

Speech delivered by

M S SUNDARA RAJAN
CHAIRMAN & MANAGING DIRECTOR

At the First Annual General Meeting
held on 27th June 2007, Chennai



Dear Shareholders,

1. I am pleased to welcome all shareholders to the first Annual General Meeting of your Bank and it gives me great pleasure in presenting the first Annual Report of your Bank for 2006-07 as a listed entity. With your permission I take it as read. I thank all the shareholders for the overwhelming response to the IPO which was subscribed by 32.03 times. It is our sincere endeavour to enhance value to our shareholders and all the other stakeholders.
2. At the macro level, the Indian Economy is on the fulcrum of ever-increasing growth curve and the real GDP growth is estimated at 9.4 per cent during the financial year 2006-07. There is a continued momentum in the industrial and services sector with a growth of 12.3 percent and 11 percent respectively. The Bank's efforts are always directed towards making full use of the emerging growth opportunities and repositioning its business portfolio with the ultimate objective of maximization of shareholder's value.
3. You will all be happy to know that the Bank in its Centenary Year has made it a Mission "To be a Common Man's Bank" to provide all products and services under one roof, at affordable cost and in a fair and transparent manner.
4. With this professed 'Mission', the Bank achieved the distinction of covering Union Territory of Puducherry, the first UT/State in the country, by banking services. The Bank also opened a CBS branch with ATM facility at Dharavi (Mumbai) to cater to the financial requirements of the metro/urban poor.
5. The Bank was the first to form an alliance with two other Public Sector Banks to leverage the business opportunities, harness the economies of scale and face the challenges of consolidation, convergence and competition.
6. I am happy to inform you that the Bank has posted a sterling performance during the year 2006-07.
 - ♦ Net profit grew by 50.60 percent to Rs.759.77 crore, highest ever in the history of the Bank.
 - ♦ Operating profit of the Bank registered a growth of 52% and reached the highest ever level of Rs.1358.59 crore.

- ♦ Global Business of the Bank crossed the Rs. 75,000 crore mark and touched Rs. 76,149 crore, registering a growth of 20.32%.
- ♦ Credit to priority sector constituted 49.37% of the adjusted bank credit.
- ♦ Consistent efforts in the improvement of asset quality have yielded positive results with the net NPAs falling to 0.35% from 0.79%.
- ♦ Return on Net worth for 2006-07 was higher at 27.70% as against 23.52% for 2005-06.
- ♦ Earnings per share as of 31st March 2007 were Rs.20.46 and Book value per share was Rs.74.95.
- ♦ The Bank's major IT initiatives included taking Banking Technology to the Common Man. The Bank launched its first biometric ATM in a rural area. Core Banking Solution was implemented in 1029 of its branches capturing 92.71% of the Bank's business. The Bank has set up 426 ATMs and customers can have access to 14500 ATMs in the shared network.
- ♦ Alternative delivery channels like Internet Banking, Phone Banking, Mobile Banking and enhanced products like Multi-city cheque book facility are available. Real Time Gross Settlement System (RTGS) was operationalised at all the CBS branches.
- ♦ The Bank has realigned its investment portfolio and an integrated treasury has been put in place.
- ♦ As a part of the Business Process Re-engineering, the Bank has streamlined the systems and processes to ensure high productivity level of men and materials.
- ♦ The Bank has ensured availability of various products and services under one roof and is forging ahead in achieving its vision of becoming the 'First Choice of the Common Man'.

- ♦ The Bank has also put in place high standards of Corporate Governance and Risk Management practices to achieve operational efficiency and financial excellence for a long term sustainable growth.
7. As we look forward, the financial sector and especially the banking sector is in the midst of great transformation, driven by shifts in customer preferences due to enabling technological innovations. In the global competitive scenario, your Bank has set upon the task of repositioning itself to translate the new challenges into business opportunities through knowledge driven initiatives.
 - ♦ In our march forward as the Common Man's Bank, the preferred focus areas of your Bank would be SME sector, Agriculture, SHGs, Education etc., besides providing seamless banking facilities to all its customers.
 - ♦ The Bank's constant endeavour would be to continue its business operations as a technology driven, efficient and financially sound organisation.
 8. I extend my sincere thanks to the Government of India, the major shareholder and also the regulator, the Reserve Bank of India for their continued guidance. I am also grateful to my colleagues on the Board for their invaluable support and guidance. I record my appreciation to the staff of the Bank in all cadres who have contributed to the overall impressive performance of the Bank.
 9. I once again thank the shareholders for the confidence reposed on the Bank and look forward to your continued support to fulfill the Bank's Mission with greater thrust and in our endeavor to face the challenges ahead.

**Net Profit
up by 50.60%**

**Global Business crosses
Rs. 75000 Cr. mark**

**Return on Assets
at 1.46%**

**92.71% Business
Captured under CBS**

**Priority Sector
Credit 49.37%**

**Net NPA down
to 0.35%**

Thank you



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(Note : This does not purport to be a record of the proceedings of the Annual General Meeting)