their guidance and contribution, thank you Madams and Sirs.
- It is our employees at all levels who build up the bank through their hard work. To all the employees of the bank and especially to all those who have been risking their lives in the past extremely difficult times to put in exemplary efforts to ensure the normal running of day-to-day banking operations and servicing our esteemed customers and also those who have ensured the smooth conduct of this AGM, I express my sincere gratitude to all of them.
- I also thank the ex-directors and retired employees, who are participating in this digital meeting, who built the strong foundation on which the present office is being constructed. On behalf of the shareholders, Board of Directors, the management team and all the officials and employees of the bank I express my sincere gratitude to all the auditors for a smooth yet highly professional conduct of audits. I take this opportunity to especially thank our statutory central auditors, M/S Varma and Varma and M/S Borkar and Muzumdar who all throughout have maintained high level of professionalism and quality in conducting the audit and limited reviews of the quarterly financial statements of the bank.
- Bank has been receiving good encouragement from the press and media and, I think, all the members of the present media who have been covering our bank through the year and some of them would be present here to cover this event as well, I appreciate the good work done by MultiTV Tech Solution Pvt Ltd. and personal connections in making this function colorful. Thank you very much.

- Once again, thanking all of you. I conclude '*Ellavarkkum ente sneham niraanja nanni*'. My heartfelt thanks to all. Wish you all a very happy Amrit Mahotsav of India's Independence. Jai Hind. Jai Bharat. Jai Jagat.
- **Mr. Balagopal Chandrasekhar - Chairman, Federal Bank:**
- Thank you, Ashutosh Khajuria, for that very uplifting vote of thanks. I thank all the shareholders, the Board of Directors, members, the staff and employees and other stakeholders who attended this meeting and for their enthusiastic participation. And, I hereby declare the proceedings as closed. Thank you.

(E-voting)

END OF TRANSCRIPT