



Speech delivered by



M S SUNDARA RAJAN
CHAIRMAN & MANAGING DIRECTOR

at the 2nd Annual General Meeting
held on 30th June 2008 at Chennai

Dear Shareholders,

On behalf of the Board of Directors and on my personal behalf, I have great pleasure to welcome you all to the 2nd Annual General Meeting. I trust you have all received a copy of the Bank's Annual Report for the Year 2007-08, comprising the report of the Board of Directors and Audited Financial Statements of the Bank. With your consent, I shall take it as read.

I take this opportunity to thank you all for the confidence reposed in me and also for making it convenient to attend this meeting.

FINANCIAL PERFORMANCE

I am happy to inform you that the Bank has posted good performance during 2007-08 and I would like to highlight the major achievements.

- The Bank's Global Business crossed Rs.1,00,000 crore mark to Rs.1,01,274 crore registering a growth of 32.22%.
- The Bank turned 100 per cent Core Banking Solution (CBS) compliant providing "Any Time Any Where Banking" to all its customers across the country.
- In order to make available the entire gamut of banking services to a large and wide cross section of the populace, the Bank opened, during the year, 100 new branches in various parts of the country including 11 Specialised branches for microfinance to take the total number of branches to 1543, including branches in Singapore and Colombo.
- The Bank has embarked on a unique outreach model of setting up Banking Services Centres (Kiosk Banking) in 20 locations approved by the Reserve Bank of India with a view to accelerating the pace of financial inclusion and taking banking services to remote villages.
- Net profit for 2007-08 was at Rs.1008.74 crore as compared to Rs.759.77 crore for 2006-07, a growth of 32.77%.
- During the year, total income of the Bank stood at Rs.6218.67 crore and interest expenditure at Rs.3159.08 crore.
- The Bank's net interest income improved to Rs.1991.70 crore in 2007-08 from Rs.1782.18 crore in 2006-07, registering a growth of 11.76%.
- The net worth of the Bank improved to Rs.4653.06 crore as on 31.03.2008 from Rs.3621.32 crore as on 31.03.2007 reflecting a growth of 28.49% due to plough back of net profit.

- Net Interest Margin stood at 3.34%.
- Return on average assets improved to 1.64% from 1.46% for 2006-07.
- Capital Adequacy Ratio stood at 12.74%.
- The creation of necessary Risk Management Architecture and capital adequacy computation has been done under Basel II requirements effective from 31.03.2008.
- Earnings per share as of March 2008 were Rs.22.52 and Book value per share was Rs.98.96.
- Priority Sector advances grew by Rs.3131 crore (26.09%) to Rs.15129 crore. It constituted 53.72% of adjusted net bank credit as against the 40% norm of the Reserve Bank of India.
- Agricultural credit grew by Rs.1480 crore (30.73%) to Rs.6294 crore and accounted for 22.35% of adjusted net bank credit, against the Reserve Bank of India norm of 18%.
- Educational loans crossed Rs.1000 crore mark and stood at Rs.1149 crore with more than a lakh of students forming the Bank's customer strength.
- Total recovery of Non-Performing Assets (NPA) stood at Rs.575.38 crore.
- Net NPA was lower at 0.24% as against 0.35% for March 2007.
- Total number of ATMs increased to 600 which included 151 offsite ATMs and customers can have access to more than 28250 ATMs in the shared network.
- The Bank has put in place a Compliance Policy and an independent Compliance Department has been set up at the Head Office.

FUTURE OUTLOOK

- The Banking sector is on a strong footing with significant improvement in the financial health. The expanding domain of technology has radically changed the banking activities making E-Banking a virtual reality and in taking banking to the remotest corner.
- During the current year, we plan to build on the strong growth platform we have created and reap the best of the new emerging business opportunities.
- The interests of shareholders have always been the Bank's prime focus, and accordingly, we will endeavour to maximize value for all the shareholders.

ACKNOWLEDGEMENTS

I extend my sincere thanks to Government of India, Reserve Bank of India and Securities & Exchange Board of India for the valuable guidance and support received from them. I thank the financial institutions and correspondent banks for their co-operation and support. I am also grateful to my colleagues on Board for their invaluable support and guidance. I appreciate the dedicated services and contributions made by members of the staff for the overall performance of the Bank.

I acknowledge the patronage of the customers and shareholders.

I am sure with the continued support of the shareholders, the Bank will strive to move further up in the ladder and reach many milestones.

Thank you.



M S SUNDARA RAJAN
CHAIRMAN & MANAGING DIRECTOR