

Transcript

89th AGM of The Federal Bank Limited

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Presentation Session

Samir P. Rajdev: Good morning everyone, welcome to the 89th Annual General Meeting of the Federal Bank. Before we start, we will first have silent prayer for 30 seconds. I am Samir Rajdev the Company Secretary of the Federal Bank. I am attending the meeting from the registered office of the bank based in Aluva. I hope all of you are safe and well. In these challenging times we are conducting the AGM through video conference rather than our usual way of doing at a physical venue. Please note that all the shareholders joining this meeting are by default put on mute for the smooth and seamless conduct of the meeting. If any members face problem in participation in the AGM, please call the helpline numbers available in the AGM room. For the information of the shareholders all the registers and other documents required to be maintained under the Company's Act like registers of directors and KNP, Register of contracts and arrangements are available for inspection and we will also be able to provide soft copies through email based on the request. Now, I cordially invite Madam Grace Koshie Chairperson of the Bank who is attending this meeting from her residence in Vasai, Maharashtra to preside over the meeting and to address the shareholders. Thank you. Madam. Grace Koshie.

Grace Koshie: Thank you Mr. Samir our Company Secretary. A warm good morning to all our shareholders and to our shareholders from Kerala and other places, namaskaram. The Board members and other officials too well wishers of the bank who are attending the 89th Annual General Meeting of the Bank a warm welcome to you too. As the requisite quorum is present, I now call this meeting to order. May I now invite our esteemed directors to introduce themselves? Let me start with madam Subhalakshmi Panse.

Subhalakshmi Panse: Good morning, Subhalakshmi Panse attending from Pune. Thank you.

Grace Koshie: Mr. Balagopal Chandrasekhar.

B. Chandrasekhar: Balagopal Chandrasekhar joining from Kochi.

Grace Koshie: Mr. Abhaya Hota.

Abhaya Hota: I am Abhaya Hota, I am joining from my residence in Mumbai. Thank you.

Grace Koshie: Mr. K. Balakrishnan.

K. Balakrishnan: Good morning my name is K. Balakrishnan and I am joining from my home in Prabhadevi Mumbai. Wonderful to be here. Thank you.

Grace Koshie: Mr. Sidharth Sengupta.

Sidharth Sengupta: Hi, good morning to all of you, Sidharth Sengupta, I am joining from my residence in Navi Mumbai. I am glad to be here.

Grace Koshie: Mr. Manoj Fadnis.

Manoj Fadnis: Namaste, I am Chartered Accountant Manoj Fadnis joining this meeting from Indore. Good to meet all of you.

Grace Koshie: Mr. Sudarshan Sen.

Sudarshan Sen: Good morning. This is Sudarshan Sen joining from my residence in Mumbai.

Grace Koshie: We now turn to people whom you know well, our MD & CEO Mr. Shyam Srinivasan who is with madam Shalini.

Shyam Srinivasan: Hi, this is Shyam Srinivasan joining from my office in Aluva in Federal Towers. Good morning to everybody.

Shalini Warriar: Good morning this is Shalini Warriar joining from my office in Federal Towers Aluva glad to be here, thank you.

Grace Koshie: Mr. Ashutosh Khajuria

Ashutosh Khajuria: Good morning, this is Ashutosh Khajuria joining this Annual General Meeting from my residence in Parel, Mumbai. Thank you, happy to be here.

Grace Koshie: We now get on with the meeting and as our Company Secretary has already mentioned the bank is conducting the Annual General Meeting through video conferencing in compliance with the MCA guidance in the context of the continuing pandemic. The bank has provided a facility to the shareholders to cast their votes electronically on all resolutions set forth in the notice through remote e-voting from July 13th to July 15th. 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 NSDL as per the details mentioned in the AGM notice. The Board of Directors have appointed Mr. Shivakumar P. practicing Company Secretary as the scrutinizer to supervise the e-voting process. The results 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 and in the websites of the stock exchanges of BSE, NSE, and of the NSDL. The resolution shall be deemed to be passed today subject to the receipt of the requisite number of votes.

The notice convening the 89th Annual General Meeting and the Annual Report has been circulated already to the members along with the resolutions for the 14 agenda items as set out in the notice of the AGM and we will be happy to take them as read. The shareholders will be happy to know that there were no qualifications, observations or comments on the financial statements or matters which had any adverse effect on the functioning of the bank mentioned in the Annual Report for the financial year 2020.

Now, it is my privilege once again to come before you for the first time as your Chairperson and to welcome you to this 89th Annual General Body Meeting of the bank. Our Annual General Body meeting is an important event for us giving us this opportunity to engage directly with you and to you dear shareholders, it gives you an opportunity to vote on your resolutions. With the continuing restrictions on movement and our ability to gather like many other companies we too had to hold a virtual shareholder meeting this year rather than our usual Town hall AGM at Aluva in Kerala. We are confident this virtual meeting will help us to continue our lasting commitment while engaging with you, our valued shareholders.

The Covid-induced lockdown has exacted a heavy toll on the Indian economy as in the rest of the world and like many other countries, India too has begun to roll back and gradually face back the lockdowns even though we are forced to have locational and limited lockdowns at various places. But there is no doubt with all that has happened before us, we are entering a new normal where the success of every business will depend on how quickly it can pivot and innovate. With a gradual shift in the strategy towards saving lives as well as livelihoods as the honorable Prime Minister Mr. Narendra Modi has said Jaan di, Jaha bi. India has entered the unlocked space beginning from June 1st this year with a phased resumption of services and businesses. The government and the RBI has taken prompt policy measures both short-term and long-term in a calibrated manner to reinvigorate the economy at the earliest with minimal damage. It is heartening to observe that green shoots have started appearing in many areas. We are hoping and expecting that these early signs are converted and sustained as a comprehensive economic revival. As we all know the pandemic did not spare the financial services industry. Even as the regulators moved swiftly to secure the system in the face of unprecedented challenges your bank acted with clear focus to conserve, preserve and innovate to ride out the waves of the ongoing crisis with the deep belief that we could emerge stronger at the other end.

Despite the diverse challenges your bank has delivered a robust financial and operating performance with significant growth across parameters. I am delighted to share some of the highlights of our performance for the financial year 2020. The operating rhythm of the bank remained strong and the bank registered its highest ever operating profit and net profit registering a growth of 16% and 24% respectively. The bank crossed a new milestone with total business crossing Rs.2.5 lakhs crore to reach 2,74,558 crores with the growth of 12%. We continued to gain share in the market with the market share and credit improving by 5 basis points to 1.18% and the market share and deposits better by 6 basis points to reach 1.09% at the end of the financial year 2020. Total income grew by 18.58% from 12,770.05 crore to 15,142.16 crore. The bank has also registered impressive results on other key parameters such as net interest income earnings per share, and in other qualitative metrics. The bank continues to be well capitalized with a comfortable CRAR position of 14.39% as on 31st March 2020. These encouraging numbers reflecting all round balanced growth are the outcome of deliberate strategic

efforts of a highly committed Federal team who pursued the path of excellence notwithstanding challenges over the last decade. The bank under the seasoned and astute MD and CEO Mr. Shyam Srinivasan leading a well blended team of both experienced and energetic talent is being increasingly re-positioned as a prominent national banking player with innovation as the key driver.

Let me now turn our new mantra - First choice. As your bank climbs up the value chain, our benchmark is reset under a new (not sure) First Choice; the theme of the cover page on the annual report this year. First Choice is our clarion call to ramp up performance and make Federal Bank the go-to brand for everyone. It is an exhortation to up the game at all levels and become the most dependable ally for all our stakeholders with best in class product, superior customer care, unceasing innovation, and creation of enduring value. I am sure that the mantra of First Choice will resonate far and wide and will galvanize Federals to give their best.

As the bank takes pride to be the bank of First Choice in the country, the foundation to the quality of growth lies in the strong governance culture that we have carefully built up and nurtured over the years. The Board of Directors stand together in implementing their highest standard of corporate governance supported by well-established accountability processes for self assessment and on-going improvements. The corporate governance practices of the bank with a track record of ethical conduct and transparent practices will I am sure offer the much needed reassurance to all our shareholders in these turbulent times.

Let me now speak a few words about our Board. The members of the Board of your bank represent some of the best expertise in their respective fields. In the last financial year, the Board was strengthened with the addition of Mr. Sidharth Sengupta who was a former Deputy Managing Director of the international banking group of SBI. We have then Mr. Manoj Fadnis who joined us, Chartered Accountant and former President of the Institute of Chartered Accounts of India. Madam Shalini Warriar, Chief Operating Officer of the Bank and then Mr. Sudarshan Sen former Executive Director of RBI with extensive regulatory experience. I take this opportunity to place on record the valuable contribution of our former Chairman and Mr. Dilip Sadarangani, the former Chairman and Independent Director for his immense contribution to governance and the overall growth of the bank as also his foresight and wisdom. He laid down the chairmanship of the bank on attaining the age of retirement. I also take this opportunity to place on record the valuable contribution of Mr. Nilesh Vikamsey another former President of the Institute of Chartered Accounts of India, the past chairman and independent director for his astute interventions for the functioning of the Board and the Committees and overall contribution to the Board of the Bank. We take this opportunity to wish them both many happy and fulfilling years ahead.

The collective experience and wisdom of my colleagues on the Board will I am sure stand the bank in good stead in our journey ahead through these unpredictable and unprecedented times. The structural soundness of the franchise along with its strong digital orientation are key in making the bank future ready. This edge will keep Federal Bank a reliable First Choice for its customers, an exciting work place for its employees and a partner of progress while delivering significant returns to the shareholders.

It is gratifying to know that like previous years last year too your bank could earn a bouquet of coveted awards in recognition of its outstanding performance in multiple domains. The crowning glory was a prestigious international recognition that the bank had won in reflection of its best banking practices and robust fundamentals. I am confident that inspite of the bleak outlook brought about by the pandemic the bank will not settle for less but will rise to be the first choice of many including our non-residents. For our hurting communities across the country the bank has remained a tangible and made lasting impact in a number of areas through a variety of its CSR initiatives reflecting its strong values as a corporate citizen.

In closing on behalf of my colleagues on the Board I would like to thank each member of the Federal team lead by its dynamic leader Mr. Shyam Srinivasan for their hard work and commitment that has helped us to be the bank we are today. Thank you also to our valued customers and shareholders for your inspiring faith you have for each one of us in this bank and the bank. We look forward to the continuing the journey with you to take the bank to greater heights. Let me wish you and your family continuing good health, stay safe and stay strong, God bless you all. Thank you.

May I now request our MD and CEO Mr. Shyam Srinivasan to address the shareholders.

Shyam Srinivasan: Thank you madam and a very good morning to everybody. These are challenging times and we are pleased to be able to reach out to everybody at least through this medium. All these years I've considered delivering the address at the Annual General Meeting a privilege and when it happens to be the 10th address, it certainly feels very special. For this opportunity I remain very grateful to all of you. We have as a bank since my maiden connect with you in 2011 from the Aluva Town hall see manifold increase in our shareholder base and this virtual address gives us a chance to reach many more of you. In some sense it is reflective of the times we live in and mirrors the journey of the bank from being a locally dominant franchise to a lashingly prominent institution being digital and sensitively humane too.

Let me first extend my gratitude to our esteemed Board members for their remarkable support and astute guidance over the years and in particular FY20 which can be described as probably a tsunami plus. Allow me to thank all our shareholders whose confidence and patronage has held us in good stead and to the entire team in the bank who have been the driving force for this robust performance. Our Annual Report was posted on our website and I hope you've had a chance to read the same. We are passing through extremely challenging times with undimensioned impact on individuals, businesses and economies. The lethal combination of a deadly virus and an interconnected world has taken the entire globe into uncharted waters. In the midst of this turbulence, we have tried to remain an island of calm and have done everything in our command to navigate in this period with courage and resilience delivering good numbers for the financial year 2020. The operating rhythm of our bank continue to be encouraging and we reported highest ever numbers on several financial parameters on the back of very strong fundamentals. Our Chairperson in her address spoke about our journey to being First Choice. Today we are arguably a prominent player in the industry, home to a great mix of young, specialized and seasoned talent while ensuring home market dominance and proven prominence in our chosen markets. Nonetheless this isn't a culmination but it is the start to pursuit being the First Choice bank.

Before I elaborate about First Choice, let me share some of the highlights of the financial year '19-'20. Presence to prominence, prominence to dominance. In my update last year, I spoke about our journey from presence to prominence in our chosen geographies and prominence to dominance in our home market place. The year that went by saw remarkable progress on this journey and witnessed the bank gaining material share both in markets and in minds across the country. In the home market the bank is having comprehensive leadership across segments and we command over 18-1/2% of the incremental business of the state. The endeavor to convert from commanding presence to....prominence to dominance is fueled by the rich NRI franchise, wide distribution network as also a strong engagement with the state government. Likewise in our chosen geographies across India our visibility as a prominent banking player is strengthened more than ever before. Alongside an RM lead distribution channel, several initiatives like enhanced digital footprint, improved debit card proposition and strengthening of our wealth management business are amongst the key drivers growing our granular customer base across a milestone of one crore customers in FY20. Our overall market share in Credit as mentioned by madam Koshie improved by 5 basis points to reach 1.18 and in deposits 6 basis points to reach 1.09%.

Robust and sustainable growth through strong operating momentum. Our chairman did speak about the financial numbers so I would hesitate to repeat all of them. Suffice to say that FY2020 saw us declare the best ever financial numbers on operating profit and on our net profit. The operating profit grew 16% and the net profit grew 24%; this when the NPAs came down and as you'd recognize through a period of acute turbulence in the market when the rest of the players saw numbers spike up in the wrong way. So we do believe our fundamentals through this period has held us keep us in an island of calm and hopefully that is the focus of the bank as we go into FY21. We declared our results for the first quarter yesterday which I am sure all of you had a chance to go through.

We also introduced new streams of revenue and an enhanced footprint in the year that went by. Staying true to our philosophy of (not clear) several new initiatives of the bank that were launched in the last two years gained good traction and reported robust growth. Commercial vehicle and commercial equipment business that was launched in several geographies is now spread across south and west markets where we have doubled our book size with good quality assets despite challenges in the year under consideration. The wealth management function of the bank which is now a significant addition to our high net worth individual clients servicing has had a wide reach and has scaled up considerably with the AUM crossing well over 800 crores. Our foray into the new edged digital learning got further enhanced with us being one of the earliest players in the country to launch debit card EMI program and an access to avail this from over 45,000 merchant outlets across the country.

Digital at the fore, human at the core....you have heard many of us in the bank talk about this and try to live this philosophy. Digital as we know is not a choice any longer, it is an imperative in a technology lead world. Over the last few years the bank has made significant investment both in terms of people as well as technology integration. We always remain digital at the fore while preserving the ethos of the bank. I am encouraged that our efforts are well recognized with national and international recognitions and importantly evidenced by our increasing digital footprint. It is relevant to note that of March 21st 2020 nearly 90% of all eligible savings accounts were opened digitally enhancing customer convenience along with significant cost improvements. We

continue to be the front runner in leveraging new technologies and we are recognized as a leading player in the API banking with more than 83 APIs and 13 API bundles. The bank has delivered a full-fledged block chain based remittance platform in this fiscal. The outbreak of the virus towards the beginning of this financial year has further added impetus on digital banking and this will turn out to be advantage Federal. We have begun well with the launch of a unique appointment scheduling app called “Fed Swagath” and also launching the next generation version of our mobile banking platform with industry best features.

Human Power: People remain our biggest strength. It is their energy and commitment that fuels our journey. We’ve been forerunners in innovative HR practices and we continue to improve engagements and opportunities for our team through several meaningful initiatives. In FY20 we launched Fed Recruit, the AI artificial intelligence lead flagship recruitment solution which enabled us to re-imagine the entire traditional hiring practices using digital tools such as robotic interviews, game based simulations and dedicated mobile apps for these recruits. This end-to-end digital platform is pivotal in the definement of our hiring process and it helps us widen our analysis for superior hiring. We continue to be a great blend of seasons and specialized workforce in the total human capital of the bank which is nearly 12,496 people strong with an average age of 37.

The responsible corporate citizen: We’ve become pioneer in the area of responsible corporate citizenship as we deeply believe in the concept that every individual, community, society and organization should contribute to the society in which they belong. Moreover we are guided by the ideas of our visionary founder KP Hormis who is instrumental in teaching the concepts of CSR and sustainable development in the bank long before these became buzz words. The CSR activities of the bank touches a wider footprint in areas like health, education, development, youth, women empowerment among other areas. I will just touch on one which has now become signature event across the country and helps us reach out to well over two lakhs students every year – Federal Bank’s speak for India 2019-20. The Speak for India, youth engagement series has become one of India’s most awaited debating platforms and we are delighted to report the enthusiastic participation of over two lakh youngsters in the last financial year. In addition to the traditional states we have added Gujarat, West Bengal, New Delhi in the last financial year.

Now let me turn to the drive to be in the First Choice. It is the theme of our annual report, madam Koshie mentioned it, it is what we are guided by. Let me share my thoughts on this as a way forward. You may observe the theme for the years in the annual report that speaks out about our drive to be in the First Choice. Over the years we have established ourselves as a prominent player in the market with national and global relevance and have been recognized for our digital innovations, customer centric design and good governance practices. We made significant investments in process improvements and refinements in creating a conducive eco-system for quality growth on the back of a very well established business architecture, a hybrid distribution structure and robust credit and (not sure) management practices. Going forward we have set ourselves an ambitious goal for us to be second to none. It is to pursue the credo of becoming the first choice bank for all our stake holders, be it customers, shareholders, associates, job-seekers, corporate, technology partners. The mission of being First Choice isn’t confined to business growth alone but it spreads across a wide range of

attributes that enhances the value for our stake holders. It calls for an all out new design and the thoughts and actions of our entire team are directed towards this goal. Over the next few years we are permitted to run that extra mile so that we make it possible for the bank to be (not sure) player well-differentiated from the rest of the competition. In doing so, we will capture all the emerging and genuine market opportunities; reduce internal and external challenges; ultimately leading us to our stated vision of being the most admired bank for our target segments. Yes, it is a tall ask but we have a confident yet rooted team committed to turn our dream into reality. While we continue to try out the being the First Choice, we have chosen a simple theme particularly for the ongoing financial year pushing ourselves to making banking simple, contactless and digital. I repeat, simple, contactless and digital true to this theme we kicked off the year like I mentioned a while ago while launching First Swagath which is an app that helps people to get an appointment well ahead of time so that when they walk into our branches, they are not in crowded places keeping the need for social distancing in today's environment. Likewise I also mentioned we are looking at possibilities through this endeavor to help us re-imagine our various products processes and platforms that we can up the (not sure) in terms of our overall experience for every stakeholder.

My acknowledgements: Once again, let me place on record my sincere thanks and gratitude to all our Board members and shareholders for their unstinting support and patronage which has held us in good stead inspite of the various uncertainties and turmoil in the environment. We are deeply indebted to the trust you have bestowed upon us which will always remain our key strength and motivation. I join madam Koshie in extending our thanks to our past Chairman Mr. Dilip Sadarangani and Mr. Nilesh Vikamsey and thank them for their immense contribution. I take this opportunity to thank our entire team whose commitment and collective wisdom is what is driving us every day as we prepare to scale new heights. I'd also 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 the valuable guidance and support and co-operation. Thank you and once again I remain proud to be Federal. Thank you.

Grace Koshie: Thank you Mr. Srinivasan for those inspiring words of confidence and encouragement. May I now invite....it is time for our speaker shareholders; may I now invite them, who are already registered to express their opinions and views and seek clarification on matters relating to the bank. As always we seek your cooperation so that we can make this a very productive session and giving opportunity to all our speakers who have registered to express their views. Members can also post their views or questions on the 'Ask a question' tab on their video conference screen. I now request the Company Secretary Mr. Samir to take to lead the session.

Samir P. Rajdev: Sure, thank you ma'am. I will say the shareholders names one by one. So we start with the first shareholder Mr. Nanda Kumar D. Mr. Nanda Kumar are you there on line? Mr. Nanda Kumar?

Nanda Kumar: Yeah I am here.

Samir P. Rajdev: You may go ahead sir.

Nanda Kumar: Am I audible?

Samir P. Rajdev:

Yes you are.

Nanda Kumar:

Thank you. Respected Chairperson of Federal Bank, Madam Grace Elizabeth Koshie; MD & CEO Sri Shyam Srinivasan; members of the Board of Directors; officers of Federal Bank; my fellow shareholders, good morning to all of you. Financial year 2020 has been an exceptional one for Federal Bank considering both growth in business and improvement in the quality of assets. But towards the end of FY20 the pandemic struck and things started turning topsy-turvy. The extent of impact of Covid-19 on industry, banking sector in general and on Federal Bank in particular will be clear only by the end of FY21 as the MD & CEO repeatedly explained in many forums. I attended the investor's conference yesterday with a caveat on the uncertainty due to Covid-19, a good set of Q1 numbers has been delivered. Let me compliment Shri. Shyam Srinivasan and his capable team for steering the Bank in these troubled times. In 2018, it was the unprecedented floods in Kerala and now we are going through a more difficult period of crisis. When one goes through the annual report and the various interactions with the CEO and MD and the other Senior Executives of the bank and with the media, he gets a feel of the intense thought processes, deliberations and hard work they go through. The involvement of the Board of Directors and Officers in protecting capital, quality of assets, ensuring calibrated growth and discharging duties as a responsible corporate itself also are palpable. Tough times separate men from the boys. Please remember it was Winston Churchill who said, "Never allow a good crisis to go waste". I am sure every shareholder listening to this is with me in expressing solidarity with Shri. Shyam Srinivasan and his team and admiring them for the good work that they are doing. Thank you very much for the effort put into maximizing shareholders wealth.

As other speakers are bound to touch upon many aspects, let me abstain from speaking about points which could be repetitions. I shall stick to only one point, namely some suggestions on the preservation of capital and enhancing the intrinsic wealth of the shareholder. Resolution number twelve being considered in this AGM today is to increase the authorized share capital of the Bank from the current level of Rs. 500 crores to Rs. 800 crores. With the current paid-up capital of less than 400 crores, this resolution enables the bank, if need arises, to double the paid-up capital. As on March 31st, 2020, our Basel III CRAR stood at 14.35. At the end of Q1 FY21, the results of which have been declared yesterday, the CRAR stands at 14.14, which is quite adequate and comfortable. It is only in case of a substantial growth in business or in the deterioration of asset quality or both that we need to enhance the capital base. I understand, number twelve is an enabling resolution essential to taking care of such eventualities, and I have already cast my vote in favor of it. Please recall that it was in June 2017 that the paid-up capital of the bank increased significantly last time, not considering the ease of exercise afterwards. A capital of Rs. 2500 crores was infused at Rs.116 per share through QIP when the book value of our share was only Rs.51. This was a brilliant move which was the main reason for catapulting the book value of each share to Rs.61 by 31st March 2018. I remember lauding Shri. Shyam Srinivasan at the AGM for putting into every shareholders pocket Rs.10 each for every share he held, without he himself being aware of it. Today, the book value of the Bank share is Rs.75 per share, but its market price is only around Rs.52. When one says the book value of a ninety years old company is Rs.75 per share, please appreciate that the intrinsic worth of the share will be much higher than that. The landed properties acquired over this long

period in all probability are valued at cost. Its investment in 75 lakhs share of the still unlisted Cochin International Airport is valued at face value, whereas the unofficial premium makes it worth twenty times the cost. Our investments in the insurance venture IDBI Federal, Federal Bank Financial Services and recently in Yes Bank, two are probably valued at cost following conservative accounting principles.

Respected Chairperson, MD and CEO and the Board of Directors, my plea to you is to make an effort in unlocking the value of these investments. We need not sell them, but let the regulators and stakeholders understand that we possess valuable family jewels. Shares of Cochin International Airport is widely held and is in compulsory Demat mode now. Government of Kerala holds a considerable percentage of the shares. But then there are many such companies which are listed. As an entity holding a significant number of shares, can't we persuade the Government of Kerala and other major shareholders like Shri. Yousuf Ali to get the shares listed? Similarly, IDBI Bank is in the process of divesting their stake in IDBI Federal. It is a prudent move on Federal Bank's part to buy a portion of this. In my opinion we should try to get a bigger chunk of shares in IDBI Federal. But in case in the event they divest some shares to outside parties, can't we convince LIC that it will fetch a better price for them, if they sell the remaining shares through an IPO and have the insurance company listed? Similarly, 26% of Fedfina is already sold to True North. During this, before the NBFC meltdown was another exemplary move on the Bank's part. Why don't we explore this idea of getting this entity also listed when it is in such a critical mass and the NBFC troubles are over?

This year, Federal Bank cannot disburse dividend due to Government directives, that also has contributed in strengthening the Bank's balance sheet. What I wish to convey is that when we unlock the value of the hidden treasures we own, it will reflect in the Bank's share price, that in turn will enable us to raise the capital at reduced cost without floating the equity and diluting the intrinsic worth of the shares. Issuing shares to QIP and outsiders below the intrinsic value must be avoided at all means. Why settle for less, as our slogan says. That will tantamount to letting down the long term shareholders of Federal Bank who stood with it in rainy days also, watching their share prices erode and even foregoing dividends. Let us hope that FY21 will not end with the Bank forced to raise capital in distress by issuing shares to outsiders at below the intrinsic worth to maintain CRAR. In the unlikely event of it becoming essential even after trying to unlock the value of investments, please do so through a rights issue.

Respected Board of Directors, we the shareholders are also going through a very bad phase and receipt of no dividend from Federal Bank has definitely added to our woes. If additional capital becomes essential and realizing the true worth of the shares from new investors is not possible, please limit the size of the capital to be raised to the minimum possible level and resort to a rights issue at a reasonable price. I am sure most of the shareholders listening to me will support it, tightening their purse further. Let me conclude by once again thanking Madam Grace Koshie and the eminent Board and Shri. Shyam Srinivasan and his efficient team for the hard and meaningful work they do to protect and preserve Federal Bank in turbulent times and to elevate it to the next orbit of quality growth. I humbly urge the Board to leave no stone unturned to get Shri. Shyam Srinivasan's tenure as MD and CEO extended for another five years to enable and complete the excellent work he started a decade back. Please ensure that there will be no disruption in the trajectory of the Bank's progress, whatever the outcome of such efforts be. Thank you. Jai Hind.

Grace Koshie: Thank you Mr. Nanda Kumar.

Samir P Rajdev: Thank you very much sir. Thank you Mr. Nanda Kumar for your time and your nice words. Now, I will invite another shareholder Mr. Paulose Parakkal. Mr. Paulose Parakkal, are you there?

Paulose Parakkal: Yes sir. I am here.

Samir P Rajdev: Please switch on your video also if possible.

Paulose Parakkal: Switch on?

Samir P Rajdev: Yeah, switch on your video, if possible sir.

Shyam Srinivasan: Don't worry, you may carry on Paulose. Please carry on. Please carry on.

Paulose Parakkal: Am I audible?

Samir P Rajdev: Yes, yes.

Grace Koshie: Yeah, you are audible. You are audible Mr. Parakkal.

Paulose Parakkal: Am I audible?

Grace Koshie: Yes, yes.

Paulose Parakkal: Okay. Respected Chairperson, Board members, Shyam sir, Khajuria sir, Shalini madam, my fellow shareholders, dear Federals, my dear friends, except for one or two occasions, I have attended our AGM at Aluva town hall for the last thirty or thirty four years. This is the first time I have to address my fellow shareholders without seeing them. May I introduce myself? I am Paulose Parakkal serving Federal. May I congratulate our Board for their excellent results they have presented before us. Our net profits have recorded the all-time high figure of 1542.78 crores, operating profit also is 3204.69 crores. Total business has reached to 2,74,557.99 crores. Figures and ratios are already discussed here. Let me have a close look on some figures.

Out of the total income of 15,142 crores, other income have contributed 1931 crores, a jump of 580 crores from last year. During the last quarter, an increase of 300 crores from the pervious total can be seen. I wish to know what contributed to this leap in other income and can we bank on this source of income in the coming financial years also. First quarter results of the current year published yesterday shows there was a sharp decrease of 223 crores in other income from the pervious quarter. Year to year increase is there of course. Our net interest margin is still at 3.05%. I believe we are here to do business of banking, not to play insurance agent or selling agent of mutual funds. Only thing is we have to ensure the quality of credit. 3530.83 crores of gross NPA in our balance sheet is enough reason for worry, I agree. 1918.8 crores was this year's addition. But, we have hired competent experts during this period, so that we need not worry any more on the quality of our advances. I agree the present economic situation

is not suitable for credit growth, but we are bankers and we will do banking, beating all odds. Even with the higher rate of increase in other income, it is only 12.75% of total income. We have a comfortable capital adequacy ratio of 14.35%. Here we have a resolution for increasing our capital by 4000 crores. I am happy to know that with the capital infusion our net worth will increase from 14,517 crores to 18,517 crores. But, I regret to say the explanation given in the notes do not explain the need for such a big capital. Do we plan some inorganic growth? I hope we have some plans with our subsidiary company Fedfina. The return from this subsidiary is not much encouraging, I think. Just 39.54 crores for the year. I request the Board to consider relocating our merger offices which we had shifted to Maharashtra during these years. From the recent two experiences, the flood in Maharashtra and the pandemic, we know it will be better to find some location in Kerala or some Southern States. Being a Federal I wish we will give priority to ensuring safety and security of Federal family and our customers in the present situation.

Two weeks before one of my friends from one Malappuram branch was admitted at Manjeri Medical College with this virus. She had no history of any travel outside nor had any relatives from outside. She was working at the cash counter during this period. I appreciate the Board for extending ESOS scheme to our employees this year also and granting shares under this scheme. As I have earlier requested, please ensure fair and equitable distribution of ESOS among employees to keep the spirit of it. I have gone through the transcript of the latest earning conference call. I would like to request the Board to reconsider the RM business model as stated in it and go with our original plan of branch opening, once the present situation is changed. I think at Federal Bank we open branches to do business, not for brand building alone. Here there was one unpleasant question about our provision for 15% for wage settlement. I like our MDs answer to the question, like in previous occasion when someone asked him whether Federal Bank will come out of the all India bipartite wage settlement. This year also we had the privilege to have our MD visit our branch counter during the business hours. We appreciate our Superiors visits at our work places once in a while. On the CSR front, I am happy to know that the total amount Bank has spent during the year was 42.4 crores, out of which 9.98 crores was transferred to our Federal Bank Hormis Memorial Foundation account to be utilized for approved projects. This time I am not selfish to ask for some projects for our Angamaly, Aluva, Mookkannoor. We all know the all India crisis. We will need more than the statutory 2% to meet our social responsibilities in the coming days. Let me conclude, thank you all. Thank you Samir for giving me the opportunity. Proud to be a Federal. Thank you.

Grace Koshie: Thank you Mr. Parakkal.

Samir P Rajdev: Thank you very much. I would not like to invite the next shareholder Mr. V.H. Prasad. Mr. V.H. Prasad, are you there? Mr. V.H. Prasad, are you there?

Shyam Srinivasan: Go to the next one.

Shalini Warriar: He is there. Mr. Prasad is there, I think.

Samir P Rajdev: Mr. V.H. Prasad, sir, are you able to hear us? Mr. Prasad?

V.H. Prasad: Hello? I am able to hear now please.

Samir P Rajdev: Please go ahead, sir. Please go ahead. Yes, we are able to hear you sir. Please switch on your video if possible.

V.H. Prasad: Yes. Can I go ahead?

Samir P Rajdev: Yes, please go ahead, sir.

V.H. Prasad: Good morning to the Chairman and the Board of Directors of Federal Bank. I am very happy to note about the performance of the Bank for the last financial year and especially in the year where things were not right. I have only few points, because most of them have been taken up by the other people and spoken. I feel we should extend the term for the present Managing Director for the period of five years, so there is a continuity especially in times of crisis like what it is now. And also on the rights issue, if you are going to increase the share capital, I think we should go for the rights issue to ensure that the existing shareholders get an advantage of it. And the third one is about the dividend. Keeping in mind that we are not giving dividend because of the Government restriction, we should look at how to distribute some money to the shareholders once this issue is being resolved, because most of the people are dependent on the dividend, keeping in mind what it is done in the past. That is all for the day sir and wishing you all the best.

Grace Koshie: Thank you Mr. Prasad. Thank you.

Samir P Rajdev: Thank you very much sir. I would now invite the next shareholder Mr. Shreyas Hegde. Mr. Shreyas Hegde of Global Media Ventures India Private Limited.

Shreyas Hegde: Good afternoon to one and all present here. First of all thank you for inviting us to this AGM via videoconferencing, it gives us all an opportunity to wear our suits even though we are all at home and you all look wonderful. You all look wonderful. And get jumping right to the point, as said by most other speakers and even the awards show, it is the service and the numbers that make a bank a good bank, which is valuable not only to the shareholders, but also to customers. Being a customer as well as a shareholder, I can proudly say that even during these testing times the turnaround time on service was always good. And there was always a representative to reach out for which a great applause to the entire team. And keep going this ahead. As far as the report is concerned and as far as the growth plans are concerned, most points are covered by other shareholders. But, my only suggestion would be that as pointed out, dividend is something that is important to most shareholders. But, as the bank has grown and most of us being long term shareholders, we only wish that dividend payouts, if possible, could happen at the soonest possible, but the value unlocking is something that we believe that the team will judge when the best time is. So, utilize the proceeds that are being raised in the right manner. And value unlocking should not only be a factor of growth, but also a factor of timing on when the market values as best. As being long term shareholders, patience and support is the best that we can give you. Thank you to each one of you for inviting us. I hope you keep healthy and safe and all the best for the year.

Grace Koshie: Thank you Hegde. Thank you so much.

Samir P Rajdev: Thank you Mr. Shreyas. I would now like to call upon the next shareholder Mr. P.S. Krishnan. Mr. P.S. Krishnan, please, are you there sir?

P.S. Krishnan: Yeah, I am very much there. Thank you. Thank you very much for this opportunity and good day to the Federal Bank Board of Directors and the Management and congratulations again for a very good performance in FY20. I do have a couple of queries, so I will just run through them.

Samir P Rajdev: Please sir.

P.S. Krishnan: (Inaudible) areas. And what are some of the performance metric targets and milestones towards achieving that growth. So, that is question number one.

Samir P Rajdev: Mr. Krishnan, you may want to repeat the question, you faded off for a second.

P.S. Krishnan: Okay fine, sure. What I want to understand is, I wanted to understand what is the three year forward vision and growth, aspiration for the Bank and what are the priority areas for growth? And what are the performance metric targets and milestones of the Bank towards achieving that growth? And my second query is, how does the Bank plan to handle the Covid related stress and slippages across all the segments, given that I think currently as of Q1 FY21, 24% of our loan book is under moratorium and the overall economic outlook is also pretty bleak. So, I just wanted to understand how is the Bank positioned to handle stress and slippages, over and above the provision cover what was provided for Covid? The third point is, in my view the capital adequacy ratio at 14 odd percent is adequate at this particular point of time. But, in case I think on account of Covid, I think we see a lot of delinquencies and a lot of write offs and NPAs, if there is a requirement to raise capital, given that the valuations of the Bank have gone down very, very steeply, how do you plan to dilute more equity into raising additional capital without compromising on shareholder's value or the valuation of the Bank? And also I wanted to get an understanding of how much of the provision cover over the last five to six years were actually (inaudible) absolute cumulative recovery and write offs over the last six years? Thank you. These are my queries.

Grace Koshie: Thank you Krishnan.

Samir P Rajdev: Thank you sir. We will answer the queries simultaneously after all the shareholders have spoken. Thank you very much sir. Thank you very much for your time and presence.

P.S. Krishnan: Sure, thank you very much.

Samir P Rajdev: We now call the next shareholder, Mr. Gopinath. Mr. Gopinath, are you there, sir? Mr. Gopinath?

Shyam Srinivasan: We will come back to him later.

Samir P Rajdev: We will come back to Mr. Gopinath after sometime. We will call our next shareholder Mr. Jobin Jose. Mr. Jobin Jose, are you there?

Jobin Jose: Am I audible?

Samir P Rajdev: Yes, please. Yes sir.

Jobin Jose: Okay, respected Senior Executives and the fellow shareholders. First of all, thank you all for giving me a chance to attend this AGM. And I am always happy to announce always as a Federal shareholder and today I got a chance to declare it globally. And I am always actually happy to collect these Federal shares. Whenever I got a surplus amount or very little amount of 1000 or something, I used to put it in Federal shares and collect the (inaudible). For me it is like a family share, whenever it is increasing, every day I try to increase every day. As Mr. Nanda Kumar sir said, never allow a good disaster to go waste, I am too collecting Federal shares right now also. And I am a customer of Federal Bank for not so many years, but for just five or seven years. And performance (unclear) I am happy to be a part of the Federal team. And I have little suggestions to make. It is not a big thing, but whenever I am looking at the Federal Bank apps, Fednet or FedBook, Federal Bank Fednet is okay, it is very beautiful and very useful. But, FedBook, whenever you are using FedBook and when you get a call or something, every time when you use another app or something, whenever you come back, you have to do this six digit thing and it is little bit confusing. It is not what you call a steadier process. And we don't hold much information in this FedBook. I think it is better if you give some time to FedBook app also, a (not sure) time or something, so that it will close automatically. That is all I want to say, thank you. Thank you all.

Samir P Rajdev: Thank you. Thank you, Mr. Jobin.

Grace Koshie: Thank you Mr. Jobin.

Samir P Rajdev: Mr. Gopinath, are you there, sir? Mr. Gopinath? Okay, we will move on to the next shareholder. Mr. Jyothis K.S?

Jyothi K.S: Hello? Can you hear me?

Samir P Rajdev: Yes, we are able to hear you?

Jyothis K.S: Alright. So, thanks a lot for allowing me to speak here. It is a wonderful opportunity for me. As a shareholder I am really happy and proud to see the growth of Federal Bank even during the Covid times. It is an amazing journey and congratulations to Shyam sir and the team. I have been a regular participant of the FinTech Festival. I would like to bring a couple of key points to point as suggestions to the management. I strongly feel that FinTech space is witnessing the next big thing neobanks. I hope that most of you have come across this. And a lot of the other banks have already started the digital, the digital involvement in the neobanking space. And I would suggest Federal Bank also should go little aggressively into the digital banking services as an enabler in all aspect of banking to ensure that a critical role in the next generation banking system, like neobanks. As report says that neobanks is going to increase on a yearly basis, around 46.5%. While all other banks are focusing in the

retail sector, one, my suggestion would be, one customer segment would be SME. The sector has a great potential to growth in the near future, as Government also supported the SME. But, if you look at it, the digitalization in SMEs are not very strong compared to any other player outside India. And Indian banks are focusing right now, but I wish Federal Bank to be the leader in that space coming with multiple APIs banking, especially in the SME sector. As Shyam sir said, there are around 88 APIs are already established, but we wanted to make sure that there are lot of interactions will happen using that API available. So, for example let us say, bring out some hackathon, invite other startups to play around with our APIs and build some use cases in and around SME banking. So, I also feel that SME customers are getting younger, as lot of young generation are coming to the entrepreneurship growth. So, we can even play around a large ecosystem enabler in all this digital space and make sure that we are being an integral part of the same. Thank you. Thank you very much.

Grace Koshie: Thank you Mr. Jyothis.

Samir P Rajdev: Thank you sir. We now call upon the next shareholder Mr. Dinesh Kumar. Mr. Dinesh Kumar, please, are you there?

Dinesh Kumar: Hello?

Samir P Rajdev: Mr. Dinesh Kumar?

Dinesh Kumar: I am there.

Grace Koshie: He is there.

Shyam Srinivasan: Mr. Dinesh Kumar, please go ahead. A little louder also please.

Dr. Dinesh Gupta: I am Dr. Dinesh Gupta from Faridabad.

Shyam Srinivasan: A little louder sir.

Dr. Dinesh Gupta: Okay, I am Dr. Dinesh Gupta from Faridabad. Good morning respected Chairman, Board of Directors and all connected to (not clear). Can you hear me?

Samir P Rajdev: Yes sir, we are able to hear you.

Dr. Dinesh Gupta: Okay, actually it is a great opportunity for me. In normal circumstances it was very difficult for somebody to attend the conference physically, but this virtual AGM has made it very comfortable for me to participate in the conference and I am very grateful to you for giving me this opportunity to attend the AGM. As far as the Bank's financials and working is concerned, it is very good. And I do not want to go much into those financials. But, actually I am a person working as a guest faculty at the various investigation agency, working on banking topics on how the banking accounts go wrong and report. So, because it affects the bank's image as well as the bank's confidence of the stakeholders, so my request or my concern only is, from financial data and everything, the working, it sounds very well with you and seems that everything is

going very well. But, being an established Bank, have you made enough due diligence to ensure that nothing is looking up bad and necessary inspection, audit etc. is being done, so that suddenly it does not come up and it tarnishes the Bank's image. So, I request that you kindly ask this due diligence in the interest of the shareholders. That is all. That is the thing only which I wanted to convey here. So, my all the best wishes to the Bank and the top management. Thank you very much sir.

Grace Koshie: Thank you Mr. Dinesh Kumar.

Samir P Rajdev: Thank you sir. I now call the next shareholder Mr. S.P. Muthukumar. Mr. S.P. Muthukumar please?

S. P. Muthukumar: Good afternoon sir, can you hear me?

Samir P Rajdev: Yes sir, we can hear you.

S. P. Muthukumar: Hello? I am Muthukumar from Madurai. Sir, thank you for giving me this opportunity sir to speak in the AGM. Sir, my first question is that how this Covid-19 is going to affect the bank growth in the future. And my second question is that how many customers have opted moratorium in this quarter and how it is going to affect the bank's future growth. Sir, and my last question is that in what way Federal Bank is unique from the rest of the banks, and why the customers should choose Federal Bank from the rest of the banks. Sir, all the best for your future sir. Thank you for giving me this opportunity. Thank you sir.

Samir P Rajdev: Thank you, thank you very much sir. I now call upon the earlier shareholder one Mr. Gopinath. Mr. Gopinath, are you there sir?

Gopinath: Yeah, I am there.

Samir P Rajdev: Yeah, please go ahead sir.

Gopinath: Am I audible?

Samir P Rajdev: Yes, yes, you are audible sir.

Gopinath: Good morning everybody and thank you for giving me this opportunity of speaking in the AGM. I have been a shareholder of Federal Bank and a corporate customer as well as a personal family customer of Federal Bank for the last 30 years. And I have prospered very well by investing in Federal Bank for the last three decades. In that background, I have a couple of comments or queries or whatever I would like to submit here in this forum. In terms of the growth rate and momentum compared to your peers, in terms of when it comes to the peers, I would like to fit Federal Bank in the league of a HDFC. In terms of having no promoters and completely professional run bank, and in that background with a legacy of at least three times that of HDFC Group, the momentum or the rate of growth and the momentum of the growth, is it enough for us, for this bank and...can we put our focus on that direction? Number two is, I have been giving a lot of suggestions...being a corporate customer as well as a personal customer at Bangalore, I have been giving lot of suggestions to the bank, people have been interacting with them in terms of how to improve the SOPs and

customer interfacing, but coming to the customer interfacing, where I have an exposure with more than a dozen public sector, private sector, new generation, old generation, foreign banks or this one...from that perspective, the customer interfacing need to be focused a little bit more, whether it is in terms of investment in technology, or in trading the...they have an excellent team, but at the same time the customer interfacing needs to be a little more improved and...the third aspect is, in terms of the opportunities available post Covid, but every other bank or every other financial institution being the direct interface in terms of a country's growth or GDP, everybody is talking in terms of a 20%, 30% whatever...numbers in terms of a momentous growth for us, is the talent pool for the bank enough for us, or what are we taking the measures to improve the talent pool, especially at the senior management level and the middle management level. Then, number four, in terms of my comments in terms of the approach on the CASA, that seems to be a...the bank seems to be neither... in terms neither at the end of an SBI where they just give that 2.75 or 3% nor at the end of a IDFC bank where they gave up to 7, 7.5%, here we seem to be somewhere between these two, they are not giving us a clear this one in terms of the CASA or...there focus needs to be a little more on the CASA front of the bank. That's about it and thank you for giving me this opportunity once again.

Grace Koshie: Thank you Mr. Gopinath.

Samir P. Rajdev: Thank you sir. We now invite the next shareholder Mr. Yogesh Desai. Mr. Yogesh Desai, are you there sir? Mr. Yogesh Desai? It seems Mr. Yogesh Desai is not available, we will call another shareholder, the last shareholder, Mr. Nilesh Desai. Mr. Nilesh Desai, are you there sir? Okay. Madam Chairperson, we are through with the speaker shareholders.

Grace Koshie: Thank you Samir.

Samir P. Rajdev: Thank you ma'am.

Grace Koshie: Now, we would like to invite the Managing Director and CEO Mr. Srinivasan to respond to shareholder queries and give his views. Thank you.

Shyam Srinivasan: Thank you madam and thank you all shareholders for expressing your thoughts, and as always very valuable, very useful, and we will certainly look at working through all of them. Firstly, thank you for the confidence reposed in me and your continued support.

Shareholder Nanda Kumar spoke about many areas and certainly spoke to us about the utilization of capital and how we plan to ensure that we are not diluting at the wrong time. Certainly, sir, like you pointed out, we are acutely aware of when we raised last capital, how do we deploy capital, and you may have heard the commentary from the bank continuously. We are seeking the shareholder approval today for strengthening our equity base, but the timing of that will certainly depend on multiple characteristics in the market and we will be most sort of acutely aware and sensitive to when we should be doing it. You may have heard our commentary yesterday also, I said right now our capital adequacy is CRAR is 14.17 and even common equity is 13%. So, we do believe we are well capitalized and if the current pandemic doesn't create tremendous disorder, we should be able to see the year through without requiring additional capital. So, you

do have the assurance of the bank and the board that we will be most prudent in the utilization of this approval that all shareholders are giving us, and certainly look at various avenues of both rewarding shareholders as also being appropriately capitalized. And that's something that the board will consider, and we will take a call as the time arises, but point of being most prudent and using it justly is well taken sir.

Shareholder Parakkal gave us many insights. I will just point to two of them, which he may have missed. The other income growth in particular in Q1, being lower than the previous quarter, is only because we had some very good investment decisions in equity instruments which we took in the Q4, where we got one off gains, certainly that's not repeatable, otherwise even Q1 the growth in the treasury income has been remarkable, and in terms of using the branch and distribution model, also supported by RM, these are not either or, these are...they coexist, certain geographies we will have physical presence in the form of branches, and in certain geographies we will ensure that the reach is through RM and other digital capabilities, as it is a blend of both the tools.

Shareholder Prasad did speak about similar insights as the other shareholders, but he also pointed out about the dividend and the rights issue, so we have taken note of that. We are mindful of the requirement to give our shareholders the best rewards and it is something that the management and the board will consider at this juncture. We are not in a position to either give out dividends, therefore when the opportunity arises between dividend and various tools available, we will consider, and the board will decide how best to reward our shareholders and what is the right time to do our next capital raise.

I think shareholder Shreyas also mentioned similar points and we have noted that. Thank you all for your inputs.

Mr. Krishnan, I think had three, four more granular areas to cover, growth and priorities for the future period, what are the milestones, how will the Covid related stress be dealt with, is the capital adequacy and what kind of valuation and how will we do our next issue and write off over the years. Sir, the first three, four points, let me just summarize by saying that the bank has chosen, as you have noticed, First Choice as the theme, and First Choice is just not financials, it is a more client experience, in we becoming the most desired institution for the client or the shareholder or the other stakeholders to partner with. So, it is a multidimensional aspiration and we certainly think financial outcomes continuing to be top league is one of them, but so are other aspirations of how the other expectations of how the client experience and the engagement is. So, you will see us gaining market share, gaining mind share, improving our return ratios to the extent that the market permits us to do, and this is what we are seeking to do, and this is what we have done over the last few years, which you have certainly observed. I think the other point in terms of provision coverage and our recoveries, I am pleased to confirm that in most years, in the last four to five years, our recoveries have been between 500 and 800 crores per annum, recoveries and upgrades have been between 500 and 800 crores. So, if we have incremental slippages of about 1500 crores, of those 1500, 1/3rd of it gets recovered and upgraded every passing year as it did in the last financial year. Unfortunately FY21, given the pandemic, we are unable to judge how the year will shape out. Like I mentioned in our investor call yesterday, Q1 was only 67 crores, normally that's about 250 crores a quarter. So, we will have to see how things shape up, but we are hopeful that between now and December end, some order will

come back, and calendar '21 we will be able to recover some of this lost ground but be sure that it is a high focus area, it is something that the board observes very closely.

Then there were questions and advisory about how Fed book and what we should be doing, I think our team is already working on coming out with solutions on that count, as also coming out with a brand new launch of our Fed Mobile, which some of you may have already got the beta version. In a month from now, every shareholder who is a customer will be able to get the Fed Mobile, which should address many of the observations made by shareholder Jovin.

Mr. Jothis, I think, spoke about FinTech and neobank, you will be very pleasantly pleased and surprised and inspired that the neobank version of Federal Bank is due for a release sometime in the end of this quarter and our teams are working very feverishly around that and we believe we will have a top tier solution for the market by then.

Shareholder Dinesh wanted to talk about our invigilation process, our inspection process, our reassurance that the performance is not marred by someone off or some underlying practices that are malevolent. Rest assured sir, the board has very established risk management and audit committee processes, which are independent of the normal running of the bank, which has a large list of issues that are reviewed continuously and independently to give the reassurance that the bank is in good shape. The regulators, watchers, they give us our annual commentary on performance and rate us. I am pleased to report that so far we have been accomplishing all compliance guidelines. And, you may have also observed that we have, three of our independent directors have served time in RBI and so they bring in a lot of perspective, three of our directors have been bankers in very senior positions. So, a combination of bankers and regulators keeps us very honest and you can be sure that what you see is what you get in Federal Bank and this is something that we take great pride in.

Shareholder Muthukumar wanted to know about Covid-19 moratorium and what is unique about us. I think, Covid-19, we mentioned sir, that the moratorium, along the lines guided by the regulator, we had given moratorium for about 35% of our book, which has since come down as you would have observed in our results yesterday, and we hope that momentum continues, and clients are able to fulfill their credit obligations. We understand these are very challenging times. Customers do face inordinate challenges, so we are working very closely with clients to find, invest in the most optimum place, for them to keep their credit records standard, and it is something that has to be done in a very considered manner, our teams are reaching out... almost every day; between the call centers, our collection leaders, our branch managers, our credit monitoring teams are reaching out to a large, we are having a very large base of customers, and we are also using the government guaranteed scheme to help customers go out and keep their businesses running. So, there is a very active effort going on. I think unique, that distinguishes Federal Bank is a simple fact, and I, we say this is a great fact, we try to be as digital but even more humane. So, I think what distinguishes in today's world, is not just products, what distinguishes in today's world is client experience and the humane touch to it. So, Federal Bank truly believes that digital at the fore, human at the core are principles which guide us, and I do hope on every occasion you deal with us as a customer, as a shareholder, we are able to demonstrate that and live up to that promise.

Shareholder Gopinath had a few observations, rate of growth is it sufficient, we can improve some of our customer interfaces. We certainly will take that feedback sir. We will not be shy of investing and improving areas that we need to put in our efforts. You should be rest assured that the team will take that up very, very seriously. Rate of growth, I think, we calibrate our growth to the opportunity. We will not try to be out of pattern and try to grow too fast that we cannot digest. You may have observed in 2016, '17, '18, we grew north of 20%, in '19, '20, we have turned cautious and reduced it, and I am quite pleased if today we are amongst the lowest NPA banks in the country, it is by the chart we made not to be very aggressive and try to put in assets, which turned out to be problems. So, I do think, we, board processes are quite robust to ensure that there is a very calibrated effort, growth not for the sake of growth, but growth that can produce quality results, and that's the objective of the bank. So, rest assured, that we will keep this fine balance...we hold your money, we are responsible to make sure that it is used in the most appropriate manner. In terms of CASA, I must tell you that we should not look at CASA the way people look at it. Please look at it as cost of funds and low cost deposits. I am very proud to say that Federal Bank today, other than of course SBI and HDFC, which are very, very significant in larger franchise, are in the top quartile of banks in terms of cost of funds. We are at about 5.34 as you can see in our results. Well, even much bigger CASA banks are at 5.6%. So, I think, the fact that we do not have bulk deposits, we do not go out and buy money, but we get granular deposits is what the bank is focused on. In addition, our CASA has grown from 30.5 to 32% in this quarter. So, it is a focus area but the bigger focus is cost of money.

I do believe, with these inputs that I have shared, we have responded to most of the questions. I am sure there are a few more questions that have come, and I can see some that have come in through the electronic channel. Let me just quickly scan through.

There is a question around how are we leveraging our facility and what are your future plans to increase your Gold Loan portfolio. I do think the Gold Loan portfolio of the bank is amongst...in the banking circle probably the top three, in terms of banks that do Gold Loan very effectively. We have stepped up our focus in the last say one year or so, in particular, in Q1, when there is a (not clear) demand, we had incremental opportunity given where gold prices are. Bank is very actively working on it. You would have seen in our results yesterday that this quarter alone, Gold Loan business grew almost 10%, so that's a 40% annualized growth rate. And the plan is very simple. We have our branches, we have a reach out program, we have Gold Loan product variants, which not only gives loans against...just placing your gold, we encourage customers who place gold in the locker of a bank, in their personal lockers, to place it in the bank's locker and get an overdraft plan. So, you use it only when you need it and you pay only when you use it. So, there is an intelligent digital solution of how gold can be better used, and it serves the purpose of the customer very effectively. So, I think, we have a good plan, it is working well.

I do have...let me just scan through. Shareholder Jayadev has asked that NRI deposits will increase in case of a crisis abroad. I think, let me just share, firstly I have to use this occasion to thank our NR patrons. They are the bloodline of a franchise like ours. So, my thanks and our bank's thanks to the entire NR community who have been such a remarkable...the confidence they have placed with Federal Bank, it is astonishing. As you all know, our NR market share, at a country level, we are more than 6% of India's

NR franchise business. Considering that our deposit share is only 1.09, you can see how much we punch above our weight in the NR franchise, and that is largely because we enjoy extremely good support of our NR customers throughout the country. We are a pipe for 16% to 17% of remittances coming into India. Now, when there is some kind of unrest in the Middle East largely or any of the overseas markets, when the rupee is weaker, it is initially a much higher remittance that comes to India and because we are a very, very well oiled pipeline for money movement coming into India, we enjoy a higher share. Now, I am not commenting how the economy will shape up, but we do believe we are positioned well to ensure that we continue to grow in this segment. In terms of branch increase, we have not opened many over the recent past, our focus has been productivity, our focus has been digital, our focus has been reach out, and we do think it has served us well. We call it branch light, distribution heavy, and we believe that that is appropriate for today's time. I would not give a forward-looking comment on the future of the bank in terms of the next two quarters, but I think suffice to say our focus is profitability, sustainability, highest quality focus, ensure that we reach out and ensure client base...are able to serve their obligations, and we are able to serve the best possible for our stakeholders. Our aim is to certainly enrich our shareholders with both return on assets and return on their equity. We have made good progress. If you take a five year view, we have moved from 0.72 to 0.88 to 1 and we wish to do another 20 basis points of ROA, but environment is a bit rough, so we will calibrate that.

But let me thank everybody for this opportunity and certainly we will reach out and answer questions outside of this process. Thank you very much.

Grace Koshie: Thank you so much MD and CEO Mr. Srinivasan. We are now drawing to the end of this first time digital AGM. We are so happy that nearly 150 of our shareholders could attend and login to this meeting. And, 10 out of the 12 registered speaker shareholders could come forward with their excellent suggestions and thoughts. As MD has assured you and as he has responded, we will keep all your suggestions and work on them and take it forward. I would at this time also thank all of my colleagues on the board for their continuing support and their leadership in the governance area and in many other areas on the board. I would at this time also thank them especially for making this meeting a success. My wholehearted thanks to the valuable customers of the bank and the employees who have worked behind the scenes to give you the results and here make the arrangements for this meeting and thank you all the shareholders once again for being standing with us in these difficult times. I now invite our Executive Director and Chief Financial Officer Mr. Ashutosh Khajuria to deliver the vote of thanks. Ashutosh?

Ashutosh Khajuria: Hello? Hello? Am I audible and visible?

Grace Koshie: Yes, you are audible. Please...

Ashutosh Khajuria: Respected Chairperson Madam Grace Koshie, MD and CEO Mr. Shyam Srinivasan, honorable directors on the board, esteemed shareholders, ladies and gentlemen. The 89th 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. Now, it is my pleasant privilege to thank all those who have been instrumental to make this meeting a success.

Our respected chairperson, Madam Grace Koshie who presides over this meeting is well known to most of our shareholders, many of you who had been interacting with the regulator Reserve Bank of India. Her commitment and leadership has been invaluable with her past rich experience with RBI and her present and past engagements with global entities, she brings on board the best global practices in governance, and a wider perspective with which a regulator views the performance and operations of the bank. On behalf of all the shareholders, directors, and all those present here, I extend my hearty thanks to Madam.

Grace Koshie: Thank you, thank you.

Ashutosh Khajuria: Our MD and CEO, Mr. Shyam Srinivasan has been leading the organization for now nearly 10 years. He runs the bank with a missionary zeal and has been very successful in providing nayeensoch to the bank based on transparency, openness, and the best practices in everything that we do, to take this bank to become the most admired bank, rather than the largest. He is determined and dedicated to make this bank equally attractive for the shareholders, customers, society, and the employees. The excellent results which we all witnessed now, and the earlier years is a reflection of his relentless pursuit to take the bank to greater heights and admiration. Under his leadership, the bank has grown to nearly 1300 branches and is amongst the top six private sector banks, both in top line growth and in profitability while upholding its heritage, culture and the values laid down by our founder, Late Shri K. P. Hormis. The moola sutra and mantra visualized by him and well-articulated to the team Federal is encapsulated in the acronym DFHC, which expands to Digital at the Fore and Human at the Core. His vision to make our bank a First Choice 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.

Our board of directors 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 onboard the highest level of professionalism. For their guidance and contribution, thank you madams and sirs.

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 specially thank all those who have taken pains to come over here and participate in this digital meeting.

Bank's customers are our strength and our motivation and our reason to be here. Many of our shareholders are also our customers. The existence of the enterprise is because of its customers and for its customers. To all our customers who all are extremely valued for 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, like the current year.

It is our employees at all levels who build up the bank with their hard work, to all the employees of the bank and specially to all those who have been risking their lives in these 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 all those who have ensured the smooth conduct of this AGM, I express my sincere gratitude.

I also thank the ex-directors and ex-employees who all are participating in this digital meeting as had been the case in earlier AGMs as well. Thank you sirs and madams.

Our statutory central auditors, BSR and Company LLP, Chartered Accountants, M. M. Nissim and Company, Chartered Accountants, have all throughout maintained high level of professionalism and quality in conducting the audits and limited reviews of the bank for the past four years, including the year that went past. They have completed their tenure on this day. I express my sincere gratitude on behalf of the shareholders, board of directors, management team, and all the officials and employees of the bank who they have been interacting with for a smooth, but highly professional conduct of audits. I understand that they are being represented in this digital meeting. I could see Mr. Sanjay Khemani. My special thanks to Mr. Khemani, Mr. Varun Kothari and his team representing M. M. Nissim and Company, and Mr. Akeel Master, Mr. Alexander, Ankur Kotriwal and team from BSR and Company LLP. Thank you very much.

I take this opportunity to welcome our proposed new statutory central audit team of M/s Verma and Verma and M/s Borkar and Muzumdar who will take over the baton from them.

Bank has been receiving good encouragement from the press and media, and I thank all the members of the press and media who have been all through covering our bank.

I appreciate the good work done by NSDL and team and particularly in making this function a success. Thank you very much.

Once again, thanking all of you, I conclude. Ellavarukumendesnehamniranjananni, my heartiest thanks to all.

Grace Koshie: Thank you Ashutosh Khajuria for that very comprehensive vote of thanks. Thank you so much. Just a reminder to our shareholder members that the voting on NSDL platform will continue to be available for the next 30 minutes. Now, it is my pleasant duty to thank you all for your patience and for being fully engaged in this digital meeting AGM and I hereby declare the proceedings of the 89th AGM closed. Thank you.

Management: Thank you ma'am. Thank you everybody.

Grace Koshie: Thank you all.

Note:

1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.