



## “City Union Bank Limited”

August 23, 2023

**Management:**

Mr. M. Narayanan, Chairman  
Dr. N. Kamakodi, Managing Director and CEO  
Mr. G. Mahalingam, Independent Director, Chairman of Stakeholders Relationship Committee  
Mr. Narayanan Subramaniam, Independent Director  
Professor. V. Kamakoti, Independent Director  
Dr. T. S. Sridhar, Independent Director  
Mr. T.K. Ramkumar, Independent Director  
Mr. K. Vaidyanathan, Independent Director  
Mrs. Lalitha Rameswaran, Independent Director, Chairperson of Audit Committee  
Mr. V. N. Shiva Shankar, Independent Director  
M/s Jagannathan & Sarabeswaran, Chartered Accountants, Joint Statutory Central Auditors  
M/s. K. Gopal Rao & Co., Chartered Accountants  
M/s B. K. Sundaram & Associates, Secretarial Auditor, Practicing Company Secretaries  
Mr. S. Venkataramanan, Company Secretary



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**Moderator:**

Dear Shareholders, good morning and a very warm welcome to the Annual General Meeting of City Union Bank Limited for FY 2023 through video conferencing. As a reminder, for the smooth conduct of the Meeting, the Members will be in the mute mode, and audio and video will be opened when they speak at the AGM as per the pre-registration. Please note that, as per the requirements, the proceedings of the Annual General Meeting will be recorded and available on the website of the Bank. I now hand over the proceedings to Shri. M. Narayanan, the Chairman of City Union Bank Limited. Thank you and over to you sir.

**M. Narayanan:**

Thank you. We will now start with the prayer. Good Morning to all of you. I am M. Narayanan, Non-Executive Part-time Chairman of the Bank addressing you through Video Conference. I hope you and your family members are keeping good health and doing fine. I take pleasure in welcoming you all to this Annual General Meeting conducted through video conferencing and thank you for your participation.

I have ascertained from NSDL, our Service provider for this e-meeting that there exists the requisite quorum to conduct the proceedings of this meeting and for the purpose of quorum, all members attending this meeting through VC are counted as per Section 103 of the Companies Act, 2013 and the circulars issued by MCA. Therefore I now call this meeting to order. I am addressing you from our Administrative Office at Kumbakonam, accommodated by Nine Co-Directors including MD and CEO, who are physically present here. To my immediate left is Dr. N. Kamakodi, Managing Director and CEO, Mr. G. Mahalingam, Independent Director, also Chairman of Stakeholders Relationship Committee, Mr. Narayanan Subramaniam, Independent Director, Professor. V. Kamakoti, Independent Director, Dr. T. S. Sridhar, Independent Director. To my right is Mr. Ramkumar, Independent Director, Mr. K. Vaidyanathan, Independent Director, Shrimati. Lalitha Rameswaran, Independent Director, also Chairperson of Audit Committee, Shri. V. N. Shiva Shankar, Independent Director

The Bank's Joint Statutory Central Auditors M/s Jagannathan & Sarabeswaran, Chartered Accountants, Chennai and M/s. K. Gopal Rao & Co., Chartered Accountants, Chennai are attending this meeting from Chennai and the Bank's Secretarial Auditor M/s B. K. Sundaram & Associates, Practicing Company Secretaries is attending this meeting from Trichy. Shri. S. Venkataramanan, Company Secretary of the Bank is also here with me at the Administrative Office, Kumbakonam.

Now, I request the Company Secretary to provide general guidance to the members regarding participation in this meeting.

**S. Venkataramanan:**

Dear Members, good morning to everyone. You are requested to please note that this meeting is held as per the circulars issued by the Ministry of Corporate Affairs & SEBI, and the proceedings are being recorded. The members are enabled to join the meeting on first-come-first-serve basis and appointment of proxies is not applicable. Once the floor is open for questions and answers, the audio & video of registered speakers will be enabled by the



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moderator at that time. It may please be noted that Chairman of this Meeting reserves the right to limit the number of members asking questions and also number of questions depending on the availability of time.

Further, for the members who have not cast their vote through remote e-voting earlier, can cast their votes till the end of this meeting after which the e-voting window shall stand closed. All documents referred in the Notice calling this AGM, is available for inspection and the members desiring to inspect may drop an e-mail to shares@cityunionbank.in. Thank you very much. Over to Chairman Sir.

**M. Narayanan:**

Thank you. Now, let me begin with my speech. Esteemed Shareholders of City Union Bank, my colleagues on the Board of the Bank, Statutory Central Auditors, Secretarial Auditors and all the Shareholders, participating in this e-AGM, through Video Conferencing. Namaskarams and a very good morning and a warm welcome to you all. I hope all of you and your family members are keeping fine. At the outset, let me thank you all for your presence, continued support and the faith reposed on the bank and its management and appreciate your continued patronage to the bank.

As you may appreciate, this is an important annual event for the bank, where it engages itself with its shareholder. As in the previous year, this year also the Ministry of Corporate Affairs and SEBI has extended the guidelines for holding the Annual General Meeting, through Video Conferencing or other audio visual means, for all the AGM's to be conducted till 30 September, 2023. The Bank has provided the Annual Report, together with the Notice of the Annual General Meeting for the year ended 31st March, 2023 in electronic mode to all the shareholders. With your kind permission, I shall consider it as read.

Being an e-AGM, considering technical factors and restrictions on participation, I would like to be brief in my speech, giving more focus on the financial performance of the Bank for FY 23 and our Banks continued efforts in overcoming the difficulties, posed by the economy at macro level.

Global Economy. During FY 22-23, the Global economic activity continued to remain subdued, amidst lingering geopolitical hostilities, supply chain disruptions, inflation in food, energy and commodities, tight financial conditions and witnessed turmoil in the banking system in some advanced economies towards the end. The Central Banks across the globe, remained cautious and continued to withdraw their accommodative stance in a calibrated manner, which led to tight liquidity conditions across world markets, accompanied by an increase in interest rates.

As said earlier, the financial year 23 towards the end, was badly affected by the Global Banking crisis such as the collapse of Silicon Valley Bank and Signature Bank in US and

Credit Suisse of Switzerland, which was caused by rapidly rising interest rates, high levels of uninsured deposits, liquidity mismatch and regulatory rollbacks in the US and elsewhere.

As per the latest report on monetary policy by RBI dated 10th August, 2023, the global economy continues to face daunting challenges, due to elevated inflation, high levels of debt, tight and volatile financial conditions, continuing geopolitical tensions, fragmentations and extreme unpredictable weather conditions due to climate change effects. For several emerging market economies, weak external demand, elevated debt levels and tight external funding conditions, pose risks to their growth prospects.

Indian Economy. In India, the real GDP recorded a growth of 7.2% in 22-23, surpassing the earlier estimate of 7%, primarily aided by fixed investment and higher net exports. Fixed investment by manufacturing companies expanded in 22-23. The contraction in merchandise imports towards the latter half of 22-23, outpaced that of merchandise exports, resulting in narrowing of the trade deficit.

The CPI based retail inflation came down to 4.7% in March 2023, the lowest since November 2021, primarily due to Monetary Policy tightening and supply side measures. However as per the latest Press release by Government of India, the same has shot up significantly to 7.44% in July 2023 from 4.87% in June 2023 mainly due to soaring prices of tomato, other vegetables and fruits and few other food items.

While the core inflation witnessed a moderation, headline inflation, which includes food and energy, is expected to average above 6% in second half of this current financial year. On a positive note, as per the latest Report on Monetary Policy by RBI, the momentum of overall economic activity in India, continues to be positive, with the pickup in the crop sowing activity showing an improvement, due to progress of normal monsoon. Aggregate demand conditions continue to be buoyant due to factors that induce increase in passenger vehicle sales, household credit and domestic air passenger traffic.

Higher growth in agricultural credit and sales volume of fast moving consumer goods, suggests incipient recovery in rural demand, which will be reinforced with improving kharif crop output. All this is reflected in the continued increase in GST collections as well as Direct Tax collections. Also, India's foreign exchange reserves are now back in the above USD600 billion mark-zone since July 2023. The Government's continued thrust on capital expenditure, with initiatives such as Production Linked Incentive scheme, will augment the private investment activity. This is expected to contribute positively to the development of the Indian Economy. Taking all these factors into consideration, real GDP growth for 23-24 is projected at 6.5%, with the overall risks evenly balanced.

Performance of the Indian Financial Sector. The total Bank deposits expanded by 9.6% during FY 22-23 as compared to 8.9% during the previous year. The credit growth which is vital for

output, stood at 15% during FY 22-23. The Bank Credit to Micro and Small enterprises under priority sector grew by 14% in FY 23 vs 13.2% in FY 22. The credit to medium sized enterprises also saw 13.4% growth in FY 23. Post pandemic, overall credit growth to MSME was distinctly higher in comparison to credit growth to large industries as per RBI report.

The retail loan segment recorded a growth of 20.6% in FY 23, compared to 12.6% a year ago, primarily driven by Housing loans. The recovery in both gross NPAs and net NPAs showed positive signs in FY 23. The Banking sector remains a crucial component for the success of Indian economy. Before proceeding to address the financial performance of your Bank, I would like to brief you the highlights on the latest Monetary Policy Report of RBI dated 10th August, 2023.

**Banking Scenario.** The Monetary Policy Committee of the Reserve Bank of India at its meeting held on 10th August, 2023, based on the assessment of the current and evolving macroeconomic situation, decided on the following measures. Policy rate kept unchanged at 6.5%, marginal standing facility kept unchanged at 6.75%, standing deposit facility rate kept at 6.25% and bank rate at 6.75%. The MPC has mandated that beginning August 12, 2023, all the scheduled banks shall maintain an Incremental

Cash Reserve Ratio of 10%, on the increase in the net demand and time liabilities, between 19 May, 2023 and 28 July, 2023, with an intention to absorb the surplus liquidity, generated by various factors including return of INR2,000 notes to the banking system and prevention of excessive unsecured lending by Banks. The MPC decided to remain focused on gradual withdrawal of the accommodative stance, to ensure that going ahead, inflation remains within the target and at the same time supporting and augmenting growth.

The Total Income of the Bank stood at INR5,525 crores as compared to INR4,864 crores during last year, recording a growth of 14%. The Bank's total Deposits for the year under review increased to record INR52,398 crores from INR47,690 crores, registering a growth of 10% over previous year. The Gross Advances of the Bank increased to INR43,971 crores from INR41,156 crores, posting a growth of 7%.

As on 31st March, 2023, the total CASA deposits stood at INR15,657 crores against INR15,529 crores last year. The proportion of CASA to total deposits was at 30% as on 31st March, 2023. The Net Interest Income stood at INR2,163 crores as compared to INR1,916 crores during the previous year, recording a growth of 13%. The cost of deposits marginally decreased to 4.66% in FY 23 against 4.68% in FY 22.

**Profitability.** The operating profit of the bank stood at INR1,818 crores in FY 23 as against INR1,595 crores in FY 22, recording a growth of 14%. The operating profit to net interest income constitutes 84%. The Bank recorded a net profit of INR937 crores as on 31st March, 2023 as against INR760 crores in the previous year, registering a growth of 23%. Return on



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Assets of the Bank for the FY 23 stood at 1.46%, as against 1.35% last year and Return on Equity was at 13.42% for FY 23 as against 12.31% for FY 22. The basic earnings per share stood at INR12.67 per share as compared to INR10.29 per share last year. The Gross NPA and Net NPA for the year under review stood at 4.37% and 2.36% respectively, as compared to 4.7% and 2.95% in the previous year.

Investments and Treasury Operations. The investment of the Bank rose to INR14,390 crores in FY 23 as against INR12,294 crores in FY 22, recording a growth of 17%. Out of this, the investments in Government Bonds remained at INR14,268 crores constituting 99.36% of the total investment. The Non-SLR investments declined by INR65 crores mainly on account of part redemption and write off in Security Receipts. During the year, the bank booked a profit of INR7.63 crores through sale of securities.

Net Owned Funds and Capital Adequacy Ratio. The paid-up Share Capital of the Bank increased to INR74.04 crores as on 31st March, 2023 from INR73.96 crores as on 31st March, 2022. The Net worth of the Bank stands improved to INR7,421 crores as on 31st March, 2023 from INR6,550 crores as on 31st March, 2022. As per Basel III regulations, the CRAR required to be maintained for the period ended 31st March, 2023 is 11.50%. The Bank has maintained Tier I CRAR of 21.27% and total CRAR of 22.34% as at 31st March, 2023, which is well above the norms prescribed by the RBI.

Rewarding the shareholders. Your Directors have recommended a dividend of 100% for FY 22-23, in pursuance of its consistent philosophy of well rewarding shareholder. The dividend payout for FY 23 is in accordance with the Dividend Distribution Policy of the Bank framed in terms of the SEBI Listing Regulations.

Branches. During the financial year, the Bank expanded its branch network by adding 25 new branches totaling 752 branches and 1,678 ATM's as on 31st March, 2023.

Technology and Automation. The concept of Digital Banking, which has gained prominence in recent years, has been at the forefront of the bank's growth. In order to meet the Digital challenges and enhance customer service, our bank has launched various innovative digital initiatives such as wearable keychain, CUBFit watch, All-in-one mobile App, voice authentication etc. Besides these initiatives, your Bank has tied up during the year with 42 Card Solutions Private Limited, to issue CUB brand credit card Dhi and your Bank is expanding the credit card network to our customers in a big way.

It needs a special mention here that your Bank has been awarded during the year the Best Digital Engagement, Best Financial Inclusion, Best Fintech Collaboration, and Best Technology Talent, at IBA Technology Conference Expo and Awards 2022, held in December 2022. Further, in July 2023, your Bank has entered into an agreement with The Boston



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Consulting Group for Automation of its Digital Lending Transformation program. This project will start yielding the benefits from the middle of next year.

**Risk Management.** The Bank has a Risk Management team headed by the Chief Risk Officer, who reports directly to MD and CEO. The overall risks faced by the Bank and the risk appetite are evaluated by the team, which frames policies and procedures. Risk Management practices have been aligned with the industry practices and are adaptable to the dynamic operating environment and market conditions. In line with RBI guidelines, our Bank has added two new policies namely Climate Risk Policy and Financing Framework for Green Deposits, to address Environment and Sustainability aspects.

**Corporate Social Responsibility.** Coming to our commitment to the society, I must say that CSR has always remained an integral part of the Bank. The Bank's CSR wing Cub Foundation is continuing to play a vital role, in supporting the community in the vital areas like Swatch Bharat Health care, Literacy, Rural sports, Community Development and Environment sustainability, particularly water resource management, sanitation and literacy.

It is noteworthy that CUB's CSR activities, have created a behavioural change among the stakeholders, in the governance of water bodies and solid waste management. Starting from the financial year 17-18, your Bank has strengthened and protected the river and canal banks to a stretch of 58 kms, desilted and rejuvenated lakes in a spread of 594 acres, benefitting about 45,000 acres of cultivable land, apart from improving the water table over a much larger area. These activities covered over 70 villages and benefitted around 1.5 lakh people.

Apart from the continued support to protecting and improving the water bodies, the Bank has undertaken various CSR activities in the fields of Literacy and Education, especially in providing the infra structure facilities in rural schools, sanitation in both rural and urban places. In the year under report, we have spent a total of INR12.74 crores towards CSR activities. A detailed report is set out as Annexure to Directors Report.

**Human Resource Development and Industrial atmosphere,** plays a prominent role in an organization's growth and your Bank has always maintained cordial relations among its employees at all times. The members of the talent pool are being groomed by giving trainings at various centers of excellence like SIBSTC, NIBM, CAFRAL, IRDBT etcetera, apart from our own staff training college at Chennai and Kumbakonam. Continuous efforts are being made, to enhance the quality of existing personnel and also to attract new talent wherever required.

I take pride in expressing the fact that our employees always stand committed to win the trust and confidence of our customers, by their courteous service, which is our hallmark. The tireless efforts of our CUBians under the challenging conditions both during the pandemic and afterwards, are truly laudable and needs a special mention here. The Bank has maintained a



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healthy work environment right from its inception and it needs to be mentioned here with pride, that there are no instance of industrial unrest till date.

Before I conclude, I hereby extend my sincere gratitude to the Reserve Bank of India, all Govt. bodies, Regulatory authorities, Shareholders, Customers, business associates, my colleagues on the Board of the Bank, Executives and Employees of the Bank, for all their continued support, guidance and patronage extended to the Bank in its growth process. My sincere appreciations to both Employees Union and Officers Association, for their role in ensuring a harmonious Industrial relationship.

We always endeavor to improvise our products and enhance the operational efficiency employing the state of the art technology, to meet the growing needs of our customers. At the same time we ensure that our rich tradition of personalized customer service, well established by the founders of the Bank over more than a century, is maintained with no compromise on the core values.

With the Grace of Almighty and with all your support, I am confident that our 119 years young organization will continue to progress with added vigor touching new horizons of growth and glory in the years to come. My best wishes to you all once again. Thank you.

Now I keep the floor open to shareholders for the question and answer session. Over to the operator.

**Moderator:**

Thank you, sir. We will now begin the question-and-answer session. We will wait for a moment while the question queue assembles. I now invite Sanjeevkumar Damani, folio number 1201910102110279 to please accept the prompt on your screen, unmute your audio and video, and ask your questions or give comments. In the interest of time, may I request you to restrict your questions or comments to three minutes, please? Mr. Damani, you may proceed with your question. Sir, we are not able to hear you. We can see you, but we are not able to hear you. Sir, we are not able to hear you. We'll check the connection.

In the meanwhile, we'll proceed with the next question. We now invite Santosh Kumar Saraf, folio number 1206780000018019 to please accept the prompt on your screen, unmute your audio and video, and proceed with your questions or give comments. In the interest of time, may I request you to restrict your questions or comments to three minutes please. Santosh sir, we request you to unmute and proceed with your question.

**Santosh Kumar Saraf:**

I bow to all of you from the heart. I hope you all will be well. Respected Chairman, Board Member, and my fellow shareholders and worker, those are attending today's meeting. My name is Santosh Kumar Saraf. I'm speaking from Calcutta. I hope all you are safe and good. Sir, I also wish our employees, those are working in our branches for hard work.





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Due to them, we are growing and growing. They participate in our growth. So I wish them for a healthy 20th post-fit and also ask them to do hard work so our company, the bank will be grow more and more and we get dividend more and more sir. Sir, you tell many thing in your speech. I have no maximum question. I try to one or two question.

Sir, our bank is very old and we have so many employees. I think so many employees have still physical holding. So what step you taking to ask them to demit because from the 2018, SEBI always reminding to do demit and sir if possible give the implied figure who are still physically holding.

Next, sir, what is the step taken to stop fraud? Because there is so much fraud in the bank, what step you have taken? Are you taking the artificial intelligence help? Sir, what is the step for willful defaulter? Can you if possible publish their name and also sir I request you to redeem lookout look out notice because there is so many willful defaulter taken money and go out of India in the name of just they transfer the money in the name of their son, their wife.

So, also I want to make a look out notice for all. Next sir, sir what you step taken for female empowerment? Because you have a good female employment, I want to request you, sir, add more and more to female employee, because if female employee added, then our country will develop and become third largest development country in the world, sir.

So last step, I request you for VC meeting because if VC meeting, sir, I am from Calcutta, can we explain my will, wishes to our staffs? Those are working hard and for you, also you are managing companies so much. So if you make a VC meeting, if not possible for a VC meeting, I request you sir, in physical meeting, take 10 to 15 minute time for a VC session. So can be attained from our, and also our director can be attained from their place. If they're not possible to come one place sir.

Last, I saying that this is Veza event is very good. You hire and I thank you, sir. Lastly, I wish all our directors, all our employees and all our workers for happy year 2023-24 and also wish to God for a happy, healthy, prosperous and safety year, sir. Thank you, sir. Giving me time. Namaskar.

**Moderator:**

Thank you, sir. I now invite Gundluru Reddeppa, folio number 1201090017620840 Please accept the prompt on your screen, unmute your audio and video and ask questions or give comments. In the interest of time, may I request you to restrict your questions or comments to three minutes please.

**Gundluru Reddeppa:**

Chairman sir, Mr. Narayanan, sir. Kamakodi, sir, MD and CEO, director and leaders. And Venkatramana, sir and V Ramesh. And my other Non-Executive Directors, Independent Directors and my Company's Executive Manager Sadagopan J and also my co-shareholders of this video conference.



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Namaste, good morning sir. Sir, my name is Reddeppa Gundluru. I am from Hyderabad. I am a financial advisor sir. As a shareholder, I am happy about the company performance, financial competencies sir. Chairman sir, you have given good information, good progress report of my company, nice piece sir, thank you so much.

Sir, I have gone through all the annual reports, very wonderful, nice information, colorful information, very wonderful sir, I feel very happy, sitting in bank here, annual report is very wonderful. I found out there is a good corporate governance in my company, personal governance. There is a special thanks to all the GMPs who is working hard for the preparing the annual report.

Sorry sir, I forgot to appreciate this prayer sir. In the beginning, we started the AGM as a prayer. This is most precious, very important sir, you are following. We need God grace. It is a wonderful prayer I am seeing first time sir, in all the AGMs. Keep it up sir, appreciation to your team and also who is saying a prayer, my best wishes.

So, transparency governance is a wonderful issue. Financial also where a transition performance here on your goal. Thank you so much sir, increase the dividends, a couple of years you are giving INR1 earlier less, so my company is very good dividend track, so I am very happy, congratulations for wonderful numbers of posting, Mr. CEO, MD, you have a very good growth mindset, good culture and also the awards point of view, I would like to appreciate you.

Wonderful recognitions awards received in the last 10 years, I am very happy. You are doing CSR also, it is wonderful, tremendous support to the needy. My personal suggestion is that please identify rural area drop out children especially girl shades, provide them vocational courses if any possible so that we can give very good life to them.

So this is my personal suggestion. Sir, I have read all the annual reports. I have not found any questions to ask financially. There is a single, no single, no single black spot on my company, financial, that type of operations you are doing, sir. The chairman and CEO, just tell me what your next vision you already given higher levels.

Next what is your vision, what is your mission I would like to know from your sir. And also please explain the RMS system, CASA how many CASA last year opened? So what is the RMS system, when new parts happen, what is the system is working? So how many branches has planned coming financial? These are small observations, no other questions from my side. I support all the resolutions and see what to my company. And also the company's secretary department, I would like to thank his team, Mr. Sadagopalan, Vanakam, and please strengthen the investor relationship also. All before the AGM, the people to who is, I speak as well as the other shareholders already called me.



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So again, I would request you to maintain a good relationship with the investors. That is my suggestion. Thank you so much for a wonderful and smooth meeting. Chairman sir, finally thanks once again for giving this opportunity to speak in front of you. Personally, I believe that the company will achieve higher awards and recognition sir and reach further heights and achieve all the financial targets of financial 24 under leadership of chairman and also N. Kamakodi MD and CEO sir. We have faith on you sir, trust on you, go ahead sir, my full support with you. God bless you sir. Thank you so much sir. [Regional Language].

**Moderator:**

Thank you. I now request Sanjeevkumar Damani, folio number 1201910102110279 to please accept the prompt on your screen, unmute your audio and video and ask questions or give comments. In the interest of time, may I request you to restrict your questions or comments to three minutes, please. SK Damani, we requested to please unmute your audio and proceed.

**Sanjeevkumar Damani:**

Firstly, my appreciation and sincere respect for the Chairman, Managing Director Board of the bank for making this organization what it is today. And I also wish well for the founders of this bank. Now, sir, I have only one question about the fact that why our share prices have gone so much down and what the bank can do all about it as a management as to keep their, you know, relevant market value intact.

So this is what I would like to understand from you. And sir, one more thing, is there any limit in our bank also of individual shareholder or group of shareholders not holding more than 5% or something like that? Or what are the recent changes for a private bank where somebody can invest a bigger amount also as a shareholding.

So kindly explain and give some details. Thank you very much and I wish you all very best and sincerely appreciate each one of you Secretarial Department. They have really taken very good care time and again, they have informed us to join the meeting. Thank you very much sir.

**Moderator:**

Thank you. I now request K Bharat Raj, polio number 1204880000141972 to please accept the prompt on your screen, unmute your audio and video and ask questions or give comments. In the interest of time, we are requested to restrict your questions or comments to three minutes, please.

**K Bharat Raj:**

Yeah, very good morning, Chairman, entire board of directors. I'm Bharat Raj calling from Hyderabad. Wonderful speech by our Chairman, Mr. Narayan. And sir, wonderful performance in this financial year, sir. That is very wonderful dividend. Sir at present we have 752 branches, so please let me know what is your vision and how to make 1,000 branches. Under the leadership you sir, Mr. Kamakodi is working hard and he is doing wonderful performance. Thank you Mr. Kamakodi, you are working hard.

So what is your vision at present, we are in 19 states sir, how you want to expand in other parts of the state, in North India and in North East states. Our presence is not available. Please let



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me know. Chairman sir, I congratulate you for receiving so many awards of best digital, best financial, best FinTech, best technology, lot of awards Mr. Chairman. We are, you are very strong in the technology and digital. I'm very proud, Mr. Chairman, because this award is something giving the strength, and it shows how strong we are in digital and how strong in the financials. Thank you very much, Mr. Chairman.

Mr. Chairman, I observed what is that, in your senior management, there is no woman employment, sir. So how you are grouping the national leadership, Mr. Chairman? Please see that, encourage women into the senior management because senior general manager, general manager, there is no woman. So how you have bank, because our prime minister is encouraging women, Narishakti. So see that, Mr. Chairman, in the board and in the senior management also, senior women, women, employment is very important.

Chairman sir, wonderful debit cards, keychain debit card and CUB Gift debit card wonderful sir, I never seen in any other bank. Wonderful initiation sir, through keychain we can pay, it is beautiful sir, thank you very much.

Chairman sir, lot of banks encouraging co-branded cards, encouraging airport lounge, shopping, bookmyshow, so can you please coming days please introduce youth encouragement debit cards. So that attract the youth and PB is very important, Personal Banking. Without personal banking there is no bank.

Digitally its okay, its allow, but personal banking customer should visit our branch sir. It creates a lot of impact. Chairman sir please look into PB also. I thank the Secretarial Department sending me in time annual report. Mr. Venkatramana our Company Secretary that was accessible. Thanks for Secretarial Services Chetan Sir.

And I thank our Sadagopan Mr. CFO as promoted as CFO warm welcome to him. He definitely guide our bank into the higher levels and he'll be not stopping our dividends payouts. I hope we'll give more space to the dividend payouts in the coming days. Once again, Mr. Chairman, all the best for the coming years. My best wishes to you. Sir, if it's possible, next year we'll have a physical AGM. Thank you very much, sir. God bless you.

**Moderator:**

Thank you. I now request Shri G. Sankaran, folio number IN30044110863723 to please accept the prompt on your screen, unmute your audio and video, and ask questions or give comments. In the interest of time, may I request you to restrict your questions or comments to three minutes, please? Sri Sankaran, we request you to please accept the prompt, unmute your audio and video and proceed with your question.

**Sankaran G:**

Good morning to all of you. First on this annual event day, I greet our Chairman of the Board of Directors, especially the new Director, Mrs. Lalitha Rameswaran, and I wish her all success in this new arrangement. And I greet our MD for the re-appointment yet for yet another term



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by the Reserve Bank of India and I assure you, sir, we will cooperate with you in all aspects for the development of our Bank. We are facing one after another trouble for the past during the last decade. Somehow or other everything is getting on and it's a question of survival. But the final, the ultimate sufferer is banking industry.

Recently when delivering the monetary policy, the Reserve Bank Governor has told last week, when other countries said the economy is in volatile, our is troubled. It is a good sign and the results, the all the banks, even public sector banks are giving good results for the quarter ended 30th. For the year ended '23, our bank has reported a 23% increase in non-profit, even though so many problems are there as pointed out by the chairman in his speech.

And you have declared 100% dividend that is one rupee for one rupee share. I wish you all success and I am highly confident in future, the bank will take the greater heights and we are having a eminent board with all intellectuals, including IIT director and so many auditors and best coordination with your friends and best staff among us, highly intelligent.

That is why all the banks are absorbing our staff and every month some staff are resigning and going for other banks. It should be arrested and I think MDF will take steps for this. I wish you all success in coming years. We will work hard as a shareholder. I cooperate with all aspects for the development of the bank. Thank you, sir.

**Moderator:**

Thank you. That was the last question. I will now hand over to MD and CEO to proceed further. Over to Sir.

**N Kamakodi:**

Good morning everyone and particularly I will focus on answering the observations made by shareholders who had registered. We start with Shri Santosh Kumar Saraf from Calcutta. Thank you sir for all your wishes to hardworking staff of the bank. You mentioned about the physical holding of shareholders. It has come down in a fast manner. In fact, in last seven, eight years, we had, let's say even more than 30, 40 percentage, it has come under three, four percentage now after the changes in the regulations and all.

We had also communicated continuously and it's now become in the interest of the shareholders to convert it into demat form and that process is happening pretty faster from the initiatives directly taken by the shareholders themselves.

And also we had asked about the steps taken to reduce the fraud and all. We have -- and the use of artificial intelligence and all the in fact we have been continuously improving our like say the risk monitoring mechanism. Two we are keeping a close watch and continuously upgrading the technology including usage of artificial intelligence and things like that. We are able to keep that in a bare minimum now and we are trying to like say make it to as close to zero as possible.

And also Mr. Saraf mentioned about the steps taken for willful defaulters, look out notice for those fraudsters who migrated to other countries and all. Fortunately, we do not have any such instance. So, as per the regulations and the law of the land in force, we have been continuously identifying these both willful defaulters, frauds and all whatever steps that need to be taken based on the regulations and the law of the land in force.

We are taking all the necessary steps. And the, in fact, you also asked about the women empowerment and all. We have a significant close to 30 percentage or so, let's say the representation from the women. In fact, another shareholder also asked about that the representation of the senior management and all the senior most executive, let us say we have women general manager at a general manager level and all.

Now, basically it is gender neutral. So, when people enter and depending upon their individual, let's say capability and their individual, I mean, based on their, let's say, career aspirations and all we are having adequate spaces given to everyone irrespective of the gender. And whatever, let's say the additional support that is needed also we are giving and hopefully in future this proportion will like say significantly improve.

And the question on whether the like say next AGM will happen through VC or physical, so it depends on the decision taken by the Ministry of Corporate Affairs at that point of time. Based on the regulations in force, we will be deciding on the mode of AGM next year. We had Mr. Gundluru Reddappa after from Hyderabad was the second speaker. So, thank you sir for all your compliments on the Annual Report performance awards received, CSR and dividend and all.

So, we take your advice on suggestions on like said to provide vocational training at the rural part as a CSR and do more at the rural service and all we will keep it in mind when we spend our CSR money. You also specifically asked about, let us say, how are we going to, let us say, what is that we are going to do in the, let us say, future vision and path, risk management, CASA focus, and the branches to be opened the current year and all.

Basically, this year we are planning to open up to 50 branches. So in the last 10 years or so, the average number of branches we opened were about 50. One year we opened about 70-plus branches. During the COVID we had to, let's say, reduce the number of branches opening. Basically we have currently over 500 branches in the state of Tamil Nadu. So, the incrementally, the -- more number of branches will get opened in the non-Tamil Nadu states. So we after Tamil Nadu, our significant presence is in the Southern states particularly in the Andhra Pradesh, Telangana, Karnataka and Kerala.

We have also started making inroads into the Northern states, Maharashtra, Gujarat and Rajasthan and in other states per se. So, incrementally speaking we will be like say taking it to in fact somebody asked about what is our plan to take it to the 1,000 branches and all. So we



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will, let us say, try to accelerate it as quick as possible depending upon taking into consideration all the overall strategic initiatives and things like that.

Basically, all along we had been focusing more on the, let us say business, related lending like MSME, commercial trading, wholesale and retail and also agriculture, mainly focused on gold loans and things like that. We had not, let us say concentrated or had focus on retail lending, particularly housing loans and other security loans and all. So, we are incrementally, we will be, let's say as we could see the overall industry level, exposure to the housing loans and other security loans and all are on the increasing trend.

We have also started looking into that segment and trying to build the skill sets on those areas. Probably you might have also seen the -- our in the press which covered about our future focus on the co-lending with the NBFCs and all which are becoming the order of the day. So, over the next 3 year to 10 year timeframe, they will also be forming about 10% to 15% of our overall portfolio in 3 year to 5 year timeline.

On risk management system and all, we are continuously improving, particularly, let's say as the technology has started improving, particularly somebody talked about the, I mean, artificial intelligence and analytics and things like that. The risk measurement is becoming increasingly sophisticated and in fact, it reduces the, let's say the error in measuring the risk and also the pricing and all are increasingly looking like they will be getting more aligned and things like that. So, we are constantly at them to improve that on an overall growth rate.

On CASA front as you might have seen in the past, let's say decade and all, from about 20% or overall CASA percentage has increased up to 30%. We are also having focus on that. So, overall we are taking incremental steps on the all the areas you had mentioned and increasingly they will be helping us to improve both our top line and bottom line.

We had Mr. Sanjeevkumar Sharma, Sanjeevkumar Damani, who let us say appreciated the overall performance and also asked is, I mean, asked questions on why the share price has come down, what can bank do with that, whether the, how to make the relevant market value intact. And also he asked a question, what is the individual maximum shareholding that is permitted and all.

Basically, like as I just mentioned, overall, let's say we had been growing, let's say for example, up to financial year 19-20, in terms of growth, in terms of return on assets, return on equity and all, our overall performance were close to like market benchmarks. And after that, perhaps if you look into our overall numbers, particularly in terms of the asset quality and slippage ratios, we used to have about 2 to 2.5 percentage annualized slippage ratio, and we used to have recovery to the tune of about, average about 70 percentage of the slippage amount because we had been continuously focused on the, let's say, secured lending space.

After the changes in the market, particularly the introduction of GST demonetization and particularly because of the COVID. There was a major change in the, particularly the way the formalization of the economy happens and the MSME sector in fact had a little bit higher impact compared to the other sectors overall, which increased our slippage ratio from 2 to 2.5 percentage to about 3 to 3.5 percentage and it is incrementally that started coming down.

Most of our, let's say peers and others in the industry, majority of them, those who had gone earlier to corporate lending and to the infrastructure sector and all they had their share of asset quality problem ahead of us and whenever the MSME issues and all started the post COVID and all, they had already seen that. So, because of all these relative consideration, we had, let's say at the beginning of the decade, we had about, let's say about one and a half to two times the price to book value, which increased about even close to two and a half to three times.

So, in fact, because of that, there were some consideration, but we feel as the performance improves and overall we are able to come back to the, let's say, show the better performance compared to our previous for which we are approaching those situation fast. As our performance gets better and better, we hope the market should take you from that and give appropriate value for that and we hope things should improve as we move forward.

Regarding the question on the individual shareholding maximum holding, currently it is about 5 percentage, anybody who needs to cross that they have to get approval from the regulator to cross that is the current regulatory stance. So, we have to follow that and that is the current status as of now.

We had Mr. Bharat Raj from Hyderabad, who let's say, thanks for dividend. He also asked about, let's say, how to go about for the thousand branches which we discussed and also our branch expansion plan to other states and all. Thanks for your wishes for getting awards and all. So, regarding your question on this, let's say the women representation in the senior management and others also we explain. So, we take your view on, let's say, the key chain debit card co-branded and increasingly our digital adaptation by the customers is also increasing and utilization by the customers, in fact of various digital products and all are increasing.

At the same time, you also mentioned, let's say the personal service, personal banking at the branch level should also stay. We are in fact, the Chairman also when he spoke, he made a mention about that point. So, even though the technological services and digital offerings are there, and which we are trying to get it closer to the industry level benchmark, being a bank which is a fast approach in this 120th year of service to the nation. We are aware of the let us say requirement particularly in the personalized services at the branch level and which we are taking our all of our endeavors everything under our control to ensure that that service level is also maintained on a continuous basis.



So, we had then Mr. Sankaran -- who thank you for all your wishes sir and you mentioned a point that resignations should be arrested. We take your point and we are also taking all of our steps that are in our control to work on that. Probably you might have seen reports seeing, let's say, many of the banks, particularly larger banks are having more than a 30 percentage attrition rate and all.

So, that is a wide range of spectrum which is happening as the priorities of the people and all are also different and a lot of changes happening. Fortunately, our attrition rate is less than half of whatever that is getting reported in many of the larger banks. We are conscious of that part and we are taking all our steps to get it as low as possible so that the service level is protected and by and large the satisfaction of employees are protected.

In fact, through chat box, we received a question from Mr. Raghavachari Ranganathan. Even though the question is, I mean, he has asked the Chairman to address this question. With his permission, let me take opportunity to answer that call. I very much appreciate this facility to communicate which no other bank has done. Request Chairman to address the poor performance of the bank in the recent months as compared to its peers.

Are there any new measure to improve the performance like changing the top management that seems to be stagnating. Thanks and good luck. Sir, basically the issue is as we had mentioned, we had an average CAGR of 15 plus percentage overall on the, let us say, last decade or so. The last, let us say, year particularly your observation, let us say it is not wrong, particularly in terms of the growth.

Basically, as I answered in the, let us say the, in terms of in earlier question, the, our core sector, particularly MSME which had, let us say, some sort of issues which we have to greater extent corrected and we are moving almost to our pre-COVID level and incrementally things should improve. At the same time, we had not focused on certain segments which are contributing for the larger contribution of growth for the banking sector as a whole, particularly on the, let us say, the mortgages, housing loans, loan against property, co-lending, both in terms of co-lending through with NBFCs on both mortgages, housing loans and also the vehicle finance and things like that.

We had not concentrated in the past, which we are now we have like say identified those areas and we have started working on that. Simultaneously, I would also like to draw the attention what Chairman spoke about our recent let us say tie-ups particularly to upgrade our automated digital lending processes and all those things will also improve the things. So, for these sectors where we did not have, let us say, like wherever we need new talents, we are in the process of identifying and strengthening our top management.



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We hope over the next few quarters, if not years, things should improve and overall we should be getting back to the, let's say, whatever over and above the average growth of the industry. This is with this few word, I hand over back to Chairman.

**M Narayanan:**

Thank you. Now, passing of the resolutions and declaration of the voting results. I would like to inform you that pursuant to Section 108 of the Companies Act, 2013 and the rules made there under, in Regulation 44 of the SEBI Listing Regulation 2015, the bank had provided remote e-Voting facility through electronic means from 19th August 23 till 22nd August 23 to enable members to vote on all the resolutions contained in the notice and to be passed at the stadium.

The bank has appointed B. Kalyanasundaram and B.K. Sundaram & Associates, Practising Company Secretaries as Scrutinizer for conducting the voting process in a fair and transparent manner. The voting results and the resolutions shall be declared after receiving the report of the scrutinizer within two working days of conclusion of the AGM.

In this regard, the Company Secretary of the bank is hereby authorized to declare the voting results, intimate stock exchanges and host the same in the website of the bank. I now thank all the shareholders who have participated in the remote e-Voting process. Vote of thanks. I now request the Shri. G. Mahalingam, Director, propose vote of thanks on behalf of the Board.

**G. Mahalingam:**

Dear shareholders, it is my proud privilege to propose a vote of thanks. First of all, the Board we would like to thank the shareholders for advancing an active interest in the bank's functioning and the progress, giving valuable feedback during the meeting and raising very important questions which were answered by the Managing Director.

Secondly, the bank would also like to thank all the customers for the uncertain loyalty they have expected to the bank and the longstanding relationship which has guided the bank's balance sheet from the path of progress. I would also like to thank the bank's Statutory and Auditors and the Secretarial Auditors for being present here, ready to offer any clarification if any question that you can share.

I would also like to thank all my fellow Directors here for having spent their valuable time and offered guidance to the bank on important issues and formulating the strategy for the bank to be in the path of progress all the time. The Board thanks the Company Secretary for setting out the protocol and structure of the meeting. Last but not the least, the NSDL deserves the thanks of the bank for the support that they have offered for the conduct of the meeting. The Board extends heartiest best wishes to the bank and all the passionate team of employees to -- for a wonderful future for the bank. Thank you.

**M Narayanan:**

Thank you. I now request all of you to join us for the National Anthem.