TAMILNAD MERCANTILE BANK LIMITED
Regd. Office: 57, V.E.Road, Thoothukudi – 628002

# TRANSCRIPT OF THE 104th AGM HELD ON JULY 14, 2026 AT 11:00 A.M.

**Moderator:**

A very good morning, everyone. Welcome to the 104th Annual General Meeting of Tamilnad Mercantile Bank Limited. I request all members to kindly rise for the prayer song, Tamil Thai Vazhththu.

*Anthem plays.*

**Moderator:**

Thank you. Now, I request Chairman to take over the proceedings, please.

**Chairman:**

Ladies and gentlemen, it gives me great pleasure to welcome all the esteemed shareholders to the 104th Annual General Meeting of your bank being held today through video conferencing. I trust you and your families are safe and in good health.

I am K. Ramachandran; Non-Executive Part-Time Chairman of the Bank and I will be chairing the 104th Annual General Meeting of the Bank.

This 104th Annual General Meeting is being held through video conferencing in compliance with the applicable provisions of the Companies Act 2013, the rules framed thereunder and the applicable circulars issued by the Ministry of Corporate affairs and the Securities and Exchange Board of India.

I have received confirmation from the team of Central Depository Services India Ltd., the video conferencing service provider that the requisite quorum is present for this meeting.

All shareholders attending the meeting through video conferencing are counted towards the quorum as per the guidelines issued by the Ministry of Corporate Affairs and section 103 of the Companies Act, 2013. Accordingly, I declare that the meeting open.

As required under the applicable Ministry of Company Affairs circulars, the Bank published a notice in the newspapers on June 8, 2026, prior to sending the Annual General Meeting intimation letters.

These intimation letters which included the web link and direct path to the annual report were sent on June 18, 2026, to the shareholders who have not registered their email addresses. Additionally, AGM notice and annual report has been sent electronically through email to the shareholders who have registered their email addresses with the Bank or with the depositories and they have received the same through the electronic mode.

A follow up public notice was published on June 19, 2026, confirming the dispatch of such communications.

The Annual General Meeting notice and annual report have been made available on the Bank's official website. Since this meeting is being held via video conferencing, voting by show of hands, physical polling and proxy appointments are not applicable. As the notice convening the meeting has already been circulated to all the shareholders and with your permission, I shall take the notice as read.

I am attending this meeting from the Bank's registered office at Thoothukudi and I am joined by

- Mr.Salee S Nair, Managing Director & Chief Executive Officer of the Bank,
- Mr.Vincent M.D, Executive Director,
- Mr.C.Chiranjeeviraj, Non-Executive Independent Director and Chairman of the Audit Committee of the Board,
- Mr.A.Shidambaranathan, Non-Executive Independent Director and Chairman of the Nomination and Remuneration Committee of the Board, and
- Mr.Swapnil Yelgaonkar, Company Secretary of the Bank.

Before we commence the main proceedings of the meeting, I would like to introduce my other colleagues on the Board attending this meeting through video conferencing for the benefit of the shareholders.

- Mr.A.Niranjan Sankar, Non-Executive Director and Chairman of the Stakeholders Relationship Committee of the Board
- Mr.K.V.Rama Moorthy, Non-Executive Director
- Mr.S.R.Aravind Kumar, Non-Executive Director
- Mr.R.Kodeeswaran, Non-Executive Director
- Mr.S.Sridharan, Non-Executive Independent Director
- Mr.R.Deepak Shankar, Non-Executive Independent Director
- Tmt.R.Kanagavalli, Non-Executive Independent Director
- Mr.V.Srinivasan, the Reserve Bank of India Nominee Director

In addition to the board members, senior executives of the Bank have also joined the meeting from the Bank's head office at Thoothukudi.

Further, the Bank's Joint Statutory Central Auditors for the financial year ending 31.03.2026 M/s. Sundaram and Srinivasan, Chartered Accountants and M/s. Chandran and Raman, Chartered Accountants and the Secretarial Auditor of the Bank for the financial year ending 31 March 2026, M/s. SPNP and Associates, practicing Company Secretaries, Chennai, have also joined the meeting through video conferencing.

Furthermore, Mr. D. Saravanan, Partner, M/s. Alagar & Associates LLP, Chennai, who has been appointed as the scrutinizer to oversee the remote e-voting process and the e-voting at the AGM in a fair and transparent manner is also present via video conference.

I now invite Mr. Swapnil Yelgaonkar, Company Secretary of the Bank to explain the rules and guidelines for participation in the meeting and the process for voting during the AGM.

**Company Secretary:**

Thank you, Chairman.

Dear Shareholders, please note that this 104th AGM of Tamilnad Mercantile Bank Limited is being conducted through video conferencing in compliance with the applicable provisions of the Companies Act, 2013, the Rules made thereunder, and in accordance with the circulars issued by MCA and SEBI. The proceedings of this meeting are being recorded. Sufficient video conferencing facilities have been made available for the shareholders, as mandated under MCA guidelines. Participation is allowed on a first-come, first-served basis.

To ensure seamless conduct of the meeting, all shareholders joining the AGM have been placed on mute mode by default. During the Question-and-Answer session, upon the announcement of a member's name, their microphone will be unmuted by the moderator to enable them to speak.

In case a speaker faces connectivity issues and is unable to speak when called, their name will be re-announced at the end that is after all other registered speakers have completed their turn to speak.

The Bank has received requests from 15 shareholders, who have registered themselves as speakers for this AGM. The audio and video access for these speakers will be enabled one at a time by the moderator once the Chairman opens the floor for questions. The Q&A option will also be activated at that time.

Shareholders are kindly requested to note that the Chairman reserves the right to limit both the duration of each question and the number of questions based on the availability of time.

Further, the Bank has provided remote e-voting facility for all resolutions set forth in the AGM Notice. The remote e-voting was open from 9:00 a.m. on Saturday, July 11, 2026 to 5:00 p.m. on Monday, July 13, 2026.

Shareholders who have not exercised their votes through remote e-voting and are attending this meeting will have the opportunity to vote electronically during the AGM using the e-voting platform provided by the CDSL.

All the documents referred to in the Notice and Explanatory Statement, the Register of Directors and Key Managerial Personnel, and other statutory registers / documents are available for electronic inspection upon request. Shareholders who wish to inspect these documents may send a request via email to shareholders@tmb.bank.in.

Please note that the proxy register is not available for inspection since proxy appointments are not applicable for this virtual AGM. For any technical assistance during the AGM, shareholders may contact the helpline number provided in the AGM notice.

Thank you for your attention. I now request the Chairman to resume the proceedings.

**Chairman:**

Thank you, Mr. Swapnil.

Dear Shareholders,

On behalf of the Board and Management of the Bank, I extend my heartfelt gratitude to each one of you for taking time out of your busy schedule to join us for the 104th Annual General Meeting of Tamilnad Mercantile Bank Limited.

Before I present the performance highlights of your Bank for the financial year 2025-26, I would like to briefly touch upon the prevailing global economic landscape, the current state of the Indian economy and the trends shaping the Indian banking sector. These macroeconomic developments provide important context to the performance of your Bank, as we continue to navigate both challenges and opportunities in a rapidly evolving environment.

The global economic environment during FY 2025–26 were shaped by elevated, shifting, indeterminate trade barriers, policy uncertainty, rising geo-political tensions and volatile currency and stock markets. The year began on a relatively resilient footing, supported by easing trade frictions, robust investment in artificial intelligence, and resilient global demand. However, the escalation of the conflict in the Middle East during early 2026 significantly altered the global outlook. The resulting disruptions to energy supplies and shipping routes through the Strait of Hormuz intensified concerns over global energy security and supply chain stability.

The conflict led to a sharp rise in energy prices, increased transportation and manufacturing costs and heightened inflationary pressures across economies. Supply-chain disruptions, particularly in energy, fertilizers and other essential commodities, posed challenges for several import-dependent countries, dampening investor confidence and weakening consumption. Consequently, global growth expectations moderated as geopolitical uncertainties increased.

Despite these headwinds, continued investment in artificial intelligence and digital infrastructure provided support to economic activity, particularly in advanced economies, where productivity gains from technology adoption helped offset some of the adverse effects of geopolitical disruptions. Nevertheless, these benefits remained unevenly distributed across regions, widening the gap between developed and emerging economies. While several central banks had begun transitioning towards monetary easing amid moderating inflation, renewed inflationary risks prompted a more cautious policy stance, delaying the pace of further interest rate reductions. Overall, the global economy remained resilient but increasingly vulnerable to geopolitical shocks, elevated trade tensions and persistent structural challenges.

Indian Economy: India's economy continued to demonstrate remarkable resilience in the financial year 2025–26, reinforcing its position as the fastest-growing major economy despite an increasingly uncertain global environment. Strong domestic demand, robust manufacturing and services activity, supportive policy measures and relatively moderate inflation underpinned economic growth. The revised GDP series, incorporating an updated base year and broader data coverage, further enhanced the accuracy and comprehensiveness of national income estimates. While the escalation of the Middle East conflict created external headwinds through higher energy prices and increased global uncertainty, India's strong macroeconomic fundamentals helped cushion the impact to a larger extent.

The Reserve Bank of India maintained a balanced policy approach, adopting a neutral monetary stance while keeping the policy repo rate at 5.25% to support growth without compromising price stability. India's dependence on imported crude oil continued to expose the economy to higher input costs arising from global energy market volatility. Nevertheless, healthy foreign exchange reserves, a manageable external position and prudent fiscal management strengthened the country's resilience against external shocks.

Sectorally, agriculture remained a stabilising force, supported by allied activities such as livestock and fisheries, although higher energy and fertilizer costs posed some pressure on farm economics. The industrial sector maintained healthy momentum, driven by manufacturing and infrastructure investments, even as rising input costs affected margins. The services sector continued to be the primary engine of growth, supported by strong performance in digital services, financial services and exports.

On the demand side, private consumption remained resilient, supported by stable employment conditions and improving household incomes, while sustained public and private capital expenditure continued to strengthen investment activity. Looking ahead, although geopolitical developments and global trade uncertainties may pose near-term risks, India's sound macroeconomic fundamentals, ongoing structural reforms and continued infrastructure investments position the economy to sustain its long-term growth trajectory.

Coming into the Banking Industry, turning to the banking sector, during the financial year 2025–26, the Indian banking system continued to demonstrate resilience, supported by healthy deposit mobilisation, robust credit growth and strong balance sheets. Deposits of Scheduled Commercial Banks grew by 11.5% year-on-year, while credit expanded to 14.5%, with credit growth continuing to outpace deposit growth. Consequently, the incremental Credit-Deposit (CD) ratio for the banking system remained elevated at nearly 97%, while the overall Credit-Deposit ratio stood at 81.71%, reflecting sustained demand for credit across sectors.

Following the cumulative 125 basis points reduction in the policy repo rate during 2025–26, monetary policy transmission gathered pace across the banking system. The Weighted Average Lending Rate on fresh rupee loans of Scheduled Commercial Banks declined to 8.40% in March 2026 from 9.35% a year earlier, while the Weighted Average Lending Rate on outstanding loans moderated to 8.99% from 9.77%. The median one-year Marginal Cost of Funds-based Lending Rate (MCLR) also eased to 8.40% from 9.00% over the same period. On the liabilities side, the Weighted Average Domestic Term Deposit Rate on fresh rupee term deposits stood at 6.70% in March 2026, while the rate on outstanding term deposits moderated to 6.62% from 7.03%, reflecting the gradual transmission of policy easing to the deposit rates.

Asset quality across the banking system continued to improve, with the Gross Non-Performing Asset ratio of Scheduled Commercial Banks declining to a multi-decadal low of 1.8%, while the Net NPA ratio improved further to 0.4%, supported by lower slippages and prudent provisioning. The annual slippage ratio moderated to 1.2%, and the Provisioning Coverage Ratio remained healthy at 75.6%. The overall Capital to Risk-Weighted Assets Ratio (CRAR) strengthened to 17.7%, significantly above the regulatory minimum, providing the banking sector with ample capital buffers to support future credit growth and absorb potential external shocks.

It is against this backdrop—a resilient domestic economy, an increasingly uncertain global environment and a banking sector characterised by robust credit growth, improving asset quality and strong capital buffers that your Bank delivered what I am pleased to describe as one of its strongest performances in recent years, reaching a total business of ₹1,15,000 crores and strengthened the asset quality by containing further slippages.

To explain in detail the impressive growth and the Bank's trajectory going forward, I request Mr. Salee S Nair, the Managing Director & Chief Executive Officer of the Bank, to highlight the performance of your Bank for the financial year 2025-26.

**Managing Director & CEO:**

Thank you, Chairman.

Dear Shareholders, Good Morning.

It gives me great pleasure to present the performance of your Bank for the financial year 2026. Throughout the year, I have described FY 2026 as a year of transformation. Today, I am happy to say that the transformation journey undertaken by us has translated into measurable business outcomes, making it one of the strongest years in the Bank's recent history.

As you are aware, your Bank was founded in 1921 with an initial capital of just ₹6,000 and has spent more than a century building a reputation founded on trust, prudence and customer-centricity. That legacy continues to grow stronger.

As on March 31st, 2026, the Bank's Net Worth crossed ₹10,110 crore, compared to ₹9,009 crore a year earlier, reflecting a healthy growth of 12%.

Our physical presence also expanded meaningfully. During the year, we opened 44 new branches, including 15 outside the state of Tamil Nadu, taking our network to 622 branches. I am pleased to share that this expansion has continued into the current financial year as we steadily strengthen our national footprint.

FY 2026 was not merely about growth, It was about building the capabilities that will sustain growth for many years to come. During the year, we completed several strategic initiatives that have fundamentally strengthened the Bank. We operationalised the Credit Management Centres, centralising the credit life cycle for all advances, except jewel loans, thereby enabling our branches to devote greater attention to customer acquisition and business development.

We successfully rolled out Phase I of the Loan Management System and this, together with the Business Rule Engine, will bring greater speed, consistency and system-driven underwriting to our Retail and MSME lending.

We have completed the implementation of the Oracle Fusion Cloud Suite, covering Vendor Management System, Human Capital Management and Customer Experience. We further strengthened our Transaction Banking Group, Global NRI Centre and Elite Services Group, reinforcing our strategy to deepen relationships and improve CASA mobilisation.

We also commenced the complete transformation of our Internet Banking platform through the Digital Engagement Hub in partnership with EdgeVerve, an Infosys company.

Equally important, we invested in our people by inducting fresh employees across technology, business development and branch leadership, creating a strong talent pool to support our next phase of growth.

I am pleased to report that the Bank not only met but surpassed the guidance we had shared with analysts and investors. The performance reflects both the strength of our strategy and the disciplined execution by our teams across the country.

- Total Business crossed ₹1,15,091 crore, growing by 17.37%, the highest business growth achieved by the Bank in the last decade.
- Total Deposits reached ₹61,712 crore, registering a growth of 14.94%, our strongest deposit growth in the last ten years.
- Gross Advances increased to ₹53,379 crore, growing by 20.32%, the highest advance growth recorded over the last forty quarters. The quality of this growth is equally noteworthy.
- Our RAM portfolio now constitutes 95% of Gross Advances. Retail advances grew by 62.33%, MSME by 14.88% and Agriculture by 8.03%, reflecting our continued focus on diversified, granular lending.
- Our CASA ratio improved by 170 basis points to 28.14%, demonstrating the encouraging results of our focused efforts in Transaction Banking, NRI Banking and Elite Banking.

Most importantly, this growth has been achieved without compromising our conservative credit philosophy. Our advances portfolio continues to be overwhelmingly secured, with unsecured exposure remaining negligible.

Our financial performance remained equally encouraging.

- Net Profit increased to ₹1,338 crore, a growth of 13.10%.
- Interest Income crossed ₹5,819 crore, while Net Interest Income rose to ₹2,527 crore.
- Total Income reached ₹6,696 crore in the year.
- Return on Assets improved to 1.93% for the year. The fourth quarter was particularly satisfying, delivering an ROA - Return on Assets of 2.05% and a Return on Equity of 15.03%, reflecting the sustained improvement in our earnings profile.
- Book Value per Share increased by 12.13% to ₹638.46, further enhancing shareholder value.

Your Bank today enjoys one of the strongest balance sheets in the industry.

- Our Capital Adequacy Ratio improved further to 33.73%, providing substantial headroom for future growth.
- Asset quality continued to strengthen across every parameter.
- Total SMA reduced from 2.55% in the previous year to 1.29% in the current year.
- Stressed Assets declined from 2.01% to 1.14%.
- Gross NPA fell to 0.73%, the lowest level in nearly forty quarters.
- Net NPA declined further to 0.18%.

- Provision Coverage Ratio, including technical write-offs, improved to 96.14%, while Credit Cost remained an exceptionally low 0.03%.

These numbers demonstrate that our growth has been built on strong underwriting, disciplined risk management and uncompromising credit standards.

Your Bank has consistently rewarded shareholders through regular dividends since its inception, except during FY2019–20, when the Reserve Bank of India restricted dividend distribution owing to the COVID-19 pandemic. In recognition of the Bank's excellent performance during FY 2026, your Board has recommended a dividend of 125%, equivalent to ₹12.50 per equity share of face value ₹10, subject to your approval.

Dear Shareholders, FY2026 marks an important milestone in your Bank's journey. The investments we made in people, technology, digital capabilities and operating models are now delivering visible results. More importantly, they have created a stronger, more agile and future-ready institution.

As we move into the next phase of our journey, our priorities remain clear—profitable growth, superior customer experience, disciplined risk management and sustainable value creation for all stakeholders. The opportunities before us are significant, and we approach them with confidence, supported by a strong balance sheet, a dedicated workforce and the enduring trust of our customers and shareholders.

On behalf of the Management Team, I express my sincere gratitude to our customers, employees, regulators, Board Members and above all, our valued shareholders for your continued trust, encouragement and unwavering support.

I now invite my colleague, Mr. Vincent, Executive Director, to take you through the key operational initiatives that have supported this transformation and to share the Bank's outlook for the future.

Thank you. Over to you, Vincent.

**Executive Director**:

Thank you, Sir

Dear Shareholders,

It is a privilege to address you as Executive Director of Tamilnad Mercantile Bank. FY26 has been a year of purposeful action — one where intent was converted into execution across every dimension of our operations. Behind the numbers that the Managing Director has just presented lies a great deal of disciplined institutional work: new systems, new processes and new capabilities embedded into the DNA of this Bank over the course of the year. Let me take you through some of these in a little more detail.

One of the most consequential structural changes during the year was operationalization of our Credit Management Centres. These hubs, each covering approximately fifty branches, represent a fundamental shift in how we underwrite and manage credit. By separating business origination from credit appraisal, we have strengthened accountability at every stage of the lending cycle, reduced turnaround time and materially improved the quality of decisions entering our books.

The impact of this change is visible directly in our numbers. Gross NPA has declined to 0.73% — the lowest level in forty quarters — while stressed assets as a proportion of the portfolio have improved from 2.01% in FY25 to 1.14% in FY26. The slippage ratio has dropped to 0.19% and the SMA ratio to 1.29%, both multi-year lows. These outcomes are not coincidental; they reflect the rigour embedded in our new credit framework and the commitment of our teams to uphold it consistently. The provision coverage ratio has risen to 96.14%, with on-book PCR at 74.89% and with average collateral coverage of over 127% on our NPA accounts, your Bank's balance sheet remains well protected against residual credit risk — even as credit cost for the year stood at a remarkably low 0.03%.

The gold loan portfolio, at ₹24,790 crore as on 31st March 2026, represents over 46% of our total advances and continues to be one of our most distinctive competitive strengths, having grown at a CAGR of over 26% over the past nine years. This growth has been built with a consistent emphasis on quality, reflected in an average Loan-to-Value (LTV) ratio of 53.25%, Gross NPA of below 0.01%, and an SMA ratio of under 0.05%. The portfolio continues to generate healthy risk-adjusted returns while maintaining one of the strongest asset quality profiles in the industry.

We have invested in the operational infrastructure to sustain this engine responsibly. Asset Resolution team at each CMC is being set up to efficiently manage margin calls, LTV discipline and auctions, while our gold loan portfolio is subjected to daily stress testing. Our systems are calibrated to comfortably absorb a 25% decline in gold prices without any material impact on the Bank's balance sheet. This disciplined approach to risk management gives us the confidence to continue expanding this business responsibly.

Our RAM portfolio — Retail, Agriculture and MSME — now constitutes approximately 95% of the book, with secured lending at nearly 99.90% of advances. Retail advances stood at ₹14,912 crore, agriculture at ₹20,084 crore and MSME at ₹15,532 crore. The redesign of our MSME architecture, underpinned by system-led underwriting through the Business Rule Engine (BRE) and Loan Management System (LMS), will materially reduce turnaround times while improving the consistency and accuracy of credit decisions. The RAM portfolio grew by 22.35% year-on-year during FY 2026 and MSME will continue to remain an important strategic growth area for the Bank, supported by system-led underwriting, deeper customer engagement through our Customer Experience platform, data analytics capabilities and a continued focus on prudent, quality-led lending.

Your Bank network expanded to 622 branches by the end of FY 2026, with 44 new branches opened during the year, of these 15 branches outside Tamil Nadu. Going forward, the Bank intends to continue expanding its branch network in a calibrated and disciplined manner, with a clear focus on strengthening its presence beyond Tamil Nadu. This strategy will help diversify our business mix, reduce geographic concentration and provide access to new customer segments in high-growth markets, while maintaining the Bank's long-standing focus on operational efficiency and prudent growth.

FY26 marked a significant milestone in TMB's technology journey. The Oracle Fusion Cloud suite — covering ERP, HCM and CX functions — went fully live by March 2026, bringing cohesion and real-time visibility across the enterprise operations. Digital transactions now constitute approximately 97% of all transaction volumes, with 170-plus services available through digital channels. The introduction of an AI-based call centre providing round-the-clock customer support, the Digital Engagement Hub and an integrated back office are progressively reducing manual touchpoints while improving customer experience. The next phase of our digital revamp, including a fully rebuilt Internet Banking platform, is planned through the current year and will further deepen these capabilities.

Alongside strengthening our operating capabilities, we also placed significant emphasis on enhancing engagement with our stakeholders. Throughout the year, we deepened our interaction with investors, analysts and the wider financial community through regular engagements, improved disclosures and greater transparency. We believe that sustained stakeholder engagement is integral to building long-term confidence, strengthening our market positioning and creating enduring shareholder value.

As the Managing Director has already highlighted, Net Interest Income grew by 9.84% to ₹2,527 crore, while Profit After Tax increased by 13.10% to ₹1,338 crore. The fourth quarter alone delivered the highest quarterly profit in the Bank's history—₹373.65 crore, representing a growth of 28.01% over the corresponding quarter of the previous year. Our Capital Adequacy Ratio of 33.73%, together with a Liquidity Coverage Ratio comfortably above the regulatory requirement, provides us with the financial strength to navigate uncertainty while continuing to invest for sustainable growth.

As we look ahead, our priorities remain clear. We will continue to build on the strong foundations laid down over the past year by pursuing quality-led growth, strengthening our Retail and MSME franchise, expanding our presence across the country, and deepening customer relationships through technology-enabled innovation. We also believe that Artificial Intelligence will play an increasingly important role in the future of banking—not as a replacement for human relationships, but as a powerful enabler of better customer experiences, smarter decision making, stronger risk management and greater operational efficiency.

While the external environment will continue to present both opportunities and challenges, our strong capital position, disciplined execution, prudent risk culture and customer-first philosophy give us the confidence to navigate challenge with resilience. As we enter the next phase of our journey, we remain committed to preserving the trust built over 104 years while building a Tamilnad Mercantile Bank that is stronger, more agile, technologically advanced and well positioned to create sustainable value for our customers, shareholders and all other stakeholders in the years ahead.

I would like to place on record my sincere appreciation for the dedication shown by every member of our team across branches, offices and functions. It is their commitment that has translated strategy into results. I am also grateful to our Board for their counsel, our customers for their continued trust, and our shareholders for the confidence they repose in the Bank.

Thank you once again for your continued trust and support. Together, we look forward to building on this momentum and taking Tamilnad Mercantile Bank to even greater heights. Thank you. Over to you, Mr.Chairman.

**Chairman:**

Thank you, Mr.Salee S Nair, and thanks are also due to Mr.Vincent, for that comprehensive account of your Bank's performance and the road ahead. We shall now proceed to take up the agenda items as set forth in the Notice of the 104th Annual General Meeting.

I now request Mr.Swapnil Yelgaonkar, Company Secretary of the Bank, to kindly present a summary of the agenda items for the consideration of the shareholders.

**Company Secretary:**

Thank you, Chairman.

Dear Shareholders, the agenda items proposed in the Notice convening the 104th Annual General Meeting have already been circulated to all the Members. The Notice comprises five items of Ordinary Business and one item of Special Business.

Agenda item No.1 of the Notice – It is an Ordinary Resolution – To adopt the Audited Financial Statements, Directors' Report and Auditor's Report thereon for the Financial Year 2025-26.

Agenda item No.2 of the Notice – It is again an Ordinary Resolution - To re-appoint Mr. K. V. Rama Moorthy as a Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment.

Agenda item No.3 – Ordinary Resolution - To approve and declare the Final Dividend for the Financial Year 2025-26. The percentage of dividend is 125% i.e. ₹12.50/- per share.

Agenda item No.4 – Ordinary Resolution - To re-appoint M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai and M/s. Chandran & Raman, Chartered Accountants, Chennai as Joint Statutory Central Auditors of the Bank for the Financial Year 2026-27 and fix their remunerations.

Agenda item No.5 – Ordinary Resolution – To appoint Branch Auditors of the Bank and fix their remuneration

Agenda item No.6 of the Notice is a Special Resolution – Re-appointment of Mr. C. Chiranjeeviraj as Non-Executive Independent Director of the Bank.

The text of all the resolutions, together with the explanatory statements wherever applicable, forms part of the Notice of the 104th Annual General Meeting already circulated to the Members. With the permission of the Members present, I take the Notice convening the Meeting as read.

Over to you, Chairman.

**Chairman:**

Thank you, Mr. Swapnil.

The Statutory Auditors' Report for the financial year 2025-26 does not contain any qualifications, adverse remarks, or observations requiring specific explanation.

However, with respect to the Secretarial Audit Report, there were certain observations which required explanation from the Board. These remarks are self-explanatory and have been addressed appropriately. Since the Annual Report has already been circulated and made available to all the shareholders and with your permission, I shall take the Auditor's Report as read.

We shall now begin the shareholder interaction session. I request the Central Depository Services (India) Limited – CDSL team, to kindly enable the registered speaker shareholders, one by one, and also activate the Q&A option.

Dear Shareholders, as you are called upon, please; state your name, mention your folio number or DEMAT account number and indicate the location from where you are joining.

In the interest of effective time management, I request all shareholders to kindly keep their questions brief. To avoid repetition, answers to similar questions will be provided collectively at the end of the session.

Shareholders are kindly requested to note the following guidelines while asking queries:

- Please restrict your questions to matter related to the resolution listed in the Notice of the Annual General Meeting. For better audio clarity, you are advised to use earphones or headsets.
- All replies to shareholders queries will be given at the conclusion of the Q&A session.
- Each shareholder is requested to limit their speaking time to two minutes to allow others a fair opportunity to participate.
- In case of any connectivity issues at the speaker's end, the moderator will move to the next speaker and the previous speaker will be given another opportunity if time permits and if the connectivity is restored.
- For queries that require detailed information or are voluminous in nature, the shareholders are requested to submit their queries via email, and the Bank will respond accordingly.

We seek you cooperation in ensuring the smooth conduct of this interaction. I now request the speakers to come online in the order of registration. Over to you, the CDSL team.

**Moderator:**

Thank you, Chairman. Our first speaker Ms.T.S.Jwala. Ms.T.S.Jwala, you have been elevated to panel. Kindly unmute and ask your questions please.

**T.S.Jwala:**

Good morning, Sir. Respected Chairman, Board of Directors and fellow shareholders. My name is Jwala from Madurai. I appreciate and congratulate the performance of the Bank amidst heavy competition and tougher economic environment. My question is, what are the challenges faced by the Bank in the Gulf countries amidst Gulf war? What strategies are undertaken by the Bank to overcome the difficulties? Thank you.

**Moderator:**

Thank you, madam. We are moving to the next speaker. Mr. Bimal Krishna Sarkar. Mr. Bimal Krishna Sarkar, you have been elevated to panel. Yeah. Go ahead please.

**Bimal Krishna Sarkar:**

Audible, Sir.

**Moderator:**

Clearly audible Sir. Go ahead please.

**Bimal Krishna Sarkar:**

Very good morning. I, Bimal Krishna Sarkar joining from my residence Kolkata. Respected Chairman, MD, KMPs, company secretary and fellow shareholders. Thanks to the Chairman, MD for valuable and informative presentation regarding elaborate performance of the company and future strategy of the Bank. Bank maintain its strong financial growth despite several factors layered with geopolitical tension which is still going on and current slowdown in economy. Now, I come to the financial result highlighting your performances and questions.

Sir, total Deposit increased to 61,712 crores. Total business crossed 1.15 lakh crores. Reflecting a healthy year on year. Sir, historic significant Net Profit Rs.1338 crores during the financial year as compared to previous year Rs.1182.61 crores. Sir, gross advances increased to 53,379 crores. Reflecting year on year growth 20.32%. Sir, gross NPA stood 0.73% of the total advances as end of the financial year. Sir, Bank maintains its highly secured asset book with a net NPA ratio of at just 0.18%. I deeply appreciate and thanks to the management team and employees of the Bank for brilliant and robust performances. Sir, question number one. After coming double engine government, what is your outlook, Management outlook to open new branches in West Bengal? Sir, question number two. What is the outlook for issuing bonus share and CSR project in West Bengal? Best wishes and pray to God for good health, you, chairman and management team and employees of the company. Thanks for patient hearing. Over to you for further proceedings. Namaste sir.

**Moderator:**

Thank you. Mr. Bimal Krishna Sarkar. We are moving ahead with the next speaker shareholder Sujan Modak. Mr. Sujan, you can unmute and ask your questions please.

**Sujan Modak:**

Yeah, you can hear me?

**Moderator:**

We can hear you, Sir. Yeah, we can see you as well.

**Sujan Modak:**

Okay, Namaskar. Good morning. I am Sujan Modak. I am attending this meeting from my residence at Kolkata. Sir, last year, Chairman Sir, last year if we see it was a very challenging and very unpredictable year. In respect to the business and all over the world what was happening. But despite that our Bank has given a very good result, sir. Our operational profit, net profit and deposits all have gone up and NPA has really reduced. And Bank has given a very healthy dividend. For all this I congratulate our management. Thank you, sir.

Sir, you have already explained lot about our Bank's performance. I have only two, three questions, sir. So, to reduce or totally eliminate digital fraud, what are the Bank is taking steps for near future. And also, what are the steps our Bank is planning to do to keep the NPA not to go up and to arrest it at this bottom level. And my last question is sir, if you can give an overall guidance for this year about our revenue growth.

This last question is definitely very helpful to the investor services to ourselves. And before I finish, I'd like to definitely thank our company secretary Mr. Swapnil and his whole team for doing a very good investor services to the investor’s community. Nothing to add more, over to further proceedings. Thank you, Namaskar.

**Moderator:**

Thank you. We are moving to the next speaker shareholder Mr. Manoj Kumar Gupta.

**Manoj Kumar Gupta:**

Hello.

**Moderator:**

We can hear you and see you sir. Proceed please.

**Manoj Kumar Gupta:**

Good morning Respected Chairman, Board of Directors, fellow shareholder. My name is Manoj Kumar Gupta. I've joined this meeting from my resident city of joy, Kolkata. I feel proud to be a shareholder of Tamil Nadu Mercantile Bank Limited. First of all, I thanks to you and your entire team of management for the excellent result of the company for the year 25-26. Thanks to the company secretary and his team to help us to join this meeting through VC.

Sir, I thanks to our you and our MD and Director Finance that you have covered all things. You have not left anything for the shareholder that they can ask you anything. Because you have covered in 39 minutes speech and presentation you have covered all things which were surrounding in the mind of investors. In this context, I request all of to both three of you that kindly leave something for the shareholder in future also, that shareholder can ask you something about the banking about the bank, because you and our MD and Director Finance has covered all things. You have not left anything.

So, what we will ask, But anyway. We can ask you something. Sir, How you will use the AI to stop the fraud and the cyber fraud. How? Now the time has started for the use of AI. So how you will use the AI in your Bank in system to stop the cyber fraud? Because nowadays there is a lot of cyber fraud in the banking system. So what steps are you taking? Second sir, just now our MD has since they had opened you had added 44 new branches. And out of that 15 out of Tamil Nadu. So, what's your plan further in that regard? To explore more branches in the country.

Now the as per our vision of our Prime Minister that country is growing and fastly. So, what's your plan in that regard? After the change in regime in Bengal in the double engine government. What's your plan in that regard? Kindly throw some highlight for the Bengal. Because Bengal is also growing. Several financial institution peoples are coming to meet our beloved Chief Minister. So, what's your plan in that regard? And sir, what, Why are you not opening your branch in the interiors where the government has iron ore mines, coal mines. Where you can get get the near 40,000, 20,000 labor accounts in that area In Chhattisgarh, Odisha, Jharkhand, Bihar. So that you can you will be added more accounts. So now the Bandhan, IDFC has reached there. So why the 104-year-old bank can't reach there.

And third sir, now the metro, malls, Railways, airports are growing fastly. And now the young generation do not want to carry the cash. So why are you not spreading the wings of your ATMs in at the metro stations, railway stations and airports malls near to college. Because young generation want to carry the debit card or credit card. So, you should get benefit if the other bank they will use another bank debit card from on your ATM. So, you will get 30 rupees per transaction. So, think about that. To spread the wings of and I We peoples of Calcutta quarterly invite you our Chairman MD and Director Finance to come to Calcutta to visit the city of Joy, Calcutta, to see how the city is growing now and visit the city of Joy. That we can, We can also get an opportunity to meet you sir.

And I strongly support all the resolutions with the hope that when we meet next our share price will be double, payout will be double. And I don't think the time has come to consider the bonus. You just you split the shares either 5:1 or 10:1. That will be a mini bonus or good reward to the shareholder. That will help the Bank to increase the liquidity in the market and increase the market capitalization and investors will keep the multiple shares after split of shares in their folios.

Sir, how you will keep the gold safe in your banks after two or three days. We read in the newspaper that Muthoot Finance has lost 1kg gold theft by the their local. So just take positive step in that regard. That banks should not face any problem in that regard. And what's the average rate of interest on the gold loan? Kindly throw some highlight and inspire the shareholders to open their bank account with the TMB that with their and family members, Inspire them. With this, I strongly support and thanks to you and your team. Thank you, sir.

**Moderator:**

Thank you, Mr. Manoj Kumar Gupta. Now, we are moving ahead with the Next speaker shareholder Mr. Himanshu Trivedi.

**Himanshu Trivedi:**

Hello Sir, I'm audible.

**Moderator:**

Yes Sir, you're audible. You can proceed please.

**Himanshu Trivedi:**

Yeah. Good morning all of you. Respected Chairman, other Board of Directors sitting on dais. Myself Himanshu Trivedi from Vadodara, Gujarat. First of all, thank you to our company secretary Swapnil Yelgaonkar who has been sending a hard copy of the AGM report, valid full of information, fact, figure and plans which is easy to understand. So, I'm thankful to you. I don't have much question because I already sent my question request to the email well in advance and give the rest of opportunity to speaker shareholders. Sir, my question is what is the market share we have in domestic market. My second query, what will be the profit-sharing ratio coming financial? I wish you good luck and bright future for coming financial and what action to be taken against the fraudulent and what rupees spent in security for this. Thank you to allowed to Speak. Thank you, sir.

**Moderator:**

Thank you. We are moving ahead with the Next speaker shareholder Mr. Santosh Kumar Saraf.

**Santosh Kumar Saraf:**

Hello.

**Moderator:**

Sir, we can hear you. Yeah, we can see you. Please proceed.

**Santosh Kumar Saraf:**

Good morning, Chairman. My name is Santosh Kumar Saraf. Hope all are Directors, all our KMP and all our employees safe and good. Sir, I already sent my question to Swapnil for answer and observation. A very big list I sent to. I think it is not possible for to give all reply on the AGM. I request you to send reply through email for my knowledge. Because time shortage I only asked only one question. What percentage of Bank lending in agriculture and corporate sector? Thank you, sir. Wish financial 26 very, wish happy healthier weight and hope next year we meet again in the AGM. Sir, I request please send me physical copy of the annual report because My age is 78 in the laptop possible for me to read. Thank you.

**Moderator:**

Thank you. Now we are moving ahead with the next speaker shareholder Mr. Jaydeep Bakshi.

**Jaydeep Bakshi:**

Yes, very good noon Chairman, MD and Board of Directors. Myself, Jaydip Bakshi connecting from the city of Kolkata sir, initial speech along with MD sir was very much informative. Shared about the Bank's performance no questions to ask regarding this and satisfied with the performance of the Bank and credit goes to all involved for bringing out this wonderful performance in this difficult situation which every industry is facing. Sir, in this context just want to know the plans to expand the current net interest margin in the coming quarters in this competitive landscape and how are you planning to upgrade our core banking service through latest technology? and we came to know about your presence, a number of branches are opening up more in India and initiative to attract the deposit mobilizations. Kindly share that. And that's all from my side. And thanks to our company secretary Swapnilji for giving the opportunity and sharing the annual report. And also to our moderator for conducting this video conference in a smooth manner. Thank you, sir, for the opportunity.

**Moderator:**

Thank you. Thank you. Thank you. Now we are moving ahead with the next speaker shareholder Mr. Ramesh Shanker Golla. Since, he has not joined, so we are moving ahead with Mr. Reddappa Gundluru.

**Reddappa Gundluru:**

Sir, Am I audible sir?

**Moderator:**

Yes sir, please proceed.

**Reddappa Gundluru:**

Thank you. Thank you, Moderator and company secretary. Respected Chairman Thiru.K. Ramachandran sir, Managing Director and CEO Salee S Nair sir, Executive Director Vincent, MD sir and all other Independent Directors, Non-Executive Directors, scrutinizers, auditors and my company secretary Swapnil Yelgoankarji and all other my fellow shareholders, good morning. Namaste sir.

First of all, myself Reddepa Gundluru, I'm attending this AGM from Hyderabad. As a shareholder of TMB, I am very happy proud about the company performance. As requested, I have received the annual report physically promptly. Thank you, company secretary team. I gone through the annual report sir, it was very fantastic annual report quality, numbers, figures are testament to our company success. And also, my testament is I visited the Parkland TMB bank for first time the couple of months back. I felt very happy sir. What a ambience. What a neatness. What an employee’s receiving manner. I felt very happy. The photographs of your founders everything has seen the first time I really impressed. Thank you so much the branch managers and also RM. Sir, thank you Company Secretary Thiru Swapnil sir for the smooth and conducting the AGM. I also express my heartfelt appreciation to our branch manager for the parkland, Mr. Anand and AVP Mr. Satish and relationship manager Mr. Ashok Kumar. Always reachable sir. They are very very friendly manner approaching for any queries. Always they are very friendly people. Excellent customer service, prompt support and also professional guidance. This is my testament as a customer. Thank you so much sir.

And also, the I'm congratulating the board for the entire TMB team for delivering another year of strong financial performance. The annual report was well-presented sir, the highlights of the bank's steady progress, business growth, digital innovation especially asset quality sir and also governance. Sir, my company TMB is maintaining the excellent transparency governance under leadership of Chairman board. The integrity is there. Account transparency is there and also responsibility toward the society is there. Everything Special kudos to all our CFO, CS, all the KMPs, employers of my Bank. And also you are doing, I have seen the photographs you are doing the CSR is a very philanthropy activity, CSR to girl child education, the water so everything you are covered. Thank you. God will bless you abundantly sir. Thank you so much. Sir, and also, the positive notes is strong growth especially advance and deposits and healthy asset quality with low GNPA and NNPA. Congratulations. And also, congratulations for the continued branch expenses across India.

Sir, I am a proud because you are everything covered with the fruits in the annual report with colourful photographs everything, celebration, foundation day, CSR, also branch expansion. That's the reason. So, I'm speaking with passionately continued branch expansion. Congratulations. And also, sir you are growing with the technology, artificial intelligence, you are adapting Especially digital transformation and customer centric issue have taken Congratulations. And also, you are taking you already excellent CS sir. I also appreciate the bank's consistent dividend and bread and butter and also the you are doing very good risk management. I gone through the annual report so strong capital position we are maintaining and also, we are creating long term value and for the shareholders also. Thank you for everything.

I have few questions Mr. MD and Chairman sir and the first question - What are the banks targets for advances, deposits and CASA and profitability for the current financial year. Second, what strategies are being implemented to improve CASA and expand the customer base outside South India? Third one, sir, what are the roadmaps for AI and digital banking Cyber security and if anything, the cyber security and any frauds and the investment anything over the next year. So, what is your strategic plans for this especially AI and digital banking. Why? Because other bankings are rapidly especially mobile banking they're providing. Yeah.

Fourth one, what are the outlook for net interest margin NIM and considering the changing interest rate conditions, what is your outlook? Fifth one, Sir, how many new branches and ATMs does the bank plans to open current in this during current financial year? Final question, what are the bank's plans to increase fee-based income and strengthen retail MSME lending. With these finishing my question’s part. Once again, I would like to thank entire the company secretary team. And sorry, I have not received a call from the CS team. So please ensure before meeting, please contact communication so that it will create very lot of impact. But communication with the RM and also there. But I'm not received from company CS team.

Finally, we have faith on the board. Trust on the board. Go ahead. Take a provision to my company growth sir. Under your leadership definitely will achieve many more higher, more awards, recognition. Sir, I missed award part sir. We received more recognition, many awards. Sir, you are working hard each and every employee under your leadership. That's the reason we are recognizing and coming lot of awards. Congratulations for this. With this I pray God to give more wisdom, power, health and peace. Health. Entire board of directors, employees, KMPs, RMs, AGMs, everybody sir, thank you. I'm really proud and happy in this TMB. God bless you all. Sir.

**Moderator:**

Thank you. Now we move ahead with our next speaker Shareholder B.Hemalatha. B.Hemalatha, you can proceed.

**B Hemalatha:**

Yes sir. Good morning, sir.

**Chairman:**

Good morning.

**B Hemalatha:**

Oh yeah. Respected Chairman, members of the Board and fellow shareholders. I am Hemalatha, Chartered accountant attending from Madurai as a speaker shareholder. I would like to ask one question. What strategic steps is the bank taking for managing credit risks? An early resolution to reduce the probability of default and lower the ultimate expected credit loss liability.

**Moderator:**

Thank you, madam. We are moving ahead with the next. Madam, do you have any other questions? You are on mute, madam. Okay, Thank you madam. Yeah. We are moving ahead with Thomas. Mr. Thomas, you can unmute and speak.

**Thomas Sankaranarayanaprabu:**

Managing Director cum CEO Sir, members of the Board of Directors and the esteemed shareholders, good afternoon to all. My name is Thomas Sankaranarayana Prabu speaking as a shareholder of the Bank from Virudhanagar. I sincerely thank you for giving me this wonderful opportunity to speak at the 104th annual general meeting of the Bank.

I would like to place on record my appreciation for teamwork of the TMBians led by our respected MD and CEO in achieving strong progress across key areas such as net profit, interest income, advances, book value of the share, market value per share and the declaration of highest dividend after the bonus issue and with reduced NPA. Congrats, sir. My question is regarding the Bank's future digital upgrades. What initiatives are being undertaken by the Bank to upgrade its mobile application and digital banking platforms to offer enhanced services such as pre-approved credit sanctions, wealth management solutions, personalized customer offerings and other value-added facilities? Further, AI innovations have already been adopted or what we are proposed to adapt to strengthen the Bank's technology infrastructure, improve cyber security, enhance customer service and support future business development. Thank you, sir.

**Moderator:**

Thank you, Mr. Thomas, we are moving ahead with Atanu Saha.

**Atanu Saha:**

Sir Am I audible?

**Moderator:**

Yes sir, you are audible. Please proceed.

**Atanu Saha:**

Yes, sir it's really good morning. Whether time is just 12:08 right now anyhow good morning, sir. it's very good results. I Atanu Saha, shareholder of our TMB bank said Tamilnad Mercantile Bank Limited.

My respective Chairman sir and Board of Directors, all Independent Directors and our company secretary and his total team and also our Chief Financial Officer, it's all shareholders present in this 104th Annual General Meeting on 14th July 2026. I thanks to give me chance to speak. First of all, I thanks to our vow of respect to our founder members and which from being I'm watching this program from its quorum. It's really very good very good. It's extraordinary situation. Also thanks to our CDSL also. Sir previous shareholders already raised their queries the matter of agendas concerned the resolution.

Our thanks to our KV Rama Moorthyji present and also the matter of chartered accountant, also the branch auditor and their remuneration and number six for Chiranjeeviji for Independent Director and Non-Executive Director. I already casted my votes sir. One thing sir My matter of the question fact is that what would be my our Chairman, our CFO already informed beautifully. Everything is not necessary, but one thing is very important matter of ATM concerned. Whereas it's very good for if possible to how do we think about ATM systems in West Bengal and other area also. We have no idea but whenever I visit even in Chennai, it's really very good very good sir. I really, I am proud of it. One thing is very very important sir, the three things is very important, the first one this employment, second one is the customers and near future and their possibilities and the third one is the shareholders' well. Three area where our company our Bank is really very good in this sense. Thank you very much, I also thanks to our what my question is the credit area what does MSME, our share, already informed about the NPA area also, but also the important the matter of credit area in MSME and agriculture areas. Thank you very much, Wish a good year ahead good result and good health and good dividend. Whereas our company is viewed organizing everything sir. It's extraordinary. I wish good health to everybody, sir. And thanks to our company secretary who informs each and everything through mails. It's really extraordinary. Remarkable. Thank you very much. Additionally to CDSL, beautifully organized this program. Thank you.

**Moderator:**

Thank you. Now we are moving ahead with Aparna Sarkar.

**Aparna Sarkar:**

Hello.

**Moderator:**

Sir, we can hear you. Please proceed. Mr. Aparna Sarkar has left. So, we are moving towards the last speaker shareholder Sanjog Saraf. Sanjog Saraf, you can you ask your questions, please.

**Sanjog Saraf:**

I hope you and your family are staying safe. Sir, I have already sent all my queries through email. Not have any further queries to ask all the stakeholders to the company for performance. I hope that you will continue this virtual conference. Yes. As well. It's very easy for us to interact with. Thank you. Namaskar.

**Moderator:**

Thank you. We will try once again for Aparna Sarkar.

**Chairman:**

Golla also missed.

**Moderator:**

Sorry, has not joined. So, with this we are concluding the speaker shareholder session. Sir, now I hand over the session to Chairman to take over the proceedings, please.

**Chairman:**

Thank you. I would request Mr. Salee S Nair, the MD and CEO to respond to the queries raised by the esteemed shareholders.

**Managing Director & CEO:**

Yeah, thank you, thank you, thank you, Chairman. And it was really, really pleasing to hear some of applauds that came our way. Closer? Yeah. Like I just said, we feel elated by your appreciation and that sort of inspires us to do equally well in FY-27. As I stated earlier in my remarks, we did fairly well in FY-26, it was a path breaking year. And our intention is to see that this bank remains on the growth path and remains on growth path in a way that it is well above the industry's growth. And that's something that we have achieved in FY-26 and I can assure the shareholders that that's something that we will continue to strive for in FY-27 as well. Let me also assure you that we will not disappoint you in both terms of the growth and profit of this bank is in FY-27 or years going forward.

Now coming back to the questions that were asked. The first question came from Madam Jwala from Madurai. Right. I think she did ask about it. The Issues concerning the Gulf War and the bank's response to that. Yes, in the external, as some other speaker Also pointed out, the geopolitical situation in the world has been having certain ruptures in the past. It's not just past enough, just not just the Gulf or even beyond before that from starting from the Ukraine war and then subsequently came to the tariff issue that we faced. And this bank has survived the first two quite effectively. Let me also tell you on the external front; the our exposure to the external front stands at just about 1.25% of our overall portfolio. And as on 31.03.26 it just stands as 669.28 crores. So the impact per se on the bank's balance sheet directly is very, very limited. But having said that, the extended war that is continuing, it's going off and on in many ways is actually putting a lot of pressure on our particularly MSME group in terms of crude oil supplies, in terms of freight costs, in terms of supply chain disruption, input cost, etc., and that's something that we are very, very conscious of. This sort of a disruption requires a country wide response, and that's exactly what we are happy to say that the government has responded in kind. They have come up with the ECGL Scheme 5.0, and this bank is taking full advantage of it. Not only that, but we also have in fact addressed to all; we have told all our customers eligible for it something like 34,000 customers, I think. Right, something like in excess of 34,000 customers. We have told them of the scheme that has come in. The government scheme guarantees 100% to MSMEs and 90% to the other MSMEs and covers a total amount of 2,55,000 crores. So, this is something that we are proactively extending to all our customers and ensuring that they stay ahead of the curve in terms of the disruptive activity that has been brought on to them by the Gulf war.

The second Mr. Bimal Krishna Sarkar and thank you. I think it's good to see a lot of voices from the state of West Bengal. I know West Bengal is significantly undergoing, has made a significant change as somebody did mention about Double Engine Sarkar. It's, there's a lot of political change that is happening, and we are also looking at how as a bank, as an institution, as a bank that is, you know, focused on profit, how we can take advantage of the changing situation in West Bengal. And let me tell you that we will certainly exploit and leverage this changing situation there to your bank's benefit. About the new branch in West Bengal. We already have a branch, and I think we are already looking for two additional branches. I think two, we are looking for, you know, spaces for starting, you know, premises for starting two additional Branches. We will keep you informed. I'm sure you know in our quarterly results that we publish we do tell where the branches are being opened.

As I say as to for the larger shareholder audience, let me tell you we opened 44 branches last year and 15 of them outside the state of Tamil Nadu and 39 of them were in the state of Tamil Nadu. And we have also indicated to the larger investor community that we will be opening 60 branches and 20 of the minimum, I repeat minimum 20 of them will be outside the state of Tamil Nadu. And we will, we are evaluating; we have in fact we are evaluating, you know various places and West Bengal is something certainly, certainly in our radar.

As regarding the next question on bonus shares, I think we will take an appropriate call at the appropriate time. It's a little too early for us to say that. And on CSR in Calcutta, certainly I'm sure any, any I think we; we do have, you know the average profits that we, we set aside for

CSR is, is growing and I'm sure any kind of CSR activity that's something that will benefit the larger society is something we will certainly look at funding.

And on Mr. Sujan Modak again from Kolkata, he did mention about how are we eliminating digital fraud and let me tell you that this Bank is, has been investing heavily in this area. Let me tell you heavily in this area. We are using you know, obviously as the banking sector itself gets digitalized as it has become data intensive and it sort of opens up to the larger, the internet. I think this is something that we have to guard against and let me tell you the bank has established a cyber security operations center and with lot of critical architecture, a lot of critical tools and that includes security, incident and event management solutions, security orchestration, automation response solution, web application firewall, database activity monitoring solutions, privilege access management solutions, breach and attack solutions, continuous automated teaming solutions. And if I start detailing ever, we have done, I'm sure we will consume quiet, quite a bit of time here. But let me assure you that you know, this is something that is engaging with the attention of the bank, and we have significantly strengthened our IT architecture. We have also significantly strengthened our human resource element in the IT so that you know, the evolving challenges in the IT sphere is met head on. And that is something that I will certainly assure the shareholders at large that we are on the job. Our eyes are open 24 by 7 to prevent any kind of attack on our systems and also attack on our customers through the cyber frauds.

On NPA not to go up. Yes, I think as you, as you would notice that our NPA we have delivered in FY-26 some of the best NPA numbers in the industry. Our GNPA stands at 0.73% and our Net NPA is at 0.18%. I think some of the best in the industry. But let me tell you as we will try and continue to strive and maintain this kind of quality level. But let me tell you as, as we expand as certainly you would have noticed that in FY-26 our advanced Growth was up 20%. We also released 36 numbers of growth numbers to the exchanges, and you would have noticed it is 22%. Right So, we are expanding our advances portfolio and with an eye on generating that extra profit for you and adding that extra value for the shareholders. So, as we expand the portfolio, some amount of NPA is something that you can't wish away. But let me tell you that we are putting in place systems quite a bit of it. I think the ED did mention about the loan management system that has been put in place, and the structural changes also included centralized credit management through the credit management centers that we have put in place. These are all measures aimed at, you know, getting specialized skills to manage the credit portfolio as well as you know, IT support for standardized appraisals. So quite a bit of you know, changes are happening in the credit administration all aimed at ensuring while the growth continues.

While we maintain the growth as it stands that does not get reflected in an NPA going up but our long term what we have also stated and list separately and in groups and in our quarterly calls that this organization is committed to an NPA of less than 1.25% even going forward I don't see that happening in the immediate future. But as a long-term strategy this is something that we are evolving and this is what we are investing in the architecture both in terms of credit administration and the credit technology.

We are also significantly investing in early warning systems. In fact, we had as part of the credit management centers that I just mentioned earlier. We are also looking at, you know, to tackle the NPA. The best way to tackle the NPA is to avoid NPA. We are also bringing in significant data analytics into our standard asset monitoring to so that we catch the NPA end, we catch them before they become NPA and try and resolve or even try and exit from such accounts.

And let me also go tell you going forward, the expected credit loss is a reality, RBI has stated that from 1st of April 2027 this is something that will be. The industry will be subjected to expected credit loss and where the current IRAC norms is shifting to stage one, stage two, stage three, stage one of course Up to 30 days. Stage two 30 to 90 days and then stage three would be the current what we know as the non-performing assets. So, we are also equally gearing ourselves to see that even in this environment.

We stay as we are with that with the kind of pristine quality of quality of assets and we are also fully geared to see the provision that would emerge as a resultant or ACL is actually contained within the year of FY-27 itself. To add to that let me also tell you we have 250 crores of provision that is kept aside for contingencies and for Covid. At the time of COVID I think we will use that so that your shareholder funds are not really used for managing the ECL.

Guidance for the year. I think we have given certain guidance already in the quarterly results when the final, sorry yearly when we declared our year end results in FY- 26 that was in April 27th we did give the guidance and let me tell you, I think it is already available in the public domain. Let me tell you we will try as I have repeatedly said to the analyst every quarter our intention, our desire and our aspiration to see that we exceed the previous quarter and we have already given the guidance it is available in the public domain.

And you will notice that our aspiration for FY-27 is that we exceed those guidelines. Eliminate digital fraud. I just mentioned some of it. The third who is the person? Sujan Modak again from Kolkata. Thank you. And I think there's a lot of interest from Kolkata. Thank you for that. And Manojkumar Gupta. Right again on the AI. I think this is the unfolding area. It is still unknown as to how we can look at how we can look at handling some of it. But you know quite a few areas we are looking at particularly in the fraud risk management. We are bringing in artificial intelligence to, to tackle and to sort of help stop cyber frauds. That is an evolving area for us. I just mentioned about the early warning signal. I just stated about the early warning signals where we will be using AI to look at the gravity of such signals. I think that's one area we are looking at. We are also looking at we have already implemented, you know, AI in, in the human capital management in fact, some of the transfers we did, some of the skills matching the skills with the post is something that we have used AI and we are also looking at how we can use AI in the behavioural metrics in cross channel monitoring and automatic decisioning. I think my, Vincent, the ED just mentioned about the business rule engine and the credit management centers.

In fact, we would be trying to use AI and ML in the decisioning in the automated decisioning of credit going forward. So, I think this is a very very interesting area and very evolving area and we are we would be using it to our extent certainly mindful of the consequences of that is on the AI. Branch outside more outside the state. I did mention that yes out of the 44 branches we opened last year we did 15 branches outside the state of Tamil Nadu and we have already given a guidance to the market that we will be opening 60 branches in the current year. As I said earlier, minimum 20 would be in states outside Tamil Nadu and that would certainly certainly include the state of West Bengal. ATM expansion, Yes, we did I think we did open about 60 ATMS last year and that expanding the the ATM expansion would continue into this year as well.

Gold safe, keeping gold safe in the bank. Let me tell you. I think we have already told the market that we have 38 tons of gold currently in it and these are all kept in fireproof and let me tell you in vault certified by the Reserve Bank of India. Right. And I see no reason I can assure you should have no worry on that. We have never ever had a theft on the gold from the safes as yet. I hope I'm making the right statement. And it's also fully insured. Right. So that is on so gold is certainly certainly safe with us. We got about 25,000 crores of gold loan portfolio and that's a mainstay for the bank and we will ensure that the gold remains safe in the bank.

On ROI, of course, the other one is the rate of interest in the gold loan. I'm sure it is there in the public domain. I think there's something that we publish in the website. It moves It's between 10.40% to 11.75% is what we charge on the gold loan and it is if you look at the NBFCs and it is certainly below the levels charged by the NBFCs. And one of the reasons as Vincent also mentioned that we have been a little conservative on the, on the LTV that is offering the per gram rate. We have been a little conservative there and as he said that our gold loan portfolio and it is not only the safe within the vault, it is also safe from a commodity risk perspective. Because today, you know we any dip in the gold loan prices as we have been witnessing in the last, in response to the Gulf War, there has been an easing of the gold prices. It in fact crossed the, it went, it reached the $4,000 an ounce mark. Even in these crisis times our gold loan portfolio is well protected and as Vincent said on 31st of March 26, we had a cushion of 25% on the LTV on a collective basis. So that's a large protection again assurance that you know we are managing that portfolio quite well.

And I think Mr. Manoj Kumar Gupta also stated something that is very dear to me that we should ask the shareholders to open accounts with us and I am sure those shareholders who are listening, this is a bank, you know trying to move up growing and growing fast requires resources to fund the growth. And that's where I'm sure all of the shareholders also will open their accounts. Because, when you open an account with us, what you get to see is the best of services, not just services, the best of digital experiences. And that's something, a whole lot of changes are happening under digital experience. I think Vincent did in his remarks allowed to that. I just mentioned about the cyber frauds earlier which Himanshu Trivedi did mention.

And Santosh Saraf said that he has sent a lot of queries by mail and I'm sure we will respond to in mail and on the lending in the agri sector. Yes, I think that's a focus area. I think we have about 38% of our portfolio overall portfolio integrity sector. And this is a sector that has that we have been growing and this will continue to be a focus area for us.

Net interest margin. Yes, I think we are looking for a stable net interest margin. This has been raised by Jaydeep Bakshi. I think net interest margin is same thing. Obviously net interest income is the backbone of the profit of this bank and that's something that we will continue to monitor. And the net interest margin is something that we will. Expanding that would be a challenge but we will try and maintain it because these are not the best of times when you know, you would have known from the market that advances are growing way higher than the deposits. So, there is a challenge on the deposit front. So dropping the deposit rate to the extent where we have to drop the advance rate is not an option that many of the banks are today faced with. But nevertheless you'll notice that your bank has manage the net interest margin well I think if you look at in a quarter on quarter this is something that you would notice. And the last quarter of FY-26 our net interest margin was 4.18 and the overall for the year was 3.98. So, it is one of the highest in the industry. And that's something that we will continue to maintain in that way as one of the highest in the industry.

Upgrade of CBS that's the other question that he asked Ramesh Shankar. Let me tell you at 10.2.25, right, version of finacle it is the latest and I think a later version is actually is only there outside the country. Finacle do have a later version. It's only outside the country but it continues to be the latest within the country. And I think we will this is something that we will ensure that you get the, our customers get the best of IT experience. So, CBS as and when required we will continuously modernize what we are engaged in is the surrounding systems that we are engaged in modernizing it. I think some of them was already mentioned. We have brought in the oracle suite human capital management to look at the entire life cycle of an officer in the bank. We have brought in the vendor management system to do the expenses management.

We have brought in CX to give a customer experience package to understand the customers need so that our counter persons are able to sort of gauge the customer better. So LMS has come in, digital experience hub has come in. We have also engaged substantially in modernizing our branches through process automation within the branches what we call business process management and under which several initiatives have already factified including as Vincent said the integrated back office where the transactions we are trying to move from branches to back office. So that's the other aspect. So, in fact the entire not just the CBS entire operations surrounding the CBS that was done earlier by manual systems. We are in the process of automation so you will look at in about a year and year and a half completely modernized bank that is driving growth.

Initiatives in mobilizing deposits, I think we did take a number of steps in this I think transaction business group is one such step where we are focused on current accounts and savings accounts, particularly of the task temple associations, societies and the governments and trusts and also the government account. So, this has yielded some results for us. As you can see from the numbers. The year-on-year growth on CASA has actually gone beyond 20%. We have done to protect our existing customer base. We have initiated the elite services group. You know, give a superior service to guys to our customers who have a significant, adding a significant value for us. And we have started the GNC, the global NRI center. And apart from that, the credit management centers that we have started, we have which have rolled out are also aimed at, you know, moving, moving credit out of the branches and refocusing the branches for the resource mobilization for the deposits. And you will notice that 14.91 that we delivered in FY-26 as the deposit growth number is one of the highest in the last decade. It is the highest. And to add to that, let me tell you the numbers for 36 that we have released that is available in the public domain now. The growth in deposit is at 19.7%. So that's our focus because we are fully aware that deposits are an essential requirement, a necessary requirement for driving our advanced growth. And that's something that we are focused on.

Coming back to, coming back to Reddeppa Gundluru. I hope I pronounced your name right. I think whole lot of questions. Target for advance and deposit. I said it's already available in the, in the public domain. I think for FY-27 we have already given our guidance. I just mentioned about no strategies for improving the CASA. Some of the initiatives that we have taken, refocusing the branches, you know the TBG initiative that we have taken. Expanding base outside Tamil Nadu. Yes, I did mention that this year also we'll be opening not less than 20 branches outside the state of Tamil Nadu. AI and digital banking strategies. I think that's where certainly the digital banking and to some extent AI that is where a significant amount of our managerial bandwidth is spent these days to see that, you know, this bank emerges as a strong data intensive and modern automated bank delivering banking services.

Outlook for NIM, Yes, I did mention that. We will try and maintain the stability that we have brought into the net interest margin. We'll continue maintaining it. New branches in FY-27. It's already there. 60 Branches to be opened. What is this?

**Chairman:**

fee based income.

**Managing Director & CEO:**

Oh, fee-based income. I think, I think that's one, one major area that we are focusing on. In fact, you know, the product per customer that we have, we are trying to ramp it up. And one of the reasons why, you know, some of those specialized, you know, some of the structural changes that we are making in the system including as I just mentioned, the credit management centers, taking the credit away from the branches and putting in the hands of specialized and skilled personal is to relieve the branches for the role of pure sales going forward. That's something that apart from the service that we are known for, we are also adding the dimension of sales and that is intended to ramp up the product per customer. With an eye on how we ramp up the fee income. We are also looking at the customer value enhancement, as something that is the bank wide. And we will also be looking at third party products for ramping up our fee-based income. And that if you notice that fee-based income is from that segment is also rising.

Income of MSME lending. This is a mercantile bank, MSME focused bank. And you will notice that in, in the FY-26 we have delivered an MSME growth of 14.88% which essentially, we have made a structural change from what we have done in the past where you know, it was either stable or having a degrowth. We have made a structural change and our investments in MSME lending, our investments in the credit management centers, our investments in the loan management system etc. is now bearing fruits. And you can see that getting reflected in the MSME numbers. Step to manage. Steps to manage credit. I just mentioned that. Yes, credit management.

**Chairman:**

Credit risk.

**Managing Director & CEO:**

Yeah, yeah, sorry, credit risk. I think that came from Hemalatha. As I just mentioned that, you know, we have a very, very strong credit monitoring cell. We have a very strong monitoring cell that is looking at SMA on a, SMA and the risk on a practical, on a daily basis the SMA that we have is 1.29%. I think perhaps one of the lowest in the industry. That when I say SMA 1.29%, I am adding all the three SMA 0 that is 30 days, SMA 1, 60 days and SMA 2 which is 90 days. So combine it, with the NPA number of 0.73% we are looking at a 2.02%, you know, portfolio at risk one day. I think that's the kind of, you know, credit management and credit risk management that we are delivering on the table. And we are taking this to the next level as in the credit management centers. We are, you know, carving out the credit under credit you know, stress credits. How do I put it? Teams. Right. I think we are looking at asset resolution teams. Their focus would notedly be manage the SMA. Their focus would not only manage the

NPA. Their focus apart also the HOT. Apart from that they would be also looking at, looking at the standard assets monitoring. I think a transaction based standard asset monitoring is something that we are bringing out in a big way. And you see that happening in this current year.

When you look at in our own NPA. I think Mr. Vincent also mentioned that, you know while our NPA remains at 0.73% and in absolute numbers is 388 crores. It is covered to the extent of 1.27%. Sorry 1.27 times that is 127% of collateral. So, some of them is, you know this NPA is largely collateralized. So, the loss given default when the, when we resolve it, I think we don't anticipate a significant loss hitting our books. And in fact, the provision that, we have we have made so far for the NPA I think much of it we hope to write back that is something that we will be, we will hope to benefit in this year and going forward.

And apart from that, let me also tell you as part of the credit risk 99.9% of our credit today is collateralized. It's secured. So unsecured portion is just about 54 crores as on 31.03.26. So, if you look at it on a 54-53000 crore portfolio or a 54,000-crore portfolio the unsecured element is just 54. So, you can rest assured that the credit would be managed as effectively as possible.

12, 11 I think was not there. Right. 12. Mr. Thomas Prabu said digital banking platform. Yeah. Pre-approved. Yes, I think you know we are strengthening our data analytics. You know that's something that you will see happening going forward. Wealth management solutions. Yes, eventually but it's a little premature for us at the moment. I think we will look at it going forward. AI solutions and cyber security. I also already mentioned, I think AI is something that we will certainly try and leverage in this bank and in an appropriate manner. Cyber security is something that we have really really focused on. In fact, the investment in cybersecurity tools is going up significantly in the current year as well.

And Atanu Saha did mention about the share of agri. I think it is at 38% and we will, we are focused on agri sector and that's something that we will continue to focus on. Aparna Sarkar was not there and Santosh Saraf, he said here, sent the queries already and I'm sure we will respond. We will respond in through the email and if I missed out something, in fact some of the questions, you know I, I've responded from what I've jotted down. But we will have a look at the questions already stated both through in person here today and also that was sent to us by mail. We will go through it and wherever we are missed out we will, we will send those replies back to you by mail. I think I can depend on Mr. Swapnil to do that.

Thank you very much and yeah, I think now I'll hand it over to the Chairman.

**Chairman:**

Thank you, Mr. Salee Nair, for the detailed replies and responses to the queries raised by the shareholders.

Dear Shareholders, please note that the e-voting facility on the CDSL platform will remain open for the next 15 minutes. Now, it's 12:48, so it will be open up to 1:03 pm and shareholders who have not yet cast their votes are kindly requested to do so before the voting period concludes.

Mr. D. Saravanan, Partner of, M/s. Alagar & Associates LLP, Chennai, has been appointed as a scrutinizer to oversee the e-voting process in a fair and transparent manner. The results of the e-voting will be declared after receiving the scrutinizers' report and will be published on the Bank's website, the websites of the Bombay Stock Exchange - BSE and the National Stock Exchange - NSE and the CDSL website.

We are extremely thankful to all the shareholders for their active participation and it is heartening to note the 223 shareholders have joined through the video conferencing and it reflects your interest in the Bank and the growth of the Bank. Wishing all the shareholders to remain safe and stay healthy.

As we continue our journey of transformation and growth, I wish to place on record my heartfelt thanks and appreciation to the Board of Directors for their unwavering support, strategic guidance and commitment to upholding the highest standards of corporate governance and professionalism, to our regulators and institutional partners, the Reserve Bank of India, the Securities and Exchange Board of India, the Indian Banks Association, Insurance Regulatory and Development Authority of India, the Bombay Stock Exchange, the National Stock Exchange and other regulatory and statutory bodies for their continued guidance and support and cooperation, to the entire staff of the Bank whose dedication, resilience and wholehearted contributions have played a crucial role in the Bank's continued progress, to our valued customers, for their trust, loyalty and long-standing relationship with the Bank. And most importantly to you, our esteemed shareholders, for your enduring confidence in the Bank. And for helping us to build an institution of great strength, stability and integrity. I sincerely thank each one of you for your active participation and continued support.

With your kind permission, I Now declare the 104th Annual General Meeting of Tamilnad Mercantile Bank Limited as concluded.

I now request everyone present to please raise for the national anthem.

*Anthem plays.*

********