

The Federal Bank Limited
Transcript of 92nd Annual General Meeting
held on 18.08.2023

Meeting commencement time: 11.00 am

Mr. Samir P Rajdev

Good morning, everyone. Welcome to the 92nd Annual General Meeting of the Federal Bank Limited. Request all participants to please rise for the National Anthem.

National Anthem

Welcome once again. I am Samir Rajdev, company secretary of the bank commencing the meeting from the registered office of the bank in Aluva. As we are connecting this AGM through video conference, please note that all the shareholders are kept on mute mode for smooth and seamless conduct of the meeting. Please also note that all the required registers like the register of directors, KMPs, contracts, arrangements and other documents required under the Companies Act are available for inspection. We will be able to provide copies of it based on a request through an email.

Now I cordially invite Mr. A P Hota, chairman of the bank, who is attending the meeting from the registered office of the bank in Aluva, Kerala, to preside over the meeting and to address the shareholders. Thank you. Over to you Hota Sir.

Mr. A P Hota

Thank you, Mr Samir. Good morning to all shareholders, the board members and the other officials of the bank who are attending the 92nd Annual General Meeting of the Bank as the requisite quorum is present in now, call the meeting to order. Before we continue, I would like to request the participants for a few moments of silence in honour of all those who have left us during the year.

Thank you. I now call upon the directors to introduce themselves. Mr Sengupta.

Good morning. This is Siddhartha Sengupta, independent director, logging in from Navi Mumbai.

Good morning. Manoj Fadnis, Independent Director attending from Indore.

Mr Sen.

Good morning. This is Sudarshan Sen Independent Director joining the meeting from New York, United States.

Mr Basu.

Good morning. This is Shankarshan Basu joining this meeting from Bangalore.

Mr. Mundkur.

Good morning. This is Ramanand Mundkur joining this meeting from my office in Bangalore.

Good morning. This is Shyam here joining the meeting from the registered office in Aluva, Kochi.

Good morning, everybody. This is Shalini Warriar, Executive Director, joining the meeting from the registered office in Aluva.

Harsh. Good morning, everyone. This is Harsh Duggar joining the AGM from Federal Bank office in Chennai.

Good morning, everyone. This is Venkatraman. I am joining the AGM from the Head office in Aluva. Let me once again extend a warm welcome to all our shareholders who joined us today for the AGM. The bank is conducting its 4th 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 resolution set forth in the notice through remote e-voting from August 15 to August 17.

These 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 details mentioned in the AGM notice, the Board of Directors has appointed CS M Damodaran, Practicing Company Secretary, as the scrutiner to supervising the e-voting process. The result of the voting of all resolutions should 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 & NSE and on the NSDL website.

The resolution shall be deemed to be passed today subject to receipt of requisite number of votes. The notice of convening the 92nd Annual General Meeting and the annual reports were already circulated to all the members and hence all the resolutions of the 15 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 the financial statements or matters which had any adverse effect on the functioning of the bank mentioned in the audit report.

Now I would come to the formal part of the Chairman's address.

Good morning, dear shareholders. I'm deeply honoured and excited to be present before you as a Chairman of Federal Bank on this momentous occasion, the 92nd Annual General Meeting. Let me begin by expressing my heartfelt appreciation for the invaluable guidance provided by our former Chairman, Shri Balagopal. Although I'm just 2 months old as Chairman, I have 5 years of tenure in the Board.

Mr Balagopal, Sagacity has laid the groundwork for our incredible journey, a journey I had the privilege to witness during my tenure as a Board member over the years. As we assemble here

to reflect on accomplishments and advancements of the past fiscal year, I am reminded of the indomitable spirit that characterises the bank enabling us to surmount significant challenges and emerge stronger. I feel your bank is one of the most resilient banks in the country and you would possibly be delighted to know that today we are at a place 5 years back right on this day the ground floor of this building was submerged in water. Just, I was informed by MD and CEO.

In fact, I find myself exceptionally delighted to take in the role as Chairman at this juncture. There could not have been better time in history than this to lead Federal Bank. Our country India is currently experiencing and an inspiring growth narrative, it is projected that India will surpass Japan and Germany to claim the position of world's 3rd largest economy by 2027. In the same vein, India's stock market is anticipated to become the 3rd largest globally by end of this decade.

This exceptional growth potential and the opportunities that will arise out of this scenario presents the bank with a unique opportunity to pursue our aspiration of building the most admired bank. specially our recent achievements. The successful qualified institutional placement, QIP and the issuance of preferential shares amounting to ₹4000 crores has helped fortify our capital base, which is the raw materials required for growth. This empowers us to seize the opportunity that lie ahead, giving us the leverage to lead, innovate and shape the future landscape of banking.

Before we delve deeper into the bank's performance, which will be elaborated by our MD later, I wish to highlight some significant insights delivered by Shri Shaktikanta Das, Governor, Reserve Bank of India. He emphasises the importance of governance practices for banking institutions. The guidance of the Board is drive a culture where the expectation goes beyond baseline compliance and regulatory requirements and aim for higher best in industry standards. And this is what we strike for constantly at Federal Bank.

Customer service, ethical employee behaviour, data privacy and cyber security are indeed the cornerstones that underpin our success. These pillars gain even greater significance amidst innovation, change and disruptions. Over the years the bank has nurtured and reinforced a robust internal control system. This system is finely tuned to our risk appetite and mirrors our operations, size, scale and intricacies. The Audit and Inspection Policy endorsed by the Board of Directors delineates the scope and authority of the internal audit functions. We have fortified our data privacy and cyber security measures to safeguard our customers entrusted information. Our commitment to cutting edge technology is matched by our dedication to ensuring the security of our customers data.

We have reinforced our audit mechanism to ensure independent oversight. Our supervisory functions stand as the final bastion ensuring transparency and compliance across our operations. Through well-defined policies and training programs. We instil in our employees' sense of responsibility towards upholding the highest ethical standards. I envision Federal Bank not just as a financial institution, but as a catalyst for transformation in the entire banking sector. Our commitment to innovation, excellence and ethics has propelled us to embrace digital era with open arms and we are here to stay. Our Digital at the Fore, Human at the Core philosophy embodies our commitment to harness the power of technology while never losing sight of human touch. That sets us apart.

Our recent in campaign "Rishta Aap se Hai, Sirf App Se Nahi" exemplifies this blend

beautifully making banking more accessible, personal and convenient. We seek to humanise banking in a digital landscape. We have embraced technologies like artificial intelligence, machine learning and robotic process automation to create personalized experiences for our customers, driven by insights gained from robust analytical capabilities. Through strategic partnership with diverse fintech companies, we have extended our reach to 100 underserved segments democratising financial services across the country, extending our impact to underserved areas. This aligns perfectly with our expansion plans which focuses on establishing 80 to 100 new branches annually over the next 3 years, with an emphasis on regions like Gujarat, Maharashtra, Tamil Nadu and Karnataka. These plans are grounded in the success of our recent branches which have reached break even status sooner than anticipated.

The fiscal year 22-23 has been one of the monumental achievements for Federal Bank. We have set new records in terms of deposits, advances, total business, total income, net interest income, operating profit and net profit. This exceptional performance has been driven by our customer centric approach, strategic use of digital capabilities, robust financial management and prudent risk management practices. Our commitment to innovation and forward-thinking strategies has been recognised through awards such as named among 'Top 50 India's Best Workplaces, building a Culture of Innovation by all' by 'great place to Work'.

Additionally, our efforts towards digital advancement were acknowledged with the 'best digital banking product -Private Sector Bank' Award for 'Federal Insta Loans' at the Lentra Digital Lending Transformation Global Summit 2022. As we step into the future, we are excited by the possibilities lies ahead. Our journey to success is not merely built on numbers and profits. It rests some trust, integrity and our unwavering commitment to stakeholders. Our value framework built up CARES, C for commitment to excellence, A – agility, R - relationship orientation, E - ethics and S - sustainability cares will ensure that we uphold the highest standards of conduct and nurture strong relationships with all stakeholders.

We would be hosting our 100th AGM in 2031, just 8 years away, with all our growth engines working in full throttle. We are sure that by the time we will indeed be the 'Most Admired Bank', not only on business size or geographical footprints or magnitude of operation, but also on quality of service and impact on the customers and society in general.

We would be a leading player in green finance riding on deep commitment to sustainability goals and sharp focus on technology led innovative banking. Prominently would we acknowledge the need to continually reflect on the role of expectations of our governance architecture to ensure that Federal Bank remains a beacon of excellence during times of rapid change and uncertainty. I extend my deepest gratitude to our valued stakeholders for their unwavering support during the challenging times. Your trust and partnership have been crucial in our journey. I am confident that our dedicated teams' efforts will lead us to even greater heights as we continue on our path to becoming the most admired bank. Thank you for your time and continuous support.

Now I call upon Mr. Shyam Srinivasan, MD & CEO of the bank to address the shareholders.

Mr. Shyam Srinivasan

Thank you, Chairman, Sir. Ladies and gentlemen, esteemed shareholder warm and hearty welcome to the 92nd Annual General Body Meeting of Federal Bank. It is an honor to address all of you our shareholders as we come together to reflect on our journey that has let us to this

point. My gratitude goes out to all of you our loyal shareholders who have stood by us all along, as well as to our new investors who have come on board most recently during our well subscribed QIP. I take this opportunity to express my heartfelt thanks to our esteemed Board for their steadfast support and guidance all along and for leading the Board as Chairman for the past 2 years. It is a great appreciation that I extend my thanks to Mr. Balagopal.

Looking ahead, I offer my sincerest congratulations to Mr. Hota, the father of NPCI, for taking on the role of the Chairman of the Board. I also thank my colleague Ashutosh Khajuria, whose term ended as Executive Director but he's agreed to stay on for a year or more to help mentor many of our colleagues. Thank you, Ashutosh. Also extend my warmest greetings and congratulations to Harsh Dugar for his well-deserved elevation to the position of the Executive Director on the Board. Now let me tell into the core purpose of our gathering today to present our banks aspirations and to retrospectively examine the lessons garnered from the previous year. Our sights are set on working our way to be amongst the top 5 private sector banks in the country in terms of scale, size and of course to be the most admired bank.

This we will ensure by fortifying our core, tapping into the mega trends and thoughtfully investing in adjacencies. All this while we keep our eyes sharply pinned on delivering quality across the Board. FY23, as we all know, was characterized by fragile economies, anxious geopolitical conditions, nonlinear growth patterns and incomprehensible index movements. Amidst these challenges, the resilience of the Indian economy shone brightest. While the world grappled with uncertainties, India remained steadfast as an economic stronghold. The resilience reflects our nations adeptness in navigating complexities, and advancing with unwavering determination.

As noted in our annual report, I firmly believe that a new India is emerging in this dynamic world as evidenced by the stability of our financial sector, backed by the foresight of our regulators and aided by the remarkable resilience exhibited via fellow countrymen. It is often quoted “in the world of banking, numbers are our best friends” and I'm sure you all have had a chance and noticed in our annual report- The numbers arranged encouragingly well for us this past year. Despite the highly competitive environment in the banking industry that led to a war for customer deposits, we grew our deposit by 17% year on year.

We also delivered an impressive 20% year on year increase in credit, clearly evidencing all round market share gains. As a result, we achieved significant milestones with our annual profits surpassing 3000 crores for the first time and our total business volumes crossing the 3.8 lakh crore mark. As I'm sure, all of you have already acquainted yourself with the details of our annual report, which is now conveniently accessible on our website in an engaging and interactive format. I will avoid reiterating the subjects comprehensively covered within it. Instead, I would like to take this opportunity to share a theme that is central for our future plans, Our focus on FOCUS.

Let me explain what I mean by FOCUS and what it stands for us, what it means for us. Fortification of our core. With a steady growth in business and the attendant complications that go with growth, fortifying our core is imperative. This notion of fortification is akin to strengthening the very essence of our identity. Just as a tree strength and longevity stems from its roots, we are committed to fortifying the core elements that define us. This commitment to discipline will be the cornerstone of achieving the targeted outcomes and enhancing tangible value.

The well received Rishta campaign launched earlier this year reinforced our identity and Federal Bank's commitment in nurturing relationships, a reputation which has now become legendary. Our relentless commitment to creating an excellent workplace has been recognized by the Great Place to Work Institute where we were the only bank, only bank, I repeat, the only bank from India to feature in Asia's top 100. Furthermore, we proudly boast of a diverse workforce with 41% of our employees being women and 24% That's almost 1/4 of our branch network headed by women and this number 10 year back was 27% of workforce as women and the number of branches headed by women was less than 1/10. Our HR practices are evident in our industry defying low attrition rate of 3.75% which fares very well in an industry where attrition rates are soaring.

On the digital front, we continue to be an innovation leader. This year's achievements include being the first bank to list our payment gateway on the new tax platform, launching twobus as a platform branch and introducing cross border BBPS services. We also successfully piloted India's first instant Kisan credit card in partnership with RBI's innovation hub showcasing our embrace of cutting-edge technology. Digital transition transactions constituted 90% of our total transactions. The further enhance customer experience our AI powered customer support assistant, Feddy handled 69% of customer queries. Our latest data suggests it's near 75% now allowing us to reallocate resources more effectively for core business activities. Our online self-service portal, Fed E Point adeptly process 23,00,000 customer request resolving issues seamlessly through technology aided processes.

Collaborative growth has been the cornerstone of our strategy. We've cultivated partnerships within the burgeoning fintech systems, Fintech ecosystem in the country enabling us to offer cutting edge solutions. Our collaborations with over 75 fintech companies has positioned us as the preferred partner living up to our brand name in this country. This fast helps fostering innovative solutions in areas like credit cards, personal loans and investments. Through a network of branches, relationship managers, direct selling associates and business correspondence, we've seamlessly integrated digital and fintech systems, effectively expanding our business reach to almost 18,000 of the 19,000 odd pin codes in the country. I repeat, we now reach out to almost 18,000 of the 19,000 pin codes in India Today.

Lastly, as a direct measure of the fortification is reflected in our NPA figures. Despite meaningful credit growth, we take pride in maintaining robust asset quality across segments. Maintaining a healthy credit quality remains a top priority, ensuring federal banks sustainable growth.

There are opportunities all around us, opportunities. I have always believed that India, when plotted on an XY axis with 4 quadrants representing different population orientation, holds ample potential for multiple banks to tap into for long, many years to come. Opportunities are limitless in our country.

However, identifying the quadrant with the highest growth potential is key. Business opportunities are the currency of growth. Our commitment to recognizing and capitalizing on emerging prospects ensures continuous expansion. Embracing a mindset to pursue opportunities wisely, positions us as agile navigators of the evolving market landscape. Businesses like MFI, Gold, SME, unsecured lending, are crucible of growth, our agility in recognizing and harnessing these prospects propels are expansion. We don't merely seize opportunities we shape them into shareholder value. In the last year the AGM, I spoke about

exploring new business opportunities and our ventures into credit card, personal loans, commercial vehicles, construction equipment financing and of course microfinance.

Our MFI business has witnessed impressive growth of over 200% last year facilitated by our own home ground technology solution called Fedmi. Similarly, commercial vehicle and commercial equipment business registered 71% growth and ensure that we crossed the 2000 crores lending figure in commercial vehicles.

Let me turn to customer centricity, the 3rd in the focus theme, customer centricity C, Customer centricity *Kyunki Rishta Aapse hai*. When it comes to our customers, they are more than just account holders, they are the north star guiding our path. Their experiences, need, ambitions steer our direction.

We have invested in a state of art integrated CRM solution that helps deliver smart customer experiences seamlessly across touchpoints. Our dedication to customer centricity shines through exceptional service and tailored solutions. Our journey success is closely woven with the trust and satisfaction of our valued customers. Customer centricity isn't a mere strategy, it's ingrained in how we operate. Like Bill Gates once famously said, 'your most unhappy customers are your greatest source of learning'. This isn't just a quote. It's a philosophy we are trying to live by. In this era of digital dominance we have taken as you may have noticed the theme of annual report is about humanizing banking. We remain committed to being "Digital at the fore, Human at the core" and to pursue NPS levels that make us future proofs.

Let me turn to unsubscribing from dated mindsets. In a world where everyone is asked to 'like, subscribe and follow', we are choosing to unsubscribe. "To boldly go where no man has gone before", is a famous catchphrase of the 90s. We are firm believers that to be a cut above the rest, we must unsubscribe from the ordinary and take roads that are less travelled by. We believe in shedding dated mindsets, reaching untapped segments and segments and markets. Sunsetting obsolete paradigms is crucial in a rapidly changing landscape. We empower are dynamic workforce to break free from traditional thinking fast and fostering innovation and forward thinking.

The average age of Federal Bank employee is now around 36 years which speaks for the fact that the thinking process of the bank is new age. This approach of infusing younger employees into the workforce is in line with the plan to make Federal Bank a hub of creative concepts. Our preparedness for new challenges underscores our commitment to fostering a culture of growth and inclusivity.

Sustainability is in just a buzzword. We believe sustainability is just a buzzword. It's a cherished responsibility. By embedding sustainability into a practice, we ensure our institutions longevity and the well-being of the communities we serve. Our Rishta extends not only to customers and shareholders but also to the environment, society, employees, and of course technology.

The recent Refinitive ESG score reaffirms are strong ties to the environment and society, positioning Federal Bank 4th amongst 62 banking service providers in India, 25th among 723 Indian companies and 74th across 934 banks globally.

Our CSR initiatives such as Speak for India, Hormis Memorial Scholarships, SEED, Swayam Shakti, DREAM have positively impacted over 3,000,000 people across the country. Federal

Skill Academy, another of our CSR initiative, remains steadfast in its mission to equip the youth and women with the knowledge and expertise needed to thrive in a competitive world. Through such initiatives, the Academy aims to promote inclusivity, skill enhancement and women empowerment in the community.

Additionally, we've disbursed over 3000 crores of green loans, conserved 84,000 litres of rainwater, saved 1,08,00,000 sheets of paper, preserved 1074-megawatt hours of energy and prevented 1.8 million tons of emissions significantly contributing to the planet's well-being. Sustainability is not just an investment in the present, it's a legacy for future generations. This commitment is deeply ingrained in our values ensuring a lasting impact on both our institution and the world. In a world that is constantly changing, we are, as you would have noticed, focusing on FOCUS, a fitting compass for our journey ahead.

Let me assure you that each one of you that focus on F.O.C.U.S. is not just a concept, It's the heartbeat of our strategy and the wind beneath our wings. Taking the opportunities, customer focus on subscribing from the ordinary and sustainability these drives and this will remain our focus.

In conclusion, I want to express my heartfelt gratitude to every member of the federal family for their dedication and tireless efforts that have contributed to the bank's significant achievements in the last fiscal year. Their commitment to excellence and customer centric approach has been instrumental in driving the bank's growth in success. In closing, I remain proud to be a federal. Thank you very much.

Chairman

Thank you, Mr. Srinivasan, for having addressed the shareholders and also elaborating at great length the achievements for the fiscal year and also describing the FOCUS compass for the future.

Now it is time for the speaker shareholders who are already registered to express their opinions and to seek clarifications on matters related to the bank. Speaker shareholders are requested to cooperate while expressing their views so as to give sufficient time to all the shareholders who have to speak today. And now I request our partner for school is organizing to find the coordinate.

Moderator

Sure, Sir. Thank you so much. The very first person on the list of speaker shareholders we have with us Nanda Kumar D. So, you have been unmuted. Can we have your question with the video turned on? If possible,

Nanda Kumar D

how do I turn on the video

Moderator

so, there would be the video option available on the bottom of the screen.

Nanda Kumar D

Okay, okay,

Chairman

I can hear you. Mr. Kumar. Okay.

Nanda Kumar D

I can go ahead if you can hear me. I think that is enough. Respected AP Hota, Chairman of Federal Bank, respected Sri Shyam Srinivasan, MD and CEO, Members of the Board of Directors, Officers of Federal Bank. My dear fellow shareholders, good morning to all of you and let me express my gratitude for making me the first speaker shareholder in this esteemed meeting. The performance of the Bank in the financial year 2023 and in the first quarter of FY 2024 has been exemplary. I take this opportunity to congratulate Sri Shyam Srinivasan, the Board and Team Federal for this commendable achievement.

We, the shareholders of the Bank, hold heartedly support you and glad to state here that I have already voted in favor of all the resolutions proposed and recommended by the Board of Directors. A significant achievement in FY 23 is that for the first time in the history of Federal Bank, the book value per share of the bank surpass ₹100, with an EPS of close to ₹15 and a conservative dividend policy we are ploughing back almost ₹14 to the capital of the bank. Please allow me to (inaudible) the management for the Conservative dividend policy as the importance of adequate capital cannot be overemphasized at this face of accelerated growth. For the Bank (inaudible) ROE of 15%, no capital infusion is needed from outside for a credit growth at mid change.

Now, with the ₹3000 crore already raised through QIP and another 1000 crores being raised by placement to IFC, a back of the envelope calculation reveals that the Bank can afford to have a credit growth of 31.5% in FY 24 without diluting our CRAR. Of course, the Bank has indicated that this capital is meant to take care of the growth and message for the next 3 to 4 years. (inaudible). It may be recalled that the recent infusion of capital was at less than 9X of the EPS.

It has to be ensured that this infusion does not lead to an EPS dilution. This is a real challenge considering the contraction in new experience during Q4 FY 23 and Q1 FY 24 (inaudible)....., I had mentioned that. Meeting the targets set for FY 23 was not difficult, but achieving the guidance of 15% ROE and 1.3% RA is set for FY 24 could be a Herculean task, if not something impossible.

The major challenges to manage the various tradeoffs, growth rates of asset quality, increase deposits versus lower cost of funds, wholesale versus retail, secured versus unsecured etc. media reports and the various interviews by Sri Shyam Srinivasan and other senior executives of the bank gives me confidence that they are aware of the challenges ahead. In a recent brilliant interview, the MD and CEO talk with commendable clarity that answers are not as unsecured as they used to be as borrowers in the digital era if digital footprints everywhere. Also, it is expected that fintech partnerships in the past 3 or 4 years will gain traction in FY 24 and attain critical mass.

This combined with the new strategy of branch extensions are boundary yield the growth Federal Bank aims in the near future. We have tremendous faith in you and team Federal Sir. The clarity of thought capabilities of the officers and their willingness to work hard will give us confidence that the best of Federal is yet to come. Wish you good luck in raising the ₹8000 crore Tier 2 bonds at an attractive coupon rate in the immediate future. Wish you good luck in making a successful IPO Fit final in a FY 24 Vishwa Bharti like in offloading the shares of Yes bank behold at a great price in the current financial year.

Wish you good luck in getting a sizeable portion of the remittances from abroad converted into deposits of the bank. Wish you good luck with the portfolios like gold and credit cards in the coming months and years. May branches being opened break even from their inception onwards. Let me conclude by reminding of something I have been seeking in the nasty couple of AGMs. Please go for a stock split to face value ₹1 the earliest. This will be a great consolation for those among us who feel that the dividend payout is less this year. I can assure you that with the initiatives I describe above, the Banks initiative for scaling up the businesses, Federal Bank will not become a penny stock after such a stock split.

Congratulations once again to the very good job done distributions for an even great job getting done in FY 2024. And thank you once again Sri AP Hota, Shree Shyam Srinivasan the Board of Directors team federal consisting of senior officers and employees of the bank for burning midnight oil and threatening that extra mile to maximize the wealth of we the shareholders and make ours the most admired bank in the country. Jai Hind. Thank you.

Moderator:

Thank you so much, Sir. Thank you so much, proceeding with the next person on the list, we have with us Mr. Unmesh Kantilal Shah. Mr. Unmesh, you have been unmuted. Begin new question possible.

Mr. Unmesh Kantilal Shah:

Yeah, I am audible

Boardroom:

Yes, we can hear you. Yeah. Yes, yes, yes.

Mr. Unmesh Kantilal Shah:

So, thank you very much respected Chairman, managing Director, distinguish Board of Directors. I'm audible now.

Boardroom:

We can hear you Sir. Yes, we can hear you, but please go ahead.

Mr. Unmesh Kantilal Shah:

Yeah, Distinguish Board of Directors and also fellow shareholder. Thank you very much for giving me an opportunity to participate in this platform to have my views on the to the, I mean this platform Sir, let me tell you, I voted, Congratulation first of all for the results for the yearly and quarter results are showing that back performance is going ahead, and we are on the right

track. I have also voted all resolution in favour, but one thing I am totally disappointed is the dividend fields up.

I think he should be noted, you know with proper objective by seeing that share price has gone up and you know the dividend is zero in the unity of in the balancing with the share price and this thing is not the correct way to measure and nowhere is globally followed. Share price may go up or down. We are not going to set the share which is just the just like asking my family wealth or you know capital to sell it up.

Sir, let me hear. Let me point it out here especially to Mr. Shyam. There is a definite, you know, advisory from Firm Department of Investment and Public Asset Management and Gujarat has followed that model. They give 30% of the net profit of 5% of the net worth, whichever is higher. That is the, you know, this thing of the Firm Department of Investment and Public Asset Management. This is the advisory. In fact, they are saying that if the profits are there, you know or net worth, they have asked to pay interim dividend at the end of every quarter instead of bunching them and for the year end there is also a missing spirit.

The market regulator Sebi from 2016 as mandated all the 500 or top 2000 company who declared or disclose their dividend distribution policies not only in the annual report but also you know in the what that means you know not doing that later but also with the Spirit, DDP that is dividend distribution policy should include the circumstances under which the share orders of the listed entities may or may not expect the dividend. The financial parameters that should be considered while declaring the dividend, internal and external factors that should be considered for the declaration of dividend and go and so forth.

I can provide you this right you know this less report you know if you can send someone you know from the bank in Mumbai. So, I can provide you to provide you Sir Chairman power of Managing Director this particular report and this should be followed by the letter and spirit both. It just got the letter but the spirit the profits have gone up from 2200 crore to 2000 crore and dividend 2 have provided less rock 1.8 to 1%. It's a big hit to the shareholder view depend on the dividend and it is like you know there are some dozens of companies in the SEBI which is already following them.

They will talk that profit to 10,000 crores. But the dividend decreases 1.7-1.4% in last 5 years. Are we to compete with them or we have to compete with the good governance company. Sir, you please look into it. That is what my humble request to you. My second point, you know I have been all the year. This is the problem with the bank. I had returned the day I got the notice of the annual report, annual notice of annual meeting. I had sent an email to send me annual report copy.

I had sent it to your secretary department along with the notice. So far, they have not sending and now they are sending. So, what is the use of sending an annual report after the chairman's are what is the use of getting annual report after the AGM. It is like asking you to come for a marriage after the you know reception before point annual report, We have to get in time and our right which were asking that annual report and notice of the meeting at once we request you for and the hard copy should be provided.

I have told last year also Samir should be send it before this time I have not received also one last one more thing you know last time also I requested both to Mr. Samir and Mr. Shyam that he they come very frequently in Mumbai. I'm also in Mumbai and so many years is sweet take you give me a personal audience. Let us meet once in a while some take out the time but you

don't have time for week shareholder. So, my request to at least now you take out the time in Mumbai. You are in Mumbai abroad Samir also I could see Shyam also. So please give us a time and give me some time audience instead of this you know regulating meeting with the AGM so that we can have one to one meeting we can voice Good big shareholder of your bank thanking you and best wishes. Thank you very much. Jay hind.

Boardroom:

Thank you, Sir. Thank you very much.

Moderator:

Thank you so much. Going ahead with a list of registered speaker shareholders, we were supposed to have Mr. Dilnavaz Sam Variava, but unfortunately, he couldn't join us today.

So going ahead with the next on the list, we have Jatan Lal Bardia joined as JL Bhatia.

Sir, can we have your video turn ON for the question, please? Jatin, Sir, you have already been unmuted. Can we proceed with your question, please?

Boardroom:

Can you hear us, Mr. Jatin?

Mr. Jatan Lal Bardia:

Am I audible? Yes, I can hear.

Boardroom:

Please go-ahead Sir, please. Yes. Yes, please go ahead.

Mr. Jatan Lal Bardia:

I am audible now.

Boardroom:

Yes, yes, yes,

Mr. Jatan Lal Bardia:

Good morning to chairman Director and the shareholder Present in the meeting. I am inducing reviews expressed by my earlier. fellow shareholders.

Boardroom:

Sir Mr. Bardia we can't hear you very well. Maybe you can switch off the video and remove the ear bud.

Mr. Jatan Lal Bardia:

Is its Ok now?

Boardroom:

better, better. Please go ahead.

Mr. Jatan Lal Bardia:

Yeah, I am inducing reviews expressed by my earlier fellow shareholders. about the dividend poster and more of the dividends should be given to the shareholders to justify their investment. And I take back the Federal Bank in the year 1974 when the Calcutta CR Avenue branch was opened and I have maintaining my accounts with you since then. At that time, the shares were given in a small quantity, say about 15000-20000 rupees to the good customers of the bank. But now it is wonderful that those 15,000 have crossed several lakhs his out the Federal Bank has given dividends to its investors. It's a very good bank and the have been working and growing as a federal bank. Explain Growing is used to be our narration Hindi newspapers when we deputize for our product.

That was the time when the proposal above 5,00,000 used to be passed by then there Chairman KP organized and Captioner GM and PP Anthony Class the key officer to deal with, and which is started as an agricultural bank to have most of the directors as agriculturist. The service of the bank is very good. I how I came to the federal bank. I just tell you In the 1974 the local Calcutta banks used to give the demand graph. After 4:00 PM, We deposited some amount in the federal bank and we went to the manager and manager was Mathew Varghese.

He requested him that we have deposited this amount and we need demand draft. He was very kindly hold the officer that give me the book. He got the book of the bank draft and he should be checked instantly. It should be DD instantly. This is the service we got from the federal, expect such service provided in future. We are presently dealing with your CRM any branch the manager, chief manager, Tanushree and Sweety. They are very cooperative, they are very service minded and they are visiting for all products business, all the shareholders. Thank you very much.

Boardroom:

Thank you. Thank you. Thank you.

Moderator:

Thank you so much. So, this was Mr. Jatin going ahead with the next registered speaker shareholder. We have with us Mr. Manohar Lal Singhania. Sir, you have been unmuted. We are ready for your question.

Mr. ManoharLal Singhania:

Hello, good afternoon, everyone. I think it is after good noon or good morning to chairman Managing Director and all the directors and shareholders. Of course, I'm a technical person so I will not be able to view the details and Mr. Nanda Kumar has been given on the balance sheet or whatever it is there. But one thing for the sure I can say that Federal Bank right from I am a customer on the federal bank and I'm operating my account for last 23 years. I have grown along with the Federal Bank for last in these years.

Only thing I found that you know federal bank is very conservative while we have another company also where our turnover is around 900 crore. But this company where I am operating

at your Borivali branch that is showing only my turnover around 28-30 crore so something like that sometimes the retailers sometimes they wanted our business but I think that you know with HDFC and others they are not able to compete or whatever the services HDFC at what time they were giving they were not able to giving but at the same time in general I find that you know the banking versus bank all the manager close forever is come. I don't want to name one, but yes, I'm operating at Borivali West Branch and I found everyone very conscious staff is very conscious and not only that you know they value customer, but as I say being very conservative how you will expand if you cannot pay the big business. Like you know I said that another company is 900 crore rupees business over here and my another counterpart means, you know I think somebody is from Indore also Mr. Fadnis OK my another company that is there in Indore. He may be knowing Maurya Sariya Okay. They are doing the business of 3600 crore rupees this year. Yeah. So, what I mean to say is that you know if you cannot take the bigger accounts and give the same kind of facilities as it is being given by the leading brands like HDFC or others, then you know definitely spoke for the expansion for the bank is limited.

I cannot comment on the financial. Of course, I am holding good amount of the sphere okay for long time but I cannot on the company's financial and that thing because I am not to be verifying. I'm not studied those all the things but being the customer, I can very well say that yes definitely bank has to look into this aspect. Otherwise, you know in this era where you say that unsecured loan whatever the It is there, it is not a problem but at the same time that the security is there, everything is there, company is the book value is better, company is doing much better. If you are not able to take those kinds of accounts, then you know the you are working in a very limited area. That's what my opinion is. I think directors will look into this, Chairman's that will look into this. A new managing director is there. OK, they will look into this and I am very happy with the bank. Of course, I say that this bank is a lucky charm for me because I as an entrepreneur started with this bank, OK and write. From that time, we had grown to this level. Thank you very much.

Boardroom:

Thank you, Sir.

Moderator:

Thank you so much for your question. Going ahead with the next registered speaker shareholder, we have with us Poulouse Parackal, I believe you have been unmuted. We can proceed with the question.

Mr. Poulouse Parackal:

I am audible.

Boardroom:

Yes, Sir. Yes,

Mr. Poulouse Parackal:

Prospective Chairman, Board of Directors, (inaudible)..... , Madam, my fellow shareholders,

Dear federals, my dear friends, we are eagerly waiting to meet at (inaudible)..... for this year.

Unfortunately, this year also it is online. I would like to congratulate for the excellent results they have presented before us. Almost all figures are at the record position and better than the industry average. Let me discuss some selected figures. CSR allocation for the year was 43.88 crore. Of these 2 crores is for clean internal project. Our Founders Village on the expenditure side, provision have come down considerably how It is possible. It is surprising to see employee cost coming town this year and then number of employees going up, operating going up. Our operating expenditure and rent shows big increase non-interest income, asset percentage of working funds have come down percentage of NPA from overseas business. I mean which city is on (inaudible)....., number of frauds, reporter have a jump 1298 non-credit related frauds 23.16 crores income from investments in consolidated is lower than standalone insurance. The main contributor of fee income brings only 113 crores. We may evaluate this figure as the business involves a great effort. Speaking about the offline need serious concern to make rice before the bot. As the shareholders from the Founders Native place, we're not able to.

Boardroom:

Hello I think you should switch off your video.

Mr. Poulouse Parackal:

Hello. Hello.

Boardroom:

I think you can switch off the video Poulouse then it will be clear.

Mr. Poulouse Parackal:

Is it clear?

Boardroom:

Yeah, we can hear you. You can hear you. Please go ahead. We can hear you. Please go ahead.

Mr. Poulouse Parackal:

Okay speaks why the shareholders from of Founders Village were not able to attend the commemorative lecture conducted at Grand Hyatt on March 17th. I came to know the lecture being conducted only when someone forwarded the recorded video. Till this year I have attended every lecture. Going through the video it appeared to be typical investors need prepare with a main attendance of business course. Remember our Founders family do not retain any size about folding in our bag. I think it was not at all fair to leave us from the list of participants. As Shyam sir says we successfully completed our 4% crore capital issue recently. Of these 958 crores was preferential allotment and with this IFC become the largest shareholder with more than 7% holding. We all know our QAP was subsidized subscribed 7th time. Why we say IFC to make more investments and we are low preferential allotment. It is quite natural for me to

watch the Big Brother as (inaudible)..... will influence all major future decisions. Even after the 2 years of IFC becoming part of us and the preferential allotment, now our shares move in the 120-130 ratio.

Even in favorable market, we are to disinvest our subsidiary (inaudible)..... Earlier we meet

Boardroom:

Hello go ahead

Mr. Poulouse Parackal:

placements up to 27% on small premium. Will someone explain what were the compelling reasons for raising some stairs premium when parent company is rich with enough reserves? Recently we do our advertisement campaigns in Hindi and translate it into regional languages. Despite the fact that our main customer basis base are Malayali regular to say that these translator versions do not convey or communicate at all, we are at the 3rd place in terms of per employee business.

We are honored with an award for good employee relations like most preferred workplace. At the same time, it is interesting to see because appoint an intermediary to settle issues of the employees in the bank. I think it is for the first time in the history of the bank but the management and the employees are representatives are always in one good talking things. As per the report salaries and wages of employees and officers have to scale 3 is as per provisions of 11th bipartite settlement. I hope in the future reports we will read it as 12th bipartite settlement. (inaudible)..... was implemented in the bank with the aim of creating sense of ownership and belongingness among employees.

Now a days easiest have mostly become very much a part of the welcome package of C2C recruiters. These 2 New ESOS 2023 and Essays 2023 bring C 164% top lover 0.92%. We can see the sense of belongingness ESOS? Spreads in this people. Actually, it may be counterproductive as the existing employees may feel to be left side. This year bank has come out with program to honour pensioners and family pensioners at nearby branches. Banks are seizing a substantial part of medical insurance premium for us retired federals. We express our gratitude for everything done for a senior as take that in the report Let us try hard to address pressing issues such as environmental sustainability and economic in equality. Proud to be a federal sorry for the disturbance in network. I have low network here in at my home. Thank you.

Mr. A P Hota

Thank you.

Moderator

Thank you so much, Sir. Thank you, going ahead with our next registered speaker shareholder, we have with us Mr. Babu George, Sir, you have been unmuted and we are ready for your question.

Mr. Babu George

Very good morning to everybody. Please go ahead. Very good morning to everybody. My congratulations to the new chairman. Who is the old director as well as for Managing Director and other directors for the splendid performance. In this connection, I wish to, request to your attention about the dividend declaration. Last year 1.80% was declared, whereas this year it is come down to ₹1 per share. I request the Director board, to Consider the present scenario in our country and increase the dividend rates. If it is not possible at present, please declare an interim dividend at that time of Deepavali because most of the directors and our customers are from North India and Bombay, this will be an added advantage to the bank and also consider issuing bonus shares in the near future.

Regarding the NPA, you guys are also not good. Last year it was 655.28, this year it is 661.55. There is also increase and for taxes and 680.88 and there are lot of penalty imposed by Reserve Bank of India abounding to 630.65 and number of instance instances of deficiency in not adhering to the Reserve Banks instructions is also on the English because our staff and officers and management team are very excellent, very good people. But what happens? please explain.

Moreover, in the mater of CSR Funds, there is a figure shown, CSR Funds Unspent. 3.29 and the Formalist Memorial Fund 39.26. Kindly clarify. Total LBA used to 41,837 provision 691.80 and also very much worried about the frauds. Number of frauds are increasing. Please also clarify and I am attending the 50th annual general body of I am becoming a shareholder. I am Senior citizen of 72 years; Perhaps I may be the second Malayali spoke in this meeting. I remember mates honourable Mr. Hormis, former chairman and his brother K P Kalyan, general manager, came to my house, when I was young and meet my father and ask him to invest in, Federal Banks shares and we are all investments and we are continuing.

Mr. Chairmans Legacy, (inaudible)..... Legacy is very done a lot of things for this hardware-based bank now spread over India and please consider old shareholders and when you say some of the bank belongs to North Paravoor, Adway, Thangamani, Mukku, all other places. They are still holding the shares. They are attachment to the bank is very high esteemed. I again congratulate our MD who already completed journey as MD of Federal Bank. I hope the future we can no very good results and the consider my request for giving more benefits to shareholders as well as the staff you are decision to grand tax insurance benefit to their employees and the officers is very commendable and appreciated.

Remembering old staff is very important. They have (inaudible)....., which the foundation of this great bank. In this connection I have another person, our North Parur branch manager, one lady manager Srimathi Ranjini, who where services are exemplary and commendable. He is a very good accent for the bank. I wish her all success in her career and

<Speaking in Malayalam>

കേരളത്തിലേ, കേരള സർക്കാർ മലയാള ഭാഷ, എല്ലാം മലയാളത്തിൽ ആകണം എന്ന് പറഞ്ഞു. അതിന്റെ അടിസ്ഥാനത്തിൽ ഞാൻ മലയാളത്തിൽ എല്ലാവർക്കും ഓണാശംസകൾ നേരുകയാണ്. ഉത്തരേന്ത്യയിൽ നിന്നും ദക്ഷിണേന്ത്യയിൽ നിന്നുമുള്ള എല്ലാവർക്കും ഞാൻ നല്ലൊരു ഓണം ആശംസിക്കുന്നു. ഓണാശംസകൾ നേരുന്നു. എല്ലാവർക്കും ഒരിക്കൽ കൂടി നന്ദി പറഞ്ഞുകൊണ്ട് എന്റെ വാക്കുകൾ ചുരുക്കുന്നു. നന്ദി, നമസ്കാരം.

Mr. A P Hota

Thank you, Sir. Thank you very much.

Moderator

Thank you so much. Going ahead with our next speaker shareholder, we have with us Mr. Saket Kapoor. Mr Saket, you have been unmuted. We are ready for your question for you.

Mr. Saket Kapoor

Namaskar, Srinivasan Sahab, Namaskar Chairman Sahab, Ji Sir. Thank you, Sir. Firstly, for this opportunity and technology has enabled investors to join from you can corner of the country also, and also preferably any part of the world if it's feasible. So, I applaud the MCA for continuing with this facility and this is probably my 4th, AGM that I would have attended or maybe first or second, I don't remember, but it's indeed a good opportunity, good platform. So, I would request to through your understanding that this facility should be continued as not only for the COVID as a reason but also for brighter a broader participation. To be hope that a proper delegation would be made from the from not only from our bank but from other listed companies also in in favour of how the investors participation can increase with minimum cost.

Coming to the bank. For fortune. Sir, I remember last time in the agent Mr. Srinivasan, Sir very categorically mentioned that this would be a year wherein we will be rising from the lower profit to the higher profit regime and he promised that the Achchhe Din Aapko dikhenge in terms of the numbers and I applaud the team for guiding correctly to your investors and delivering very good set of number. But now at this high interest regime, Mr. Srinivasan, how come how confident are you that we would be able to maintain our names going ahead since the liability franchise also will get the reprised and has also been reprised and now with Fed speaking for this higher interest rate regime to continue longer, I think so it may point to better, better prospects for the banking industry as the higher interest rate and their transition would definitely will cement your position on better names.

So, if you could give some all those Sir, you are speaking to us on a quarterly basis guiding us, the entire team is there. So not only you said the entire team has to be thanks for that, but any other thought you would like to share especially on the names part, the (inaudible)....., the NPA, how, how are you seeing this personal loan becoming a cause of concern for the banks. So, I won't be taking much of the time since we get educated opportunity to speak to you. But give me one more understanding Sir. This question is addicted to Srinivasan Sir. And also, I would request the boards attention also here. Mr. Srinivasan in the last con call you did pointed out the earliest speaker also spoke on lowering of the dividend this year.

Sir, I point out I mark this point lowering of dividend. We would be side-lined as the only bank only bank in the listed space which have lowered rebate, lowered the dividend pay out to its investors and the analogy provided by you Mr. Srinivasan at particularly to me did not went down. Well then you mentioned that the stock price have improved so we can reduce the dividend. In my, in my wisdom Sir may be said I'm a very small minority shareholder but, in my wisdom, I cannot understand how did you correlate to the point that dividend pay-out and stock prices are correlated Sir.

So, I did ask you there also, but since then the policy of time and not the right platform. But here Sir our interest are hampered and how? How can you justify this point Sir. Firstly, that on better profitability you went for capital raising, you have adequate CRAR ratio, you have the best balance sheet and at the time of declaring dividend you Lowered it sir and also the wisdom of the Board to please answer this, this fact for this, this is a listed bank and we minority shareholders rights should be protected. So, make us understand this fact of lowering of dividend especially in a year in a particular year where the banks have posted good profit and the board and the banking system guiding towards better numbers.

Has we been in an year there, the next year would have been tough for us. We would have understood that reserving cash would have been a good would have made good sense. But Mr. Srinivasan you are guiding us for better exit act names at 3.25 ROE above 1.2 and then giving us a guidance for FY 26 also on on a higher place and then lowering the dividend and then giving us the understanding the stock price. Aapka badh Gaye Hain isiliye hum usko compensate karne dividend low kar rahe hai.

So very strange answers are very sorry to you for hard words but it is my interest as an minority shareholders which got hampered because of the lowering of dividend by and this is not a single man this reason it is the reason of the board. So, would request the board members wisdom to come into to put into thought of why considering lower dividend. Although it is a tax incidence proposition many of the investors are happy that if you pay it over, we will be paying road tax but loading it from previous year did not get went down good Sir and I don't know Sir whether other investors you are attending so many investor conferences.

You went for a successful QIP issue did even bothered to mention but we have mentioned you earlier speaker also mentioned I hope Sir there should be some rational behind it and would love to hear from you. But I think firstly the transformation Sir under you that cannot be negated with this my with my thought over a period of time you have built an institution that which that which test the time going ahead and now coming to the shareholders value creation idea Sir, how do we shareholder get now convinced that when our dividend are not at your mercy to be reduced at any moment. On ad hoc basis why? Why should investors remain committed. If even different cannot be protected? So, what's the message, Sir, for us, Sir, that is my point is we know the banking sector is going through a good, good, good faith but our bank will not get the real value, if these are our policies going. That this is my personal view and I'm a minority shareholder and I reserve my right to be wrong.

So, I would seek your and understanding on how will you create value for us. If these are the steps the board has taken to lower our value in terms of dividend pay-out, please, please do consider and make us understand because P to book I think so we are telling at 1 time or closer to one. Our ambition may be closer to 2 going ahead but on your path to reaching to what steps are you taking where our stroke is also get revalued. Sir, we investors have invested our money for 2 capital appreciation and dividend pay-out.

So, when are we going to be adequately rewarded? These are my points and I think for the secretarial department, I think the people who are running the show for conducting the AGM, very diligent person they are, Sir and they keep on communicating to her. Mr Jacob. And then one Madam also called me up. They keep track of things. This is very good. This is extremely good for investing community that you have a good team. But again Sir, please do answer to my points and hope to join you again in the next con call. Sir, patiently waiting to hear from you. Thank you, Mr. Srinivasan. Thank you to the board. Thank you to every people give providing me an opportunity to speak here and all the best to use that Aapka Swasthya achha rahe. Thank you.

Moderator

Thank you so much. Going ahead Sir, previously called in speaker shareholder. He couldn't join us before. Can we have Dilnavaz Sam Variava? Mr. Dilnavaz, you have been unmuted.

Mr. Dilnavaz Sam Variava

Thank you. Good afternoon and greetings to the Chairman, Managing Director, Directors and fellow shareholders. I am shareholder of the Federal Bank. It is a only a small part of my holdings and I'm therefore not speaking as a shareholder but actually as a customer of Federal Bank. Because as far as my banking transactions are concerned, the Federal Bank is my preferred banker even though my office is located on a road where all the head offices and main Mumbai offices of all the Major banks are located. Mumbai Samachar Marg Next to the Stock Exchange.

I would like to tell you very briefly, why Federal Bank is preferred banker for us? My company, the Bharat Flooring Tile Company, Pioneer the cement tile company business in India as part of the Swadeshi movement 100 years ago and with a high commitment to quality, integrity, service and innovation. What about 50 years ago, in the 1970s, the whole profile of Mumbai changed from people who are building their own homes and wanted quality and integrity and service and innovation to builders and developers who are looking for low-cost items of poor quality and therefore the company went into major losses in the 1970s and that is when we first met the Federal Bank.

We have to retrench staff and we gave half our office to the Federal Bank against the loan and adjusted against rent and they continue to be our tenants until 2016. But they continue to be our bankers even now, not only from the company point of view, but personally for myself and also for the various trust that I handle and the reason for this is that although the managers have changed, many different managers have come over the years.

I think that the kind of culture of quality in service has remained very high and interestingly my mother was customer number one of the Federal Bank Mumbai branches for in the 4th. It was that at that time we head office in Mumbai and we, I continue for 50 years to be also a customer of the Federal Bank. So, I would like to just on this occasion of the Annual General Meeting since I've been given an opportunity to speak, to express my appreciation for all those who have provided their services to our company, to family and to our trust solving problems when they are rose extending help when it was needed and being association continues.

I have only one suggestion and I think this is true for all, all banks and mutual funds and so on. There is the back office who we can never see and one has to deal through the branch staff and that being located so far away in Kerala, the kind of delays that sometimes occur are a bit of a

problem. So, I'm sure with technology those gaps in time can be very easily bridged and they will be and the best part is that the local branch management is also always most helpful in trying to facilitate work. So, we are 100 years old, are association with Federal Bank is 50 years old and I wish you all the very best for your next 50 years also. Thank you everyone.

Mr. A P Hota

Thank you.

Moderator

Thank you so much. So, this brings us to the end of all the questions from all the registered speaker shareholders and we would like to go over to Chairman, Sir and the Board members answer the same. Thank you so much.

Mr. A P Hota

Thank you very much. Thank you. Thank you, speaker shareholders, for your valuable comments, observations, suggestions and questions. Now I request Managing Director and CEO to kindly response.

Mr. Shyam Srinivasan

Thank you, Chairman. Thank you, all shareholders, as always very good to hear from all of you are very sharp and perceptive insights and we take on board all inputs, complements and observations and certainly work on them. I'll broadly summarise as you know they were all very kind and complementing our performance which we are very grateful and certainly committed doing that or even better in the period ahead. You are kind in complementing our entire staff in different locations. I did, if you notice in my speech too, thank our staff and end sort of once again I echo your inputs. And certainly, that is the wind between our (inaudible)..... wings. And we will certainly invest in making sure that experience, which is the philosophy of the Bank of 'Digital and the fore, Human at the Core', you know, sort of deeply ingrained and what we do. And you may notice in fact, I think Madam Dilnaz beautifully said, what we are trying to do is 'Rista app se, Sirf APP se nahi'. So, we are looking at the human element very intensely in the newly digital world. So, thank you. On account of that, in terms of observations, which many of you did,

I have tried to classify them into 3 principal areas. I will try and address them. The first words around you heard, you must, even amongst the 8 shareholders, some argued that the dividend should be lower. Some of you argued meant that the dividend should be higher. And the bank has a very clearly laid out dividend pay-out policy, which we adhere to. I did here, Mr Saket, you know, mentioned very emphatically about dividend pay-out. Sir, we have kept very consistent with our dividend pay-out policy.

The observation you made that the people, the lowest is probably wrongly advised. There are only 3 banks that have paid more. Many others have paid less, but that's never the competition. The issue is in a year where we are raising capital, so we have some, we have to be thoughtful

about how much of incremental pay-out we do and then how much of dividend capital we raise. The board, after deep consideration and deliberation came out and ensured that we are not stopping our dividend pay-out. But we have to be thoughtful about how much dividend we pay out at a time when we are going out and raising capital. But rest assured dividend pay-out is consistent. We have a track record of having paid dividend across all years except the one year during COVID when the regulators advised banks not to pay. We are very, very focused and consistent about our principles of how we pay our dividend.

And rest assured that in the periods ahead you will be richly rewarded through our performance and both appreciation on the stock which is what we can perform is get the net worth up which is what we will focus multiplier will follow by the fact that we are performing consistently, and the dividend pay-out is a very established policy which we will adhere to. But the only data point I wanted to share there were banks that paid way lower. While it's never a competition or aspiration is to make sure that shareholders are richly rewarded. That's about dividend. I heard shareholder Babu talk about NPS maybe Sir you are looking at the absolute numbers as a percentage. Everything has improved, improved materially. And you heard in my speech, as also in the Chairman speech, as also in our quarterly results, we give attention to our NPA improvement. And I am happy to suggest at this point in time, the balance in the big business mix that we follow is guaranteeing that the credit quality of Federal Bank will be absolutely top quota. We are, I think one of the gentlemen pointed out we are conservative at some points in time and I'm happy to be conservative because in the banking system, it is good to be conservative and play the long run then to be sort of yoyoing in the near term and then face the problem at much later. So, I am answering 2 questions. One is our conservativeness is appropriate for the occasion and the environment we are operating in and certainly our priorities to ensure that the credit quality is the bank is consistent. Here I may want to point out over the last 13 years or 15 years, Federal Bank is one of the few banks that have never crossed gross NPA of 333 and half percent where even the best banks in the country had 10 12 13%. At the industry level credit quality, we will rank in the top quarter and I'm happy and the Board is a very adamant that the quality of credit is defined the success of a franchise and we are happy to do that Sir. So, you may want to look at that number, not an absolute, but in percentage terms the denominator is growing materially.

The other observations were around the NIMS. It has been a year when you know, when we funding costs have started going up quite substantially. Banks enjoyed a period where the creditor pricing happens ahead of the depository pricing. But that turn that has turned since in the last 2 quarters, you may have noticed, you may have noticed in Q1 results, our fall in NIM. I repeat, our fall in NIM was lower than their fall in name of any bank in the country and that is because of the model we pursue. And I have guided in all our investor calls that are NIMS for the financial year 24 will be somewhere in the 325 or so, which we are reasonably confident we will deliver. And you may see the pattern of that certainly in the first half will be slightly muted and the second half it will pick up. So, our guidance for NIMS, ROA and ROE have been put out at the beginning of the financial year.

We believe we will be consistent to those guidelines guidance we have put out and all efforts by everybody in the bank without if the environment does not turn very adverse, we should be in a position to deliver on those. In fact, in our capital race roadshows, we made the same commitments which is out there on the website and all are investors who have come in, have understood our portfolio, have understood what we are likely to be delivering this financial year. And the team is very riveted on that as the objective to make sure FY 24 continues to be on the growth trajectory that we have had and deliver on the NIMS ROA & ROE outcomes.

Lastly, there was an observation I think by one of them on the expenses for employees. Just to clarify, expenses for employee did not go down. It is only a timing issue the previous year. You may recall in 4th quarter we opt fronted a large part of the pension cost in this year therefore that was not there. But underlying structural cost have been improving and we will continue to keep that going.

So All in all, thank you very much for all your observations. All of them have been noted. The bank has a very clear-cut dividend policy. The performance metrics are measured consistently by the board and we are reasonably confident of ensuring all our guidelines are well served. Once again, a big, big, big thank you and we through our Investor Relations team are available for all conversations and happy to address any queries that come up even outside of the AGM. Thank you very much. Good wishes.

Mr. A P Hota

Thank you. As we come towards the closure of the meeting, the company Secretary will tell us the number of shareholders attending this meeting. 168 shareholders are right now in the meeting and we had the privilege of listening to 8 speakers amongst them. And in thanking, I would like to extend my whole added thanks to the colleagues and the Board for their sincere cooperation. For the smooth conduct of the AGM, also extend wholehearted thanks to the valuable customers of the bank, the shareholders and the employees for their support. Wishing you all the very best for the Bank, I now invite Executive Director Shalini Warriar to deliver the vote of thanks.

Ms. Shalini Warriar

Respected Chairman A P Hota Sir MD and CEO Mr. Shyam Srinivasan, Honourable Directors on the Board, esteemed shareholders, valued members of the Federal Bank family. Ladies and gentlemen, as the 92nd Annual General Meeting of the Bank comes to a successful conclusion, it is my honour and privilege to propose this vote of thanks. with the patronage and support of our shareholders, customers and employees? Your bank has delivered a great performance in a year that was full of unforeseen challenges and obstacles, particularly for the banking sector, A creditable achievement indeed about which all of us can be proud of.

It has 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 have brought with them incredible strength and repute to the banks' balance sheet. Our customers are our strength and our motivation. Many of our shareholders as you heard today are also our customers.

The existence of the enterprise is because of its customers and for its customers. To all our customers spread across the states in India and across the countries globally, I extend my heartfelt thanks for patronising the bank through the various challenges we have encountered. Now it is my pleasant privilege to thank all those who have been instrumental in making this meeting a success. I specially thank all those who actively participated in the meeting and raised pertinent queries. The meeting is being presided over by our Chairman, Mr. A P Hota, a person who has helped to execute a series of reforms in the India payment solution space. His commitment and leadership has been invaluable. On behalf of all shareholders, directors,

employees and all those present in the meeting, Thank you Sir, for your heartfelt contribution to the bank.

Our MD and CEO, Mr. Shyam Srinivasan has been leading this organization for 13 years, a period that is symbolised as a yoga in our culture. In Sham Yoga, our bank has been run with a missionary zeal and under his leadership our bank has stood firm on the pillars of transparency, openness and best practices in everything that we do. He is determined and dedicated to make this bank equally attractive for shareholders, customers, employees, regulators and the society. The excellent results which we all witnessed 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 1388 branches and is counted amongst the top private sector banks in top line growth and profitability, while at the same time upholding heritage, culture and the values laid down by our late founder Mr K P Hormi. His vision to make our bank as the most admired bank for all stakeholders is a path on which the entire team Federal is committed to tread. I thank you Shyam for your leadership and wish you a long and more successful innings ahead.

Thank you. 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, legal framework, information technology and many more and they bring with them to the Board the highest level of professionalism for their guidance and contribution. Thank you very much Madam and Sirs. It is our employees at all levels who built the bank through their hard work. To all the employees of the bank and particularly to those who have toiled to make through these difficult times to put an exemplary effort to ensure the normal running of day-to-day banking operations and servicing of our customers, I say thank you. I also thank all those who have worked hard to ensure that the various requirements prior to and during the conduct of this particular AGM. Were delivered in a smooth and compliant manner. Thank you I think the 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.

Our On behalf of the shareholders, Board of Directors, management team and all officials and employees of the Bank, I express my sincere gratitude to all the auditors for a smooth get highly professional conduct of audits. I take this opportunity to specially thank our statutory central auditors Ms. Varma and Varma and Ms. Borkar and Majumdar who have all throughout maintained a very high level of professionalism and quality in conducting the audits and limited reviews of the quarterly financial statements of the Bank. I take this opportunity to welcome our new auditors and look forward to working with them in the coming years.

Our bank has been receiving good encouragement from the press and media and I think thank all members of the press and media who have been covering our bank through the year and particularly thank those are the media who are present here today. I appreciate the good work done by the teams from NSDL and Epitome Corporation Private Limited for making this function successful and I thank them once again. A big thank you to all of you for all that you have done and continue to do for the bank. We remain eternally grateful to you. I also take this opportunity to wish all of you celebrating the Festival of Onam a very happy and prosperous
Onam Jai Hind.

Mr. A P Hota

Thank you. Thank you all for attending the meeting and I hereby declare the proceedings closed. Thank you, Jai Hind.

Moderator

Thank you so much, dear Members. As instructed by the Scrutiniser, we request all the Members participating in the AGM to please cast their votes. Please note that the E voting will be open for the next 30 minutes starting now. Also, a 30 minute countdown timer would be displayed. Thank you so much everybody. Thank you.

DISCLAIMER: The above is the output of transcribing from an audio & video recording. Although the transcription is largely accurate, in some cases it is incomplete or inaccurate due to inaudible passages or transcription errors.
