

93rd Annual General Meeting of The Federal Bank Limited

Mr. Samir P Rajdev (CS)

Good morning, everyone. Welcome to the 93rd Annual General Meeting of the Federal Bank Limited. Request all participants to please rise for the national anthem.

National Anthem

Welcome back.

I'm Samir Rajdev, company secretary of the bank attending the meeting from the registered office of the bank based in Aluva. As we are conducting the AGM of the bank through virtual mode all the participants are kept on a mute mode for the smooth conduct of the meeting.

Please also note that all the registers like the registers of directors' contracts, arrangements and other documents as required under the Companies act are available for inspection. We will be able to provide copies of it through email based on a request.

Now, I cordially invite Mr. A P Hota, chairman of the bank who is attending the meeting from his residence at Andheri East, Mumbai, to preside over the meeting and address the shareholders. Thank you.

Mr. Abhaya Prasad Hota (Chairman)

Thank you, Mr. Samir.

Good morning to all shareholders, the board members and other officials of the bank who are attending this 93rd Annual General Meeting of the bank. As the requisite quorum is present, I now call the meeting to order.

Before we continue, I would like to request the participants for a few moments of silence in honor of all those who have left us during the year.

Thank you.

I now call upon the directors to kindly introduce themselves. I'll start with Mr. Siddhartha Sengupta, Independent Director.

Mr. Siddhartha Sengupta - Independent Director

Good morning. This is Siddhartha Sengupta joining from Navi Mumbai. Thank you.

CA. Mr. Manoj Fadnis - Independent Director

Good morning. This is Manoj Fadnis joining the meeting from my residence in Indore. I am also the chairman of the Audit committee. Thank you.

Mr. Sudarshan Sen - Independent Director

I'm joining the meeting from my temporary residence in Chennai. Thank you.

Mr. Sankarshan Basu - Independent Director

I'm joining the meeting from my office in Bangalore. Thank you.

Mr. Ramanand Mundkur - Independent Director

Good morning. I'm joining this meeting from my office in Bangalore. Thank you.

Mr. Elias George - Independent Director

Good morning. I'm joining this meeting from my residence in Kochi.

Mr. Shyam Srinivasan – MD & CEO

Hi, good morning this is Shyam joining from our office in Aluva.

Ms. Shalini Warriar - Executive Director

Good morning everybody, this is Shalini Warriar joining from our registered office in Aluva. Thank you.

Mr. Harsh Dugar - Executive Director

Good morning, I'm Harsh Dugar joining the AGM from Federal Office in Chennai. Thank you.

Mr. Venkatraman Venkateswaran - Group President & CFO

Good morning, this is Venkatraman here. I'm joining the meeting from the Registered office in Aluva.

Mr. Abhaya Prasad Hota (Chairman)

Let me once again extend a warm welcome to all our shareholders who joined us today for the AGM. The Bank is conducting its fifth virtual Annual General Meeting in compliance with the applicable regulatory guidelines for conduct of AGM.

The Bank had provided the facility to all the shareholders of the Bank to cast their votes electronically on all resolutions set forth in the Notice through remote e-voting from August 28th to August 30th. 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 has appointed CS M Damodaran, Practicing Company Secretary as the scrutinizer to supervise the e-voting process. The result of the voting of all resolutions would be announced by the Bank, within the regulatory timeline and would be made available in the Bank's website, websites of stock exchanges of BSE and NSE and on the NSDL website. The resolutions shall be deemed to be passed today subject to receipt of requisite number of votes.

The Notice convening the 93rd Annual General Meeting and Annual Report were already circulated to all the Members and hence all the resolutions for the eleven agenda items as set out in the Notice of Annual General Meeting is taken as read.

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

After this statutory announcement, let me go to the customary Chairman's address.

Dear shareholders,

Good morning and welcome to this AGM. This is my sophomore as Chairman of the Federal Bank and it's my privilege to address you all today. Our achievements reflected in soaring profits exceeding 3800 crores and a total business surpassing the 4 trillion marks. This stands as a testament of our relentless pursuit of excellence.

However, being recognized as the 'Most Admired Bank', our responsibility transcends mere figures. It encompasses the dedication and hard work of our team to ensure that all stakeholders feel honored to be part of the Federal family.

Dear shareholders, you have seen our first integrated Annual Report. 'REACH' was the theme of the report and so would be the theme of my speech today. We have

opened 141 new banking outlets, but our reach extends beyond just physical presence like this meeting that is reaching to some person and many more online, we have brought Federal Bank closer to our customers, enhancing accessibility and ensuring that services are within reach for all. But the term REACH does not just denote pan India expansion that the bank has undertaken.

Each of the letter REACH encapsulates the defining feature of the bank that enables a deeper connection with customers and other shareholders. The REACH stands for Responsive, Efficient, Accountable, Committed and Holistic. The bank is constantly innovating and in this era of rapid growth and expansion, we need to be on the lookout for opportunities.

AI has become an integral part of everyday life and our bank has been fully leveraging this technology. Our bank is pioneering integration of artificial intelligence in banking, a prime example being the use of AI application for vigilant inspection for offsite ATM's. Federal Hive is yet another example of how AI driven technology has made life easier. Our robust infrastructure, fortified by a formidable on the ground presence and cutting-edge technology, positions us to become the premier choice for Indians worldwide who are seeking financial solutions in India.

This year's theme for the report aptly encapsulated our extensive service network that spans over 16,000 pin codes across the country. Our service philosophy, future of digital is human, was the theme of our Annual Report for the year 2021, if the shareholders recall. We have always championed the belief that future of digital is inherently human.

As artificial intelligence, machine learning and technological innovations dominate the landscape, it is imperative not to lose sight of the human touch. While we celebrate a number of awards and accolades in the area of technology, what we celebrate most is the human aspect of technology.

Early in the last fiscal year, we launched a relationship centric campaign emphasizing RISHTA with individuals rather than just an interaction with an app. While our app serves as a conduit to reach our customers, it is the human connection that remains the cornerstone of our service philosophy. Technology acts as a catalyst, accelerating our journey from good to great, but the essence of our service is the personal bonds that we have forged with our customers.

Dear shareholders, ESG is the topic of the day. Let me talk a little about that. Our bank is deeply committed to societal wellbeing. Also, we have been honored as ESG champions in the Indian Commercial bank category by DNBSG Leadership Summit. For Federal Bank, Green is indeed the new gold.

We are steadfast in supporting the country in achieving its green targets for 2017. Our commitment to environmental and societal stewardship is a badge of honor we wear proudly alongside our numerous accolades in various facets of banking. Our CSR initiatives have revitalized the lives of many, further cementing our role as a transformative force within our country.

Of many projects that we have undertaken, two notable ones are skill academics and Sanjivani. Skill academics, which has been churning out an employable workforce across geography, and Sanjivani, a cancer screening, awareness and patient support program, have ensured that we give back to the society that we are part of.

A few words on robust asset quality, if you go to my message in the Annual Report, you will see that there have been mentions about our strong market reputation, exceptional credit quality and high level of compliance standards. One thing that we need a special mention here would be our robust asset quality.

Federal Bank has demonstrated remarkable performance in the FY showcasing exceptional asset quality. The banks GNPA and NNPA have been maintained at commendable levels. GNPA has not exceeded 2.38 and NNPA has remained below 0.69%. Over the last four quarters, the PCR has been increased to 71% reflecting the bank's commitment to heightened level of risk management and credit underwriting.

Our governance practices and consistency would have been a reason why a good domestic brokerage wrote a report on us titled, 'Prudence Premium'. The analyst has meticulously reviewed our performance across time and has called us out positively and suggested that we are really well poised for good outcomes in the period ahead.

On the back of our good fundamentals, our ROA was a solid 1.32% indicating efficient asset utilization and profitability. ROA expansion will always be a priority for us. The rest of the financials for the past fiscal year looks equally impressive. The banks interest income showed an increase by 31% year over year to 17,735 crore accounting for a significant 88% of the total income.

This impressive growth is a testament to the bank's strong revenue generating capabilities and strategic asset allocation. Despite a rise in interest expenditure with the average cost of deposits at 5.63% totaling 12,699 crore, the bank's net interest income still experienced a healthy growth of 15% year over year reaching 8293 crores.

This indicates effective cost management and an efficient balance between interest income and expenditures. The non-interest income also witnessed a substantial increase of 32% year over year, amounting 3079 crores. This diversification of income sources highlights the bank's ability to capitalize on various revenue streams beyond traditional interest earnings.

The operating profit stood at a commendable 5174 crore, marking a 24% growth. This reflects the bank's operational efficiency and its ability to translate revenue growth into substantial profits. The key financial ratios further illustrate the bank's financial health with a return on average equity at 14.73%, a cost to income ratio at 54.50% and a net interest margin at 3.20%.

These metrics underscores the bank's profitability, cost efficiency and interest earning potential. The numbers are a result of the extraordinary focus that we have on customer service and the effort to create a robust operational system that is almost defect free.

Now, let me speak a few words on our outgoing Managing Director. Before I thank everyone in the meeting, I would like to take a moment to first thank our outgoing MD and CEO and welcome the incoming one. Shyam Srinivasan has steered the bank over past 14 years. His dedication, perseverance and innovative thinking have been the catalyst in transforming the bank into one of the country's most premiere financial institutions.

The bank is no longer perceived as a Kerala backwater south focused bank, but a bank of national importance of sterling quality. On behalf of everyone at the bank, I extend a heartfelt thanks. Thank you, Shyam ji, for establishing Federal on the foundations of strength and transparency. Clap to him please.

Had it been an in-person meeting, I would have requested all of you for a standing ovation. Success and planning has been a great quality in our governance. KVS Manian, a very seasoned and accomplished banker is all set to take charge as the new MD and CEO of Federal bank. If Mr. Manian is attending the meeting somewhere as shareholder, he might be listening this. All the best Mr. Manian, if you are in the audience.

I am sure that you will continue this legacy of excellence. Our senior leadership is second to none, guiding every member of the Federal family by exemplifying the highest standards of excellence.

Together we shall stand firm on the principles of CARES- Commitment to excellence, Agility, Relationship orientation, Ethics and Sustainability. The unwavering

dedication of our core values ensures that regardless of challenges, we will navigate successfully and elevate ourselves to the pinnacle excellence.

Reflecting once more on my message from last year where I emphasized the power of leveraging the four Ds-Data, Digitization, Distribution and Depth of relationship, I firmly believe that the culmination of these efforts is yet another day further from development. This development encompasses all our stakeholders, including the nation as we strive towards becoming the Most Admired Bank.

Let me repeat the Most Admired Bank. We significantly contribute to the broader India story. Let us work together to create the best version of both our bank and our country. On behalf of the entire board, I extend our sincere thanks to all of you, dear stakeholders for your continued support. We hope that you will continue to stand by us with the same level of commitment in the years to come.

Together, let us make the vision of becoming the Most Admired Bank a reality. All the best and thank you very much.

Now, I request our MD and CEO to kindly deliver his speech. Thank you very much.

Mr. Shyam Srinivasan (MD & CEO)

Thank you, Chairman.

It is such an honor. Thank you for all your kind words and you did cover the entire gamut of our performance for FY 24 so thank you for that.

Dear shareholder, let me begin by first saying a big thank you. You may have read my letter in our Annual Report where I'd express my thanks and gratitude for according me the privilege of being the MD and CEO for a long period of 14 years.

During this time, we have witnessed profound transformations within the industry, within our bank and most importantly amongst ourselves as people. It is said that, 'To improve is to change and to be perfect is to change often'. We are a bank that seeks to pursue perfection and constantly readjust to meet the challenges that arise. But perfection, like excellence, is a race that has no finish line and to run this race, we need to be fueled by ideas and thoughts. I'd urge you to think of our growth as a masterful sequence of numbers.

Over the past 14 years, we've doubled both our workforce and our footprint. This steady buildup of resources has laid the foundation of our progress. Our customer base quadrupled from about 44 lakhs to 1.8 crores. Our market cap grew more than fivefold to nearly 50,000 crores and our net worth went up six-fold to over 30,000 crores.

Adding to this, our profits and total business went up sevenfold. We missed tripling anything. But that's because what we are. We elegantly wait it past demonstrating that with hard work and perseverance, even the loftiest of ambitions are gracefully within our grasp. You may agree that by any comparison these statistics suggest that our bank is one of the leading and most credible participants in the banking industry.

We have diligently pursued our aspiration to be the Most Admired Bank, and our Chairman did dwell on that and impressed everybody on the pursuit of becoming the Most Admired Bank. I'm only reiterating that.

Our obsession with building something that lasts, is what keeps our team passionate about chasing excellence in all that we do, while remaining steadfast in our ethical practices. Some of the recent reports by prominent analysts that called us out as a 'Decadal Opportunity' or the one that suggested as 'Prudence Premium', indeed serve as great recognition of the highest governance standards that we have set for ourselves. This again was reiterated by our Chairman. It is true that our bank has a rich history and the years have gone by, have seen a series of meaningful accomplishments.

However, it's not in our DNA to sit back and to dwell too much on the past. It's always been my belief that those who spend too much time living in the past don't have much of a future. This belief has inspired us as a team to follow what we call the 'Happily Dissatisfied' philosophy. It keeps us restless and constantly pushes us to strive for the bigger goal of seeking the Most Admired Bank. So let me turn my attention to some of what holds beyond FY-25.

We all know that the Indian economy is well positioned for sustained growth and the decade is ours for the taking. The Federal story mirrors the India story in many ways. The country is on its way to becoming a \$5 trillion economy. Federal, too, is poised to cross the 5 trillion-rupee mark in business size very soon. India is already poised, in the top five largest economies in the world and we too, as a bank, are literally kicking the doors of getting into the top five private sector banks in the country.

We like India, have been investing in what we would capitalize on the strong platform we have built over the years. At the current rate, India's median age and the bank's average age are soon to converge very soon. While we have established an operating rhythm that sets us up for consistent growth in the high teens, we are acutely aware that there are many opportunities, many segments, many areas that present us with higher growth opportunities.

We do believe areas like wealth management, trade finance, credit cards, microfinance are some of these opportunities and our teams are working to make sure that we do capitalize on these incremental growth opportunities that the market affords us.

To ensure we leverage this fully we need our deposit machinery, our traditional stronghold, to gather further momentum. Our team, like was pointed out in the earlier session, is focused on both physical and digital expansion, with many nuanced and segmental product issuances curated and launched at pace. Speaking of products and services I am delighted to share that just two days ago we launched the world's first digital capability called 'Smile Pay'.

Simply put, it is a Digi yatra of banking and what truly sets us apart as a bank is both thought and execution leader in the digital arena, while staying true to our philosophy of digital at the fore, human at the core.

Allow me to elaborate on why this is important. In a world where devices are dominating everything, we believe, more and more to give the human being the ascendancy and ensure human being is right at the forefront. We think the human body is the ultimate indicator of a person's ability to use as a payment mechanism, so we are truly getting into the device less banking capability and what we launched a couple of days back as Smile Pay, could be transformational and probably set the stage for a long journey of how it will go beyond devices.

In many aspects of banking, and particularly in the digital domain, we are not just following an established path, we go instead to where there is no path and seek to leave a trail for others to follow.

I am personally convinced that our secret sauce as a bank is our team. When the operating environment becomes more challenging, which is likely to happen in periods ahead and demanding, the single biggest differentiator is the team. Just like Helen Keller famously said, 'Alone we can do so little, but together we can do so much'. I do believe the team that Mr. Manian inherits, my successor inherits, is truly one of the most committed bunch of bankers in India.

I happily and joyfully welcome Mr. Manian, whom I have known over the last few months, and I have no doubt that he will take the bank to newer heights. Welcome Mr. Manian. Before I sign off, I must thank our esteemed board ably led by Mr. Hota and our seven extraordinarily proficient independent directors who have been our rock-solid support through every situation They have both pushed and provoked us to deliver our best.

I also want to express my gratitude to the 18 independent directors and 6 executive directors whom I've had the chance and privilege of working with over the last 14 years.

A big thank you to all of you.

As you'd observed from our Quarter end results, we have begun FY-25 quite well. The teams remain determined and focused on performance even as they are aware that any leadership transition may set up new horizons, priorities, and probably some disruptions too. Nothing just nothing, will stop the team and the franchise from delivering on what we have always focused on - Consistent, Credible, Sustainable performance.

As I bring this session to a close, I am reminded of a quote by TS Eliot, "Only those who risk going too far possibly find out how far one can go". I am sure the team will keep pushing themselves beyond all boundaries and reach places that only one had dreamt of. Thank you once again. I do truly am privileged and I am proud to be a Federal. Thank you very much. God bless.

Mr. Abhaya Prasad Hota

Thank you, Shyamji, for your wonderful speech and now it is the time for the speaker shareholders, who are already registered to express their opinions and to seek clarification on matters related to the bank.

Speaker shareholders are requested to cooperate while expressing their view so as to give sufficient time to all the shareholders speakers today. Now I hand over to Epitome to call out the names and they will go one by one.

Moderator

Thank you. Thank you so much, sir going ahead with the list of registered speaker shareholders, the first person on the list is Nanda Kumar D. Nandaji, you have already been unmuted. We are ready for your question. We would also request you to please turn on your video if you like.

Mr. Nanda Kumar D

Hello, Am I Audible?

Moderator

Sir, I think audible. The volume is a little less. If you can move a little closer to the mic, I think that would be even better for us.

Speaker Shareholder – Mr. Nanda Kumar

Okay, I would try to speak louder. Okay. Respected Mr. A P Hota, chairman, Mr. Shyam Srinivasan, MD and CEO, members of the board of directors of Federal bank. My dear fellow shareholders, good morning to all of you. There exists a statue JamSethji Tata in Jamshedpur, in the premises of Tata Steel. The Latin inscription below reads, '*Si monumentum requiris, circumspice*' which translates roughly to English, as if you want to see the man's monument, just look around; what it means is that Jam Sethji Tata does not need any monument. The institutions he built are his monuments.

Friends, the transformation of the Federal bank in the last 13 years is mostly due to the passion and initiatives of one person to metamorphose this institution to the Most Admired Bank in India and that person's name is Shyam Srinivasan.

In this period of 13 years and a few months, the business and profitability of the bank multiplied sevenfold. The number of branches increased from 700 to more than 1500. Not only the volume increased, the market share also has gone up substantially. From the status of a Kerala bank, Federal bank grew as a bank with considerable pan India presence. These are the quantitative growth one notices. The most commendable achievement during this period is the substantial improvement in the asset quality, if you ask me. Even when there was tremendous pressure on Mr. Shyam Srinivasan for growth, he was never prepared to sacrifice asset quality and this strategy yielded rich dividends in the long term. The NBA numbers today are quite impressive.

The difference one notices in the attitude of officers and staff in the brick and mortar branches of the bank also I believe, stands testimony to the qualitative improvement in the work culture assured in by Mr. Shyam Srinivasan during this period.

Other commendable achievements attributable to Mr. Shyam Srinivasan and his team include the digital initiatives.

Federal bank's digital platforms are second to none in reliability, security and user friendliness. The way it forged alliances with Fintech Partners was a pioneering initiative among Indian banks.

The contribution of executives like Ms. Shalini Warriar and Mr. Harsh Dugar cannot be overemphasized. Still, the credit of nurturing these officers to the levels capable of continuing with the transformation he assured in should go to Mr. Shyam Srinivasan.

The exemplary leadership of Mr. Shyam Srinivasan was evident during the two major crisis in his tenure, the floods of 2018 and the Covid-19 in the financial year 2021. His leadership instilled confidence in all stakeholders of the bank and the bank emerged unscathed and stronger.

In the AGMs, both physical and online, he always listened keenly to the shareholders view and accepted good suggestions. A decision standing testimony to Mr. Shyam Srinivasan's business acumen is the one to become a part of the consortium of banks which bailed out Yes bank. The reputation of Federal bank got enhanced by this act and it also made a good profit in the process.

Another feather in his cap is the listing of FedFina at good valuations. We joined the league of big banks with listed subsidiaries. I for one firmly believe that the presence of Mr. Shyam Srinivasan in Federal bank was instrumental not only in lifting the levels of standards of the bank but had a positive influence on other private banks in Kerala like South Indian Bank, CSB bank, etc. They copied many leads from his textbook.

As they say, every good thing has to come to an end. I am sure Mr. Shyam Srinivasan will find areas where he can continue to chase his passion in banking, find happiness and add value to the society. Mr. KVS Manian, who is going to succeed him, I understand, also is an equally capable and dynamic leader. I take this opportunity to also welcome him to this esteemed institution. Welcome, sir, if you are listening.

And we are lucky to have a team in place in Federal bank, mentored by Mr. Shyam Srinivasan to take it to further heights of excellence. Please allow me to conclude this on a personal note. Mr. Shyam Srinivasan has always been accessible and responsive to me since the day he joined Federal bank. He was receptive to ideas and kind enough to consider every suggestion offered.

During my tenure in the fertilizers and chemicals Travancore, he always obliged to cooperate with FACT and have attended a couple of functions and meetings there as the keynote speaker or the chief guest on my invitation. As a customer, shareholder and well-wisher of Federal bank and a friend of Shyam, let me thank him for the extra mile he trekked for enhancing customer experience, maximizing shareholder

wealth and developing an impeccable institution ready to scale further heights of excellence.

I wish him and his family happiness, good health and prosperity for many, many years to come. Napoleon Bonaparte once said, 'Soldiers never return, they just fade away'. Even if Mister Shyam Srinivasan leaves Federal bank on the 22 September 2024, it will take a long time for his signature to fade from the different facets of the bank. Thank you, Mr. Shyam Srinivasan. Thank you, friends. Thank you, Mr. AP Hota.

Moderator

Thank you so much. This was Mr Nanda Kumar proceeding ahead with the list of registered speaker shareholders, we have with us Mr. Xavier Gregory. Mr. Xavier, we are ready for your question.

Also, we would request all our speaker shareholders to please turn on your video.

Mr. Xavier, we are ready for your question.

Mr. Shyam Srinivasan – MD & CEO

Is there is on mute, I think. Mr. Gregory, you're on mute.

Moderator

We have unmuted him, sir. I just did myself right away. Xavier, we can proceed with your question.

Speaker Shareholder – Mr. Xavier Gregori

Okay. can I? Am I audible?

Moderator

Yes. Audible and visible too. Yes, sir.

Speaker Shareholder – Mr. Xavier Gregory

Thank you. Respected president of the meeting, Mr. Abhaya Prasad Hota, Chairman of the Board of Directors, respected MD and CEO of the bank, Shyam Srinivasan sir. Respected members of the board of directors, Ms. Shalini Warriar, executive Director Mr. Harsh Dugar, Executive Director Mr. Venkatraman Venkateswaran and Chief Financial Officer, Mr. Samir, company secretary. Respected shareholders of the bank, senior executives of the bank. My dear Federals, ladies and gentlemen, a good morning, everyone.

I am Xavier Gregory, a retired federal. I was fortunate to be in the service of the bank for 44 years and six months. I belong to Mookkannoor village, the birthplace of our visionary founder KP Hormis sir. Also of, late KP Cherian sir, brother of KP Hormis sir, who toiled hard and played a pivotal role in laying a strong foundation to Federal bank along with his brother KP Hormis. He can be called the co-founder of Federal bank and KP Cherian sir was the first general manager of the bank.

At the outset let me congratulate the bank, the MD and CEO Shyam Srinivasan sir, the respected members of the board of directors, Ms. Shalini Warriar, executive director, the senior executives and all the serving Federals for the excellent performance and overall growth of the bank. Particularly for the fact that the net profit of the bank has reached Rupees 3721 crore which is the highest ever net profit for the bank and an all-time record.

I'm here to express our gratitude to the bank on behalf of the people of Mookkannoor. Our bank has been magnanimous to our village Mookkannoor being the birthplace of the founder, by approving a CSR project to transform Mookkannoor. The project is going on well as scheduled. The first phase has been completed and we are into the second phase. Well executed by K P Hormis Educational and charitable society of which we, the federals, are the members.

This society, its dedicated members, mostly retired Federal veterans, are voluntarily implementing this project. Let me express our heartfelt gratitude to the respected members of the board of directors for granting this project and trusting us with the execution part of it. The people of Mookkannoor are indebted to two great individuals in particular. The first being the illustrious son of Mookkannoor, the founder of Federal Bank KP Hormis sir. The next person is our beloved MD and CEO Shyam Srinivasan sir who has served the longest innings in the bank as its MD and CEO, after Hormis sir. The growth, the clean track record and the transformation of the bank after Shyam Srinivasan sir took over as the MD and CEO and the bank's present nature is a testimony to his excellent leadership.

Shyam Srinivasan sir has been a real blessing to the Federal bank and thereby to all of us. He is not only a top-rated CEO of the Most admired Bank, but a fine human being as well. The people of Mookkannoor convey their respect, love and regards to you, Shyam sir. All the very best to you. Thank you so much sir.

Hearty welcome in advance to the incoming CEO Sri KVS Manian and wish him a great tenure in Federal bank and all the very best to take the bank to further heights of success and glory. We are proud of Federal bank. I am proud to be a Federal.

Thank you.

Moderator

Thank you so much sir. Thank you. Moving ahead with our next speaker shareholder, we have with us Poulouse Parackal. Sir, you have been unmuted. We would request you to please proceed with your question possibly with the video turned on.

Mr. Shyam Srinivasan – MD & CEO

Yeah, I can see him. Go ahead. Mr. Poulouse

Speaker shareholder – Mr. Poulouse Parackal

Respected Chairman sir.

Mr. Shyam Srinivasan – MD & CEO

Can't hear you sir.

Speaker shareholder – Mr. Poulouse Parackal

My fellow share.

Mr. Shyam Srinivasan – MD & CEO

Maybe you can turn off the camera and speak.

Speaker shareholder – Mr. Poulouse Parackal

My dear friends. Am I audible?

Moderator

Mr. Paulos, I believe the bandwidth is not appropriate for the video and audio together.

Mr. Shyam Srinivasan – MD & CEO

Moderator, he is speaking. Let him carry on. Please carry on.

Moderator

Okay. Okay.

Speaker shareholder – Mr. Poulouse Parackal

I would like to congratulate our board for a landmark achievement of our bank. Our shares have stood two three weeks, above the 200 marks for the first time. We all know that market have not realized our real strength till now. For a capital of 487 crores. Net worth is 29,089 crores. Our book value itself is 119.45. We have an EPS of 16.7 and capital adequacy ratio 16.13. Let us hope that we will achieve 300 mark and stay there this financial year itself. As this is the last meeting of Shyam sir as MD and CEO of the bank, let me appreciate his achievements in the banking sector.

As a trade union activist, I had to differ with Shyam sir several times. Still, I will not hesitate to congratulate his good initiatives for the bank, Federals, society and for memory of our founder, Hormis sir. I wish Shyam Sir all the best in the next innings. This year I proudly participated in the inaugural function of clean Mookkannoor project at our founder's village.

Now I would like to make a CSR proposal before the board. (Intermittently coming up).

Hello. Your line is intermittent.

I would like to wish Subramanian sir all success as MD and CEO of this Most Admired Bank and hope that he will bear in mind this Kerala bank's history, heritage and commitment for society.

At present, HDFC holds more than 9% IFC more than 8%, as a minority shareholder, I always like to see distributor holding of our shares. A close analysis of the results shows some interesting observations of the total... (Intermittently coming up).

Management Team

Mr. Parackal, we can't hear you. Mr. Parackal.

Moderator

Sir, I think we lost connectivity with him.

Management Team

Yeah. We can go to the next shareholders and come back and follow us.

Moderator

Sure Sir. Our next registered speaker shareholder is Mr. Krishna Kumar Srinivasan. Krishna Kumar ji, we are ready for your question.

Speaker shareholder – Mr. Krishna Kumar Srinivasan

Hi, good morning Mr. Shyam and the august board of directors and fellow shareholders. Unfortunately, I'm not able to get my video on. However, let me proceed.

So I think it gives me great pleasure to talk to the most admired banker of mine. Shyam, you have created the Most Admired Bank. But I think you are one of the most admired bankers in India.

Having come in from Standard Chartered, I think you created a huge difference to Federal bank. Transformed it into the current top five private sector bank in India. At the cost of repetition I would like to mention here that the market capitalization of the bank has moved from 8000 crores approximately to 48 - 50,000 crores today. A six-x during the tenure of shyam.

While the share price has moved from 40 to over Rs 200, as the other shareholder mentioned, it's a five-x kind of increase. That's the kind of wealth creation for shareholders. As a bank, you know, I just want to talk about the size. From a 36,000-crore deposit franchise we moved to 2.5 - 3 lakh crores last year. In 14 years' time, I think you steered the advances again, eight x from 27,000 crores to about 2.1 lakh crores. Thereby transforming this bank into one of the top banks in India with business done at about 4.60 crores.

I mentioned these numbers again only to show the size of the bank in relation to what you inherited in 2010 and how much you have been instrumental in leading the team to where it is today.

The credit quality, as somebody has mentioned, has been impeccable. The retail mix that you aspired for at 55% plus is being reached. Digital banking, I think it's a well-known name. Again, workforce is very empowered. Leadership team is very happy and stakeholders like us as investors, fund managers and individual investors very happy with the performance of the bank over the last 14 years which marks your tenure.

I think you are leaving behind a great legacy and I am sure all shareholders will thank you from the bottom of the hearts for the effort that you have strived to put in over the many years here. And I'm sure Mr. Manian would also definitely carry forward your legacy that you tried to create. Wish you all the best, Shyam, in your next phase of your career and hope to be in touch.

Thank you very much.

Moderator

Thank you so much sir. Thank you so much. Going ahead with our next speaker shareholder we have with us Mr. Vinod Agarwal. We are ready for your question. If possible, please turn on your video.

Speaker shareholder - Mr. Vinod Agarwal

Yeah, I'm allowing my video to start. My video.

Yeah.

Respected Chairman Mr. Abhaya Hota ji and outgoing MD Shyam Srinivasan ji And CS Sameer Rajdev ji and CFO Mr. Venkatraman Venkateswaran.

Good morning to everyone. Sir, the performance of the bank has been very good. So, one thing sir. While welcoming a new CEO Sri Krishnan Venkat Subramanian, we will be missing Sri Shyam Srinivasan. He has taken our bank to the newest of all heights and he has performed so well for the bank.

Then it will be missed for long times to come, sir. Now even in the past year our PAT has been highest. I'm talking about consolidate 3028 crores and the net worth has to 29,000 crores up from 21,000 crores, which is very good sir.

The GNP have reduced and the NNPA's are just 0.6 at the moment. And the branches we have added 141 branches then total branches of 1540. On this I would like to know how long does it take for a branch to become profitable and how much of capex that you do to for putting up branch? I think so, most of them would be rental. But even for putting on a rental branch you'll have to furnish them. How much capex does it take for one branch to be furnished?

And I'm pleased with the award that has been received by our bank. The most prestigious being, The Banker of the Year and the great places of work, they have been shown on pages ten and eleven. Another thing which I want to point out is that you have given a dividend of rupees 1.20 that is 60% on a face value of Rs2 on an EPS consolidated EPS of Rs16.00.55 which works out to less than 7%.

I know banks need money to grow and we shareholders expect at least minimum 15% the payout of the bank's profit. Sir, if you could see that this percentage of the

profit will be given as a dividend, it will be nicer in future. So, we don't have to look at what the ratio of the dividend would be /Inaudible/and thankful to Mr. Mithun Shenoy from the CS team to helping me join today's AGM.

I voted for all the resolutions ought to be adopted in today's AGM. I wish the company all the best and I wish Mr. Krishnan Venkat Subramaniam all the best on taking over the bank hence and signing off. Vinod Agarwal from Mumbai.

Management Team

Thank you, sir. Thank you. Is Mr. Parackal back? No sir, he has some connectivity issues.

Moderator

Mr. Parackal has joined the meeting. But sir, he has connectivity issues that even the back end did place a call to him. So, I believe we'll be able to receive his questions over the email and the part that we already heard will be able to answer. Hence this brings us to the end of all the questions from all the registered speaker shareholders. And we would like to go over to the dais and the board members to help us with the answers on the same. Thank you so much sir.

Mr. Abhaya Prasad Hota (Chairman)

Now for giving replies to the queries and evaluating the opinions and suggestions of the shareholders I would like to invite the MD and CEO.

Mr. Shyam Srinivasan (MD & CEO)

Thank you, Chairman once again good morning, and thank you everybody for your questions and observations. Most humbled and full gratitude to all of you for your kind and supportive words. Shareholder Nanda Kumar, shareholder Xavier Gregory, Poulouse Parackal, Krishna Kumar and Mr. Vinod Agarwal.

All of you have used very kind words and thank you very much. I am humbled and I'm very confident that the bank is capable of doing much more than what we accomplished.

Like I always say, everything is a trailer and we will find the bank performing at great full speed in the periods ahead.

We do have an excellent team and they are committed to deliver the highest standards of performance and always ethically. While I thank all of them in person - Nanda Kumar, Xaviour, Paulose, Krishna Kumar and Vinod Agarwal ji. The observation Mr. Parackal had made was about, I think, about a CSR initiative in addition to what we are doing in the area of Mookkannoor.

Once your inputs come, I am sure our team will evaluate and whatever is bona fide and doable we will commit to doing it. Our commitment to society and our ability to influence local catchments and help people in the area of health care, education, skilling will never, never end. So, I am quite sure if it meets any of these objectives, we will be able to help in any manner possible over time. And Vinod Agarwal asked a question about the bank's branch expansion and the cost of expanding.

Sir, we did this with some thought. We try and ensure that; the variable component is usually the higher component and invariably it takes between 18 to 24 months, depending on the catchment and the nature of the business that we do, for it to turn profitable. At this point in time, you may have observed we don't have any branch that is greater than a year old, we don't have any loss-making branches of any size or substance. So, we do believe that that momentum will continue.

Normally it takes between 18 months to 24 months for a branch to break even, and that will continue, Sir. And your observation on dividend is well noted. As you know, banks have to be quite conservative about dividend and yet reward our shareholders, so that balance our board always seeks to keep.

And we are a capital-intensive business and our fuel and raw material is capital. So we have to constantly keep balancing out and that trade off the board continuously makes. But we are advised, well advised by your input, and I'm sure on the next occasion the board will consider that.

Otherwise, there were no particular questions. I think there's a question that has come from one of our shareholders on email. It has a few observations. I will try and give some clarification. It is from shareholder Mr. Ramaswamy SS and he has asked a few questions.

I think the questions are around the quality of the portfolio and that we could take more risk. Are we very conservative? He says, well, we are happy, happy about it. How come our liability costs are higher? I think that's the observation he's made. Sir, I think this is an ongoing journey. We do seek to keep our cost of liabilities at the most optimum it is. There are instances in certain geographies, certain segments that we have to pay at market but on balance, our liability is largely retail in nature and we don't seek to pay much higher, but we can't be out of the market.

That said, this is an ongoing journey, and we will ensure that the overall blend between cost of deposits and the price of lending we manage well. Our objective is not just the margin expansion, but our objective is to make sure that with incremental growth, we grow revenues faster, that means the book grows, but our revenues grow faster and I think that will be a sustainable model. So, I'd encourage not to just look at one dimension. We need to look at a holistic picture. At the end of the day, we are committed to delivering ethical, high-quality profits and we commit that will happen as part of the bank. And the mix of the business is very situation dependent and we will ensure that the team is continuously looking out for the most optimum mix between credit deposit and pricing. That was an observation.

I think his other question is, RBI did not select us for piloting the digital rupee, so they were phasing it out. We were there, you may have noticed in the second phase of the digital rupee and we are very active participant. The digital rupee is taking time to catch on. I do believe it's a product slightly ahead of its time because there are multiple competing opportunities in the country. But over a period of time, you will find as India gathers momentum on the digital rupee side, Federal bank, as always, will be at the forefront. And right in the face of that opportunity, like we talked about technology, I did mention in my speech how we have launched India's first, probably the world's first face recognition-based payment system. So, we are committed to delivering high quality digital capability.

Do we have any plans to expand our services like mutual fund business, broking services and other allied services is, one more question. In my speech I did refer to certain areas of sunrise areas for the bank to look at. Specifically, I called out wealth management. These could be extensions on that and I'm sure Mr. Manian and the entire senior team, they'll evaluate and look at these opportunities and at the appropriate time, get these going.

There were a few more questions, but I think this is about the play store app, of our app has a rating of 4.5. Can it go to 4.8? Yes sir. We will continuously keep working on it and we will seek to make sure that our score keeps going up. But I'd like it to be bona fide and uncooked scores. It should be real scores because there can be at times people try to game the system, but we are trying to ensure that what is there is as it is here.

With that, Chairman, all the shareholders' questions came in and verbal observations have been addressed and we always are open for more feedback and our investor relations teams can be reached out by any shareholder who may not have the opportunity today, and our teams will get back. So, thank you very much and once again, personally, a big thank you. I remain proud, I remain humbled and

endlessly grateful to everybody for this remarkable opportunity for being here for as long as I have had. Thank you very much everybody.

Mr. Abhaya Prasad Hota (Chairman)

Thank you, Shyamji, for replying to the queries, observations and comments of the shareholders through their speeches at the AGM. And you also replied to the queries raised through the email.

Now I would like to make the statutory announcement that we had 83 shareholders who attended the meeting and there were five speakers. I would like to extend my wholehearted thanks to the colleagues on the board for their sincere cooperation for the smooth conduct of the Annual General Meeting. I also extend wholehearted thanks to the valuable customers of the bank, the shareholders and the employees for their support. Wishing you the very best and to the bank. Now I invite the executive director Shalini Warriar to deliver the vote of thanks.

Ms. Shalini Warriar (Executive Director)

Respected Chairman, Mr. AP Hota, MD and CEO Mr. Shyam Srinivasan, Honorable Directors on the Board, esteemed shareholders, valued members of the Federal bank family, ladies and gentlemen, good afternoon to all of you. As the 93rd Annual General Meeting of the bank comes to a close and it is a successful conclusion, it is my honor and privilege to propose this vote of thanks. With the patronage and support of our shareholders, customers and employees your bank has delivered a good performance in a year full of unforeseen challenges and obstacles, particularly for the banking sector.

A credible achievement indeed about which all of us can be proud. It is mainly the support and patronage of shareholders that gives us the confidence for the future. On behalf of the bank and on my own behalf, I express my sincere thanks to the shareholders for their unstinted support.

I also take this opportunity to welcome and thank our new shareholders who brought with them incredible strength and refuted our bank's balance sheet. Your continued support and encouragement has been the fuel for our progress in the financial year gone by. And we look forward to your continued patronage on our journey to be the Most Admired Bank. Our customers are our strength and our motivation. Many of our shareholders are also our customers. The existence of this enterprise is because of its customers and for its customers. To all of them spread across India and worldwide, I extend my heartfelt thanks for patronizing the bank all through the year. It is my pleasant privilege to thank all those who have been

instrumental in making this meeting a success. I'd like to start by saying a thank you to all our active shareholders who participated in the meeting. Your words of appreciation to Shyam in particular and to the bank in general, mean a lot to us.

The meeting is presided over by our chairman, Mr. Hota, a person who needs no introduction to the banking industry in India. He has played and continues to play a very pivotal role in transforming the payment solutions space. His address today has highlighted all our key achievements in the year gone by and our plans for the coming year. His commitment and leadership has been invaluable. On behalf of all the shareholders, directors, employees, and all those present in the meeting, thank you Sir, for your valued contribution to the bank.

Our MD & CEO, Mr. Shyam Srinivasan has been leading the organization for nearly 14 years and today we've had heard from him for the last time in his role as MD & CEO. There are no other non-promoter CEO's who have had such a long tenure at the helm of affairs. Length of tenure aside, what has been remarkable has been the progress made by the bank during this period. The bank is well and truly a national player now and is a brand that is well recognized and resonates with the heart and soul of India.

He has been determined and dedicated to make this bank equally attractive for shareholders, customers, employees, regulators and the society at large. The excellent results which we all witness now is a reflection of his relentless pursuit to take the bank to greater heights.

Under his leadership, the bank has expanded from 700 odd branches to nearly 1500 branches and is amongst the top private sector banks both in top line growth and in profitability, while upholding the heritage, culture and values laid down by our late founder Mr. KP Hormis. His vision to make our bank as the Most Admired Bank for all stakeholders is a path on which the entire Federal bank is committed to trade. I thank you Shyam, for your leadership and wish you a long and more successful innings ahead.

Directors on our board have rich and varied experience in governance, regulation, banking, accounting administration, risk management, payment and settlement systems, international banking, MSME, agriculture and information technology; and they bring with them to the board the highest level of professionalism for all their guidance and contribution during the year gone. Thank you very much madam and sirs.

It is our employees at all levels who build the bank through their hard work. To all the employees of the bank and especially to those who have toiled through what has

been some very difficult times to put in exemplary efforts to ensure the normal running of day to day banking operations and servicing our esteemed customers, I say thank you.

I also say thank you to all those who have worked hard to ensure that the requirements prior to and during the conduct of this AGM were delivered in a smooth and compliant manner. Thank you.

I also take this opportunity to thank ex directors and retired employees who are participating in this digital meeting. The bank has been built on the strong foundation laid by each one of you for which we will remain eternally grateful. On behalf of the shareholders, board of directors, management team, all officials and employees of the bank, I express my gratitude to the auditors for a smooth yet highly professional conduct of audits.

I take this opportunity to specially thank our statutory central auditors, M/s Suri and company and M/s MSKA and associates who all throughout have maintained high level of professionalism and quality in conducting the audits as well as the limited reviews of the quarterly financial statements of the bank. Thank you dear auditors and we look forward to working with you in the coming years.

Our bank has been receiving good encouragement from the press and media. I thank all members of the press and media who have been covering our bank through the year and especially thank those of the media who are present today in the AGM. I appreciate the good work done by Epitome Corporation Private limited and personal connections in making this meeting a very effective and efficient one.

Thank you on behalf of the entire bank. I also take this opportunity to welcome Mr. Manian to the management and look forward to working very closely with him in the months and years to come. Once again, a big thank you for all that you have done and continue to do for the bank. We remain eternally grateful to all of you.

For those of you celebrating Onam shortly, I take this opportunity to wish all of you the very best, a very happy and prosperous Onam. Jai Hind.

Mr. Abhaya Prasad Hota – Chairman

Thank you Shalini. Thank you all for attending the meeting and, I hereby declare the proceedings as closed. I hand over to the moderator. Thank you.

Mr. Shyam Srinivasan (MD & CEO)

Thank you, Chairman. Thank you everybody. Thank you very much.

Moderator

Thank you so much everybody for joining us for this AGM. Thank you so much. Dear members, as instructed by the scrutinizer, we request all the members participating in the AGM to please cast their votes. Please note the e-Voting will be open for the next 30 minutes. Thank you so much everybody.

Thank you.