



“Federal Bank Limited Conference Call – to share an update on Kerala Situation”

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MANAGEMENT: MR. SHYAM SRINIVASAN – MD & CHIEF EXECUTIVE OFFICER, FEDERAL BANK
MR. ASHUTOSH KHAJURIA – EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER, FEDERAL BANK
MS. SHALINI WARRIER – CHIEF OPERATING OFFICER, FEDERAL BANK

Moderator: Ladies and gentlemen, good day and welcome to Federal Bank Limited Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shyam Srinivasan. Thank you and over to you, sir.

Shyam Srinivasan: Thank you very much. Thank you all for dialing in, this is a call at very short notice. The objective of today's call many may wonder to know what is the reason for a call today and what is the uncharacteristic nature of a call suddenly. Over the last one week as all of us know Kerala has had unprecedented rains and floods and the consequence is extreme disruption to both lives and businesses and over the last two days after our sort of come-back, we have been in a different form flooded with many queries and calls by interested parties, stakeholders, investors, analysts as also there is some malicious negative media floating around, we debated longer whether it should just be a release or it should be a Q&A with a short prelude by me. So we have made this decision to share facts and give everybody clarity to all our interested stakeholders and which is why we sort out. We did not want to do bilateral communication which may produce some information arbitrage so I am happy all of you have taken the effort to dial in.

So let me just share some facts and clarify any queries that any of you may have and we're focusing this call exclusively on the consequences of the Kerala flood and some facts around that. Our usual call at the end of every quarter after the results will be the more informative and instructive call on the business performance and the consequence of our various initiatives. So let me just focus my attention on the most recent development.

As everybody knows we have 593 branches in Kerala and are extremely happy that today we are fully functional barring a few branches which have been physically damaged in certain areas on account of the rains and even they are working from nearby places/ premises since our branches not far away from there so that the customer experience is addressed well. So one, branches are back in business. Two, our data center is fully functional. Our headquarters of the bank is in Aluva, our data center and many of our technology-related principle functions are in Aluva. Aluva was one of the centers that were terribly affected. It is on the banks of the river and downstream to the Idukki Dam so as a consequence during the peak of the floods, Aluva did face significant damage as a location. But water has receded; people have started getting back to normal lives. There has been disruption for individuals who live there which includes me and many of our team members and therefore they have all had to relocate to different locations and then over the next 2-3 weeks work around repairing homes and getting furniture back and the personal disruptions have to be handled.

Our head office building is in Aluva. Water was up to a particular level but we are happy that has receded and effective tonight but tomorrow being a holiday so on Thursday we will all be back to work in our Aluva headquarter fully functional. So one message is branches are fully functional, our technology capabilities are now back and fully functional and even more

importantly all are employees are back and safe including their families and there has been no untoward incident which is great. Yes everybody had to have some physical or financial challenges which will be addressed and the level of effort by many of our colleagues to help out and save one another has been exceptional.

Now turning to the overall business structure of the bank because on many occasions people have started banding around numbers of 45% of the business in Kerala and therefore there are consequences that are enormous. Let me just share some of the numbers and place as facts:

First 26,000 crores is the credit extension in Kerala for our retail SME and midmarket clients including agri and about 6000 crores odd in the corporate and government. So about 32,000 crores out of our 94,000 crores of credit is in Kerala and dimensioning that we have done of this 26,000 crores which is retail, micro, small, agri and medium-size businesses the large 7 cities of Kerala remained completely unaffected in fact we were all moved to other head office in Marine Drive in Ernakulam. It almost looks like there was no event that happened to 20 km away so we live in a place where this is fairly insulated and less affected by all these developments. Similar situations have been in Trivandrum, Kottayam, Kollam, Trissur and Calicut so all the main 7 cities and towns are not significantly impacted.

So, the parts of the business that are in the districts or the locations that have been ravaged by the floods, we have about 60 branches in this catchment of 7 to 8 locations. These 60 branches are smaller branches relatively rural and micro in nature and their credit exposure through these branches in and around is about 1500 crores. So the total picture is 25,000 crores-26,000 crores of retail, SME, agri and business banking in the 593 branches of Kerala, about 60 branches are in the most affected territories and they have a credit exposure of about 1500 crores and as you know the large part of the book is secured and the agri businesses have already got their necessary dispensation through the SLBC process with existing RBI guidelines.

Now turning to the deposit side of the bank: We have about 65% of the bank's deposits in Kerala that's about 75,000 crores and given the current situation, given Onam, given the second half festive season normally the inflow increases during NR remittances and the current situation of rupee being where it is and situation of Kerala needing more support maybe the remittances will increase substantially.

So broadly while we are not diminishing the challenges, we are not understating the problems that the individuals of the state will have, from a commercial business lens we are not significantly raising any alert. We are putting in all our initiatives to make sure the business continuity is happening and the necessary approvals and the necessary efforts to ensuring credit is well managed continues. That said will there be implications on credit in certain areas in retail, in rural, in SME and micro we may see and in the normal quarter if you see about 150-160-170 crores of slippages in these businesses that may see 20%-30% increase in the near 2 to 3 quarters. This is only from Kerala.

So broadly this is the picture as we see as we speak today and we are back in business. There have been some messages floating around which we got calls and I thought it appropriate to explain to everybody that 270 branches of Federal Bank are drowned and gold packets are missing and so on and so forth. Let me reassure not even one gold packet is missing, not even one branch is disappearing. Everything is the way it is, some physically 5 branches have been very damaged and they are really in the medley of the flood and they are being restored in some instances, we may not have been referred in that place but we may decide to do definitely. So in short these are the principal updates I wanted to share.

What happens as a consequence of all this will there be incremental consumer demand I believe yes. Will there be a lot of reconstruction, we believe yes. Will there be flood funds coming in, we believe yes. Will there be near-term disruption of people being focusing on restoring their personal lives and personal homes, yes. But I think on the flow the incremental business of the bank gets 75% to 80% of our credit is outside Kerala and the non-Kerala deposit book is growing 26% to 28% so we believe the bank is well positioned to ensure that we are not dramatically disturbed or affected by the consequences that have happened. I don't want to undermine the physical challenges that many people are facing. But that is a humanitarian aspect and less the commercial aspect.

So broadly these are the key points I wanted to share so we don't have a big story to tell. We just wanted to place these facts and sort of dispel any possible misconception that maybe there and we are happy, my entire senior team is there. But I'm happy to address any questions but request that we focus the conversation only to the Kerala related matters. So operator you may open it for Q&A.

Moderator: Thank you very much. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Chirag Shah from IDFC Bank. Please go ahead.

Chirag Shah: You mentioned that some of the branches have been affected badly. I believe the number was 60. Can you tell us when you say the branches were affected has it the safe deposit boxes, places where you have kept all the collaterals that you have collected things like that or maybe documents of mortgages or anything of that sort?

Shyam Srinivasan: When I said 60 branches that is in the seriously affected territory, the branches are back in work. I said that only 5 branches are physically damaged where the roof has caved in or the entrance itself is jammed and inaccessible because of the roads leading up to that. So the physical damage in the physical premises or leading up to is 5, the 60 branches are in affected territory. The branches are opened, out of our 593 in Kerala as of last evening 557 were fully functional, today another 10 branches are fully functional. The non-functionality is only like UPS is not up or the power has not come that area. There is not even one branch that has suffered on account of documents missing or documents disappearing or any such issues.

Moderator: The next question is from the line of Chetan Vadia from VKL. Please go ahead.

Chetan Vadia: My question is on the for the credit growth do you think the next couple of quarters will have some kind of impact in terms of growth and do you think now that we know that Kerala may take some time the non-Kerala business would have to be pushed a little more to compensate for the growth that may not come from Kerala?

Shyam Srinivasan: Our belief—is of course it's early to comment we are just literally in revival mode, our belief—is Kerala at worst will have 30 days impact after that growth may increase. Even I had to go and buy a washing machine and a TV. So you will see massive consumption likewise this is going to be consumption positive and construction positive. Question is how fast and therefore I can't quite comment on that but surely you will see demand increase because there is a natural requirement that is there because most people homes need some kind of refurbishment. The non-Kerala growth yes we will certainly see them to go much higher but I think these are mutually exclusive. Kerala and non-Kerala we are not rationing the growth. The opportunity of non-Kerala remains and will continue to. If they can carry more load even better. But I would say these are mutually exclusive. But Kerala growth by itself we do believe after the normal cleaning up the homes and getting lives back I am not being facetious in this call when I say there are nine people in my room with me, all of us affected had to buy at least 3 pieces of clothing, one TV, one fridge and one washing machine back. I'm not being facetious in saying that.

Chetan Vadia: Are you seeing an early sign of heavy deposit withdrawals from the people within Kerala

Shyam Srinivasan: At this juncture no but it also points that with the Onam festivity usually it should have been high given the somber nature of the situation the withdrawals haven't happened. The inflows usually at this time are the highest. By today tomorrow we will know because the rupee at where it is the situation in Kerala demands more inflows and Onam is the time when the maximum inflows come and maximum spends happen. That spends may happen differently, inflows will happen this week.

Moderator: The next question is from the line of Kaushik Poddar from KB Capital. Please go ahead.

Kaushik Poddar: Shyam what is the exposure of SME and retail in Kerala, is it 25,000?

Shyam Srinivasan: Our total exposure in Kerala of SME, agri and retail is 24,486 crores.

Kaushik Poddar: And you also said something like normal slippage is around 160 crores from Kerala so that will increase by around 20% that's what you are saying instead of 160 crores....

Shyam Srinivasan: That is our estimation at this juncture. We took last 8 quarters, looked at the Kerala exposure including some spike-up which was there in education loans 2 quarters back and we normalized it. Between 160 and 180 crores is the retail, SME, agri slippages for the quarter over the last 8 quarters. Our forecast for the remaining quarters normally would have been there but now are slightly improving because the portfolio had seen no stress. We believe that given the severely affected areas which I pointed out is somewhat 1500 crores is the severely affected areas in those

60 branches territory which I spoke of. We will do some sensitivity analysis and what may be. We think that will produce about 60 to 70 crores of slippages for quarter. That's a number I am adding to the 160-180 crores normally.

Kaushik Poddar: Right now you are sticking to your guidance of total stressed assets being at 1.7% at the end of the fiscal year?

Shyam Srinivasan: We are at this point our total stressed asset is 2% and we are expecting that number to come to 1.7 to 1.8 barring a dramatic deterioration on the forecast I just gave you. We think in that zone it should be.

Kaushik Poddar: Whatever you are forecasting at something if there is a deviation from this kind of forecast will you be able to come up and give a public statement by one month? By one month you will be in the position to tell us that whether that whatever forecast you're giving....

Shyam Srinivasan: Our next data point and next update will be in October third week when we do our results announcement. I think by then we will have a better picture of how it's playing out. Normally we would have held back this call. We did this call after deliberating within. There are some people who have asked why doing this call, what incremental information do you have? Equally there are people who have said that you are not sharing adequately or share with me. We thought it is fair to share it widely.

Kaushik Poddar: So when you announce the second quarter number you will be having a fair idea of what is the final kind of losses you are looking at.

Shyam Srinivasan: We will give you a more Nuance input on this.

Moderator: The next question is from the line of N Samraj from Dwarka Wealth. Please go ahead.

N Samraj: Thank you for holding this call. I commend the confidence of the management and openness that you have shown and especially after malicious rumors that were floating on the social media. This was really called for and once again I thank you for this. What I am now putting to you and to the forum at large is something which escapes the nitty-gritty of the percentages and all on books, the loan losses, NIMs etc. What I'm saying is on Thursday and Friday when the crack took place and the finance institution exposed to Kerala specially, South India Bank which has 51% of loan book over there it actually rose on Thursday and on Friday it fell a little bit giving a net loss of just 0.5% to 1% whereas our bank which is we are having only 31% book exposure to Kerala has fallen 9% so is this anything malicious is this not an anomalous arithmetic which is taking place? So this is the forum I'm putting to all the analysts, yourself and to the listeners and explain me the arithmetic if you could.

Shyam Srinivasan: Personally I can't answer that. We live in constant wonder why we are being punished. We have resolved that performance is only the tool that we have the answer to this. So I would be most

instructive and educated if wiser people are on our call are more important shareholders can advise me we will be happy to do stuff that will improve the situation. None of us like to be in the position of seeing 10% fall for almost no fault of us. But I have no other explanations to offer. We live in constant wonder but to be honest I can't answer that any better.

N Samraj: What I'm saying is I am just putting a mirror image of another institution I am sure the question which I have now put was be really it must be questioning the people so how do they explain that. Therefore there is an anomalous arithmetic which has to correct itself.

Shyam Srinivasan: Other than recognizing and observing and accepting I have no offer if any of our colleagues do otherwise we should move to the next question.

N Samraj: Now secondly I just wanted to say there is an Economic Times write-up in fact on Thursday only when this mishap occurred. South India Bank is now upping its state for one regional Gramin rural micro finance company, so could you please throw some light on that? I know it is little digressing from the calamity but if you could that would also really enhance our understanding of the bank and its future prospects.

Shyam Srinivasan: Sorry I have nothing to offer on that as input and from our side like i mentioned in our last call we are continuously looking out but it has to be accretive and there is no progress to update from Federal Bank side. Some of our other bank partners if they are doing it I would rather answer I have no idea. I would move to the next question.

Moderator: The next question is from the line of Payal Pandya from Centrum Broking. Please go ahead.

Payal Pandya: It's really nice that most of our branches are fully functional now. Would you be able to throw some light on how deposit growth are expected to be in the wake of the fact that a lot of money would be required by the borrowers as well—not the borrowers but the customers—for sorting out there: it will damage and things like that so do we see a deposit growth coming in that front? And also do we envisage any major NPA threat here?

Shyam Srinivasan: On deposit growth the proxy for that is what I can answer, we expect remittances to increase quite materially. We think it could go up as much as 30% to 40% and invariably when remittances go up a tail of it stays back as deposits so we may not see any slack off in deposit growth. Nature of the deposit growth may change we will see that. Certainly we are looking at maybe is ways to compensate if there is any slack in Kerala. The rest of the bank picks it up. On the NPA point I already mentioned that there may be some near-term increase in slippages in certain pockets and that's what the number we had already shared so outside of that nothing larger. And the bank's footprint being much wider and the business growth being much higher in geographies beyond this state we don't visualize any percentage reduction in growth and otherwise.

- Moderator:** The next question is from the line of Roshan Chutkey from ICICI Prudential Asset Management. Please go ahead.
- Roshan Chutkey:** How you've arrived at the estimate of 20% and how does it reconcile with the fact that you have this 1500 crores of probably stress exposure in the severely affected districts now how does that tie with your estimate of 20% higher slippages on the SME, retail, agri book?
- Shyam Srinivasan:** We did some early sensitivity analysis based on the nature of the clients and whether they were past defaulters who have always been on the periphery. Like I said these are all assumptions, the actuals will vary but there is no scientific modeling based on some people who have looked at the data and applied their. That's why I said in October results call is when we can give a more nuanced input on this.
- Moderator:** The next question is from the line of Mangesh Kulkarni from Almondz Global Securities. Please go ahead.
- Mangesh Kulkarni:** I just wanted to recheck on the numbers. You have said our average slippages are in the range of around 170 crores from these regions or 70 crores?
- Shyam Srinivasan:** I said 160 to 180 crores is the slippage from Kerala in the bank at an average for the last 8 quarters across all the 3 businesses, non-corporate.
- Mangesh Kulkarni:** And out of that about 20% is likely to rise because of...
- Shyam Srinivasan:** Yes we expect 20%-25% increase in the near term over the next 2 to 3 quarters. That may be the situation. We will certainly review it closer and intensity will increase. This is just an early input and for sure that's the focus of the bank in the next 2 to 3 weeks.
- Moderator:** The next question is from the line of Ashish Kumar from Infiniti Alternatives. Please go ahead.
- Ashish Kumar:** You mentioned that most of the book is secured for the SME retail. Can you give us a sense whether it would be 80%, 90% or maybe more than 95% of the retail and SME books?
- Shyam Srinivasan:** Out of the 24,000 crores the credit in Kerala, 10,000 crores is retail about 5600 crores is Agri and about 8500 to 9000 crores is SME. Our retail book is 95% secure, our agri book is secured by gold, insurance and property 100% and our SME book is about 75% secure.
- Moderator:** The next question is from the line of Rahul Maheshwari from TCG AMC. Please go ahead.
- Rahul Maheshwari:** I just wanted to know in past any such event had occurred during the history that that has led to such slippages and what about the slippages in growth that we had witnessed during that time so just to get a sense that and how was the growth panned out one such kind of event had occurred in any of the states where your major presence was leaving apart Kerala?

- Shyam Srinivasan:** The banks at least in my time or fairly long, we haven't faced any such instance. In the history of Kerala I'm told the last time the flood of this nature was in 1924 therefore there is really no immediate data points to reflect. But we have done our own back of the envelope when we look at our Bhuj tragedy, Latur tragedy, the 26X11 events like that, the J&K events that's what we have looked that to understand what maybe the issues. But the level of intensity of this is quite unprecedented. We have not encountered any of this nature.
- Rahul Maheshwari:** Just to take for the last year there was Chennai floods though your presence in Tamil Nadu is less as compared to Kerala but what kind of impact did you witness?
- Shyam Srinivasan:** Almost non existence, the impact was very marginal. I think the Chennai floods were distinctly different from this or any of the events. This is state wide that was very localized to one city and that was more damage to specific parts of the city. This had an entire river which is about 300 KM on its journey leaving trail across.
- Rahul Maheshwari:** In your entire 30,000 crore Kerala based book can you give the segments performance, not specific in terms of retail SME but segments like rubber, cashew, spices and the SME Trader segment, automobile segment. Any kinds of things which you are witnessing in that? That would be helpful.
- Shyam Srinivasan:** The top sectors of business in Kerala out of this 24,000 crores odd, is naturally the trade related is about 4000 crores, infrastructure is about 2500 crores, construction is about 800 crores, rubber is about 280 crores, tourism is about 280 crores and paper, food, basic metals is about 500 crores, gems and jewellery is 150 crores, so this will give you a sense of the book. It's fairly widespread and the sectors that may face issues are relatively smaller in our portfolio namely rubber and tourism, combination is 500 crores.
- Rahul Maheshwari:** What kind of growth which you had told that there would be a huge consumption demand at least from a housing perspective of goods which would be there. What kind of a Kerala as an overall market opportunity do you find in your presence that can give you a pool of good growth in the coming quarters not just the second quarter.
- Shyam Srinivasan:** I think retail credit non-housing, our book is relatively small. It's not been our focus. We will certainly give that attention and focus when the opportunity increases. Our non-housing book in Kerala, non-housing, non-education is relatively small and that's where we see opportunity for growth. So growth percentages maybe high but that's also we are extending some plans for existing customers.
- Rahul Maheshwari:** In housing any specific number, opportunity, just a rough estimate that currently it is.
- Shyam Srinivasan:** Housing has been growing at (+20%) and it will continue to grow.
- Rahul Maheshwari:** But due to this event will the growth be substantially high or you would be safe cautious?

- Shyam Srinivasan:** I think here the housing loan growth is less going to be affected. House renovation is what will get focus.
- Moderator:** We have one question. That's from the line of Gaurav Kochar from Ambit Capital. Please go ahead.
- Gaurav Kochar:** What portion of the affected book will be eligible for dispensation?
- Shyam Srinivasan:** At this juncture the entire agri book has got the dispensation. The regulatory forbearance is there. As the Central Government has declared Kerala as a severe calamity and that automatically triggers in a certain set of initiatives. SLBC has already applied that and tonight the SLBP minutes will come out. So Agri will get all the forbearance as per the approved criteria. Retail in the small businesses, the request is going to RBI. We do not know the consequences yet.
- Gaurav Kochar:** What would be the form of dispensation? Will it be restructuring of the interest and principle into term loans or will it be extension?
- Shyam Srinivasan:** The Agri is interest moratorium for one year and principle repayment over five years.
- Moderator:** The next question is from the line of Girish Raj from Quest Investments. Please go ahead.
- Girish Raj:** Any estimate on the cost to restore all this devastation that has happened in terms of cost to income that we will have?
- Shyam Srinivasan:** Yes, good question. Our early estimates are that roughly between 8-10 crores will be the expenses need to be incurred for entire bring back to BAU or even better in all the affected areas in one form or the other.
- Girish Raj:** This will be taken in the second quarter, right?
- Shyam Srinivasan:** No it will not be only in second quarter, because it will be extended over. Because these are all capital expensive, it's not a P&L hit.
- Girish Raj:** Second question is, we had a slippage estimate of 1200-1300 crores and you have given some estimate related to Kerala exposure which will be over and above, so maximum it can go up by 120-130 crores, over and above 1200-1300 crores?
- Shyam Srinivasan:** We had said 1200-1300, at this juncture it's the number you mentioned but when we come in for our Q2 call we will give a more defined outcome.
- Moderator:** The next question is from the line of Nilanjan Karfa from Jefferies. Please go ahead.
- Nilanjan Karfa:** In your opening comments you mentioned about your data centre and I kind of missed it, was it effected also or is it safe?

- Shyam Srinivasan:** Yes, our data centre is in the Aluva Head Office Area. Overnight that area flooded up to the first floor, so data centre had to be literally powered off for the first time in its history. Our DR site is in Bangalore that picked up the entire load but the telecommunications here breaking down did cause some disruption but mercifully on Saturday evening we brought the data centre back and today it's fully functional.
- Nilanjan Karfa:** So basically no impact and no data loss of any sort?
- Shyam Srinivasan:** No data loss but we did suffer from client disruption for 24 hours, erratic it was.
- Nilanjan Karfa:** That's good to know. And when we talk of this forbearance which automatically comes in case of calamity I believe it is on a district-wise basis not an entire state. Is that understanding correct?
- Shyam Srinivasan:** In Kerala unfortunately all 14 districts have had some impact of this.
- Nilanjan Karfa:** So the entire Agri exposure in Kerala is getting the benefit is it?
- Shyam Srinivasan:** Agri exposure is largely in three territories, Alleppey, Kuttanad, Wayanad, Idukki these are the most impacted parts also.
- Nilanjan Karfa:** So other than Agri what happens from the SME side? I believe that's a bank to bank....
- Shyam Srinivasan:** There is no formal announcement by regulators. There is a request from the bankers but that we will know only later.
- Moderator:** The next question is from the line of Nishan Shah from Macquarie. Please go ahead.
- Nishan Shah:** We talk about RBI forbearances and everything, so understood we get some recognition forbearance like we don't recognize them as NPLs for a while or something but ultimately what is the on-ground impact? Do these SMEs or do these retail customers who get affected are they able to then repay and come on stream because we have seen during demonetization or GST, RBI did give forbearances but ultimately these did end up becoming write-offs and provisioning hits had to be taken. So any thought or any color that you can put here, like what the on-ground situation is likely to be like and how much we can suffer or otherwise?
- Shyam Srinivasan:** I have to be honest we wouldn't know that because there is no way of measuring it. We all know that people are fighting hard to come back and restore life livelihood. We must see at least two months of how people are coming back and what is the cash flow situation. So at this point in time I can't quite comment but for sure there will be some support required for people.
- Moderator:** The next question is from the line of Shiva Subramaniam, as an individual investor. Please go ahead.

- Shiva Subramaniam:** The cost of restoration you said it will take some cost to restore the Fixed asset, are the fixed assets been insured?
- Shiva Subramaniam:** Yes sir, All my colleagues are saying fully insured.
- Nishant Shah:** That's good. One more thing is the additional stress assets out of Kerala would be around 160-170 crores you were mentioning, is there any positive impact on the numbers that you are mentioning because of additional demand or increased deposit, something which you have measured in addition to that?
- Shyam Srinivasan:** We are visualizing substantial requirements for retail credit and increase and over the next two quarters that will be playing through that's why we said we are not altering our credit forecast in any form. Deposit growth, remittance growth will be higher, how much gets into deposits we will have to see.
- Moderator:** The next question is from the line of Sohail Kalai from Antique Stock Broking. Please go ahead.
- Sohail Kalai:** I assume that you have said 9000 crores of SME book, so can you actually mention 2 or 3 large districts where SME book generates from? Second, in terms of security you mentioned that its 95% secured, so what is the kind of collateral that we would be having on those? And thirdly, in terms of dispensation, in terms of asset classification that RBI had given, in terms of GST SME and non-GST SME, had we be used it in the past and can we use it in the future as well?
- Shyam Srinivasan:** Firstly, the SME book I mentioned in Kerala is about 8800 crores. Ernakulam zone is about 4000 crores out of which the largest one is Ernakulam as a city and that's 1250 crores, Kozhikode is about 1600 crores, Kottayam is about 1200 crores and Trivandrum is about 2500 crores, this is broadly the SME book in Kerala. Have we used to the dispensation? Yes, we had used SME dispensation for roughly about 35-40 crores. And I missed the other question of yours. Will you remind me?
- Sohail Kalai:** Can we actually use the dispensation going forward as well?
- Shyam Srinivasan:** No, once that is applicable it is till December.
- Sohail Kalai:** So if there is an overdue situation so will it fall under the ambit of the RBI classification norms? Suppose a loan is overdue in October or November?
- Shyam Srinivasan:** Whatever the earlier clauses still apply.
- Sohail Kalai:** Finally, in terms of security, you said that 95% book of SME is secured, so what is the kind of collateral that we would be holding on that to?
- Shyam Srinivasan:** I said retail is 95, Agri is 100, SME is about 75%, largely property related.

- Moderator:** The next question is from the line of Shreepal Doshi from Equirus Securities. Please go ahead.
- Rohan:** Rohan here. If the tourism in Kerala close down for say next 3-4 months there is a direct portfolio that have an impact but indirectly if the income levels are impacted what could be the impact on portfolio, if you could share some insights on that?
- Shyam Srinivasan:** I think tourism about two years back when the liquor policy change, saw some massive come down and we are extrapolating a similar situation may happen because liquor policy of the State was restrictive and tourists arrivals fell substantially. This time you add to it two more things, the liquor policy is now okay but the Kerala main airport, Cochin is operational only from 26th, thankfully the alternate airport has already started operations, first commercial flight landed yesterday and they have restored that. And the two affected areas are Munnar, Wayanad and Sabrimala which are big tourist attractions; I think Sabrimala will come back in full form by next month. wayanad and Alleppey, which are the other big tourism attraction, Munnar, Wayanad that may take one or two more quarters. So you will see some hoteliers facing thing. I told you our credit exposure in hotels is about 280 crores.
- Rohan:** The transport operators vehicles, in general at an economy level you don't think that other than this portfolio of 280 crores there will be much of an impact? It's the income getting impacted off other people who are indirectly associated with tourism.
- Shyam Srinivasan:** Like I said on the top of the call we can't ignore it or pretend like it is a nonissue but the good news is that we believe that the dimensions of the problem are more manageable and we have solutions for most of it and we have to face the consequences of the other things. We only wanted to alert that the extreme views that people have taken we wanted to just clarify through this call and I hope we have been able to do that successfully.
- Rohan:** Just culturally like when people save in gold do they keep it with them at home or do they deposit it in lockers in case you could share something on that?
- Shyam Srinivasan:** I don't have an answer on that. That is very personal.
- Rohan:** Culturally like what is the behavior generally that is seen in Kerala? Just trying to understand because in case if it is saved at home then would there be a loss of the savings ncome which were then found gold just to get a sense on that.
- Shyam Srinivasan:** Not much I could answer on that. I think it would be, it's very personal thing.
- Moderator:** The next question is from the line of Shripad Aute from Smart Investor. Please go ahead.
- Shripad Aute:** Want to confirm one thing, you've said whatever property got damaged those are fully insured, right?

- Shyam Srinivasan:** Yes.
- Shripad Aute:** And despite that you said 8 to 10 crores additional cost is required to restore?
- Shyam Srinivasan:** Yes.
- Shripad Aute:** Can you just give the breakup of credit, the Kerala book?
- Shyam Srinivasan:** The size of the book?
- Shripad Aute:** Yes.
- Shyam Srinivasan:** 24,486 crores is the Kerala SME, retail, agri. SMEs 8800 crores, agri is 5600 crores and retail is 10,000 crores odd.
- Shripad Aute:** And non-retail, corporate and government?
- Shyam Srinivasan:** 6000.
- Moderator:** That was the last question..
- Shyam Srinivasan:** Let me just thank everybody for dialing in at short notice. Let me just remind ourselves we did this to give an update on Kerala. We want to make sure that information is equally shared across all our stakeholders and we hope we have been able to address. We haven't made any forward-looking statement. We have given guidance based on our assumptions of the situation and a more constructive input we will give in the October call after Q2 results. Thank you very much everybody for dialing in.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Federal Bank Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.