

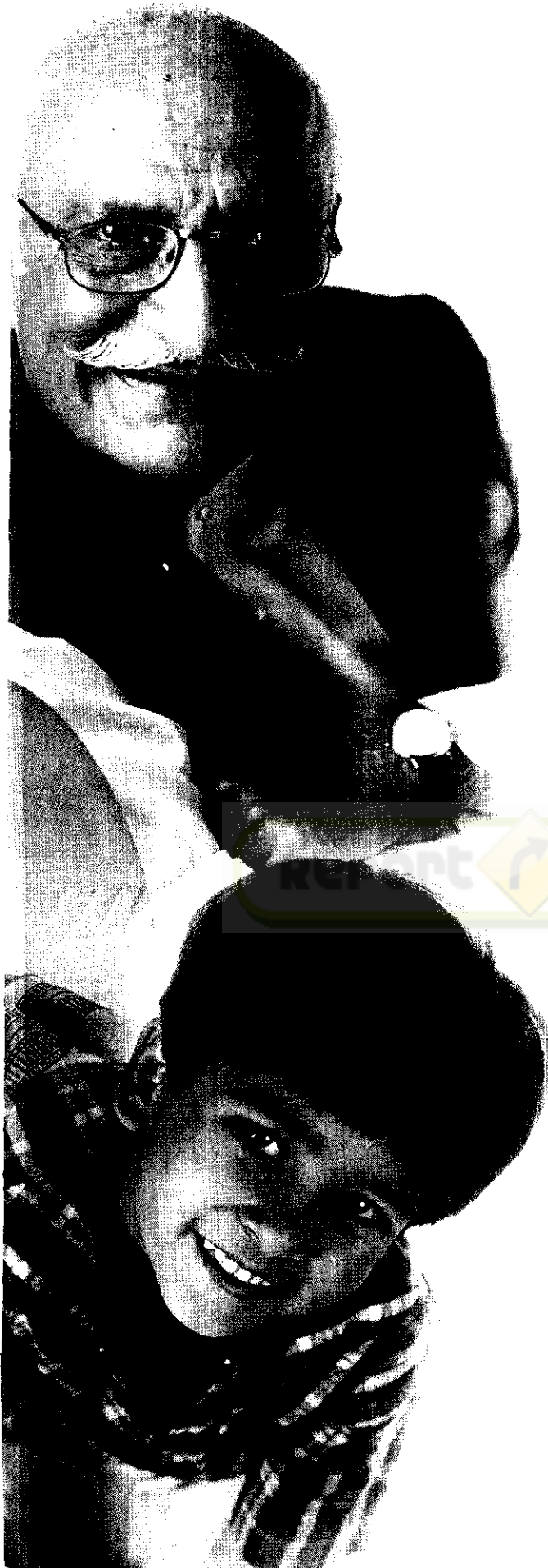
THE FUTURE IS --- OURS



GLOBAL TRUST BANK

7th Annual Report 1999-2000





W

elcome the Internet Age. We are ready for it. Fully prepared to capitalise on the new economy, meet challenging customer expectations and benchmark our services and products against the best that the Indian customer has ever seen.

With the advent of digital economies and the increasing accent on anytime and out-of-the-home banking, technology will be the vital input in providing better quality of service. Technology driven products, Technology supported convenience, Technology based access. Generation next will enjoy the Technology overdrive. We are convinced that in the expanding banking horizon, there is place only for those banks that can blend technology and service. Banks, which have the ability to impart a human face to technology leaps, will be sought after.

All pervading connectivity, real time turn around loops and customer focus are all facets of GTB's preparedness. We are reinforcing our operations across all areas through global partnerships and state-of-the-art technology.

At Global Trust Bank, we recognise this key aspect. We in fact believe that by virtue of our technology preparedness we can shape the future and step into it confidently.

We are ready. Looking ahead. Powering into a new orbit.

For us at GTB, technology is a friend. And customer service is all about creating an invaluable experience. These combine well to ensure the "future is ours".

Conceived & Researched by
CAPRICORN

Into the next orbit

A Letter to the Customer

Five full years as a Bank. From an idea to an Organisation. From a dream to an institution. Global Trust Bank has made a mark. It was set to be a modern institution. International class with truly an Indian heart. 350,000 dear customers see this as the institutional fabric. 939 staff have combined to define and shape this new culture. Numbers tell the story of business growth of Rs. 6200 crores of deposits, Rs. 4300 crores of customer assets, Rs. 372 crores of cumulative profits. But more important, these numbers tell the story of the mind share of the customer, the Bank has.

Banking possibly is the one industry which has had a Compounded Annual Growth Rate (CAGR) of over 15% for almost two decades. Despite many more alternatives, banking has held its ground both on the deposit and lending side. To their credit, banks have also frequently adopted and reoriented themselves to the changing needs.

The portents of future of banks in India are also strong. But with a difference. A quick study of the Indian scene in the last couple of years reveals the quantum jump in technology application in many facets of normal life. Whether it is computer or telecom, internet or television, all of a sudden, it appears life will not be the same again. Technology seems to have very much become a part of life. Not just the urban and metro. A drive through the countryside, one cannot miss the dotting STD booths and the sky facing dish.

So the growth of Banks this time around is going to have a strong technology bias. Will the customer prefer to come to a Bank branch or will he shop and walk to the nearest ATM. Or will he reach the Bank through



“As we enter the new millenium, we are not just running faster, but are planning for the next level.”

Production is not the application of tools to materials, but logic to work.

— Peter Drucker

internet, phone or cell phone. Tomorrows banking is of convenience that technology can bring to the customer's doorstep. Technology, therefore, is going to be the key differentiator between a successful bank and another.

It is precisely for this reason GTB has embarked on major technology expansion, covering a wide variety of areas. While the Bank is already technologically advanced, we believe that we need to commit much larger resources for the future growth. In this we see an opportunity for a renewed, vigorous, second phase of growth. Global Trust Bank is well placed to leverage and absorb this new growth opportunity. And we are ensuring that the Bank is into the next orbit.

Banking has its peculiarities. Meeting one of the criticalities of growth, the Bank is sufficiently capitalized. The capital of the Bank in some sense determines the capacity and capability of the Bank. Banks need to continuously maintain the required and additional capital adequacy. To this end, the Bank had planned ahead and raised the first tranche of capital of Rs. 147.55 crore as at end of March 2000. The shareholders have approved a total of 260 lakh of further issue of shares, of which 148 lakh shares have been issued.

To support our endeavours, we are initiating our search for a technical partner from out of the best banks in the world. We are happy that we will be able to crystallize a decision on the partner by the first half of this year. Our strategy is focussed.

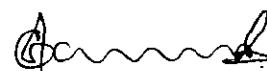
Raise the capital, bring in best technology and get an able partner for excellence. Your Bank is ready to take the challenge and seize the opportunity of the future.

The year gone by is a reflection of determination, perseverance and commitment to one's own conviction. During the turbulent days 12 months ago, the Bank had worked out a strategy of caution which later proved to be right. 1999-2000 will be remembered as a year of new momentum. Income rose to a healthy Rs. 879 crores and the net interest income ballooned to over Rs. 139 crore. This was possible due to persistent efforts to reduce cost of funds. Other income was also healthily gathered from wide variety of sources like Treasury, Investment Banking, Depositories and lease rentals. The operating profits grew from Rs. 104 crores to a superior Rs. 248 crores. In preparation for the years of rapid growth, we have taken a very conservative policy of provisioning and contained the net NPAs to 0.87% which is certainly a low for Indian banking industry. Above all, the Bank achieved a profit of over Rs. 108 crore, registering a growth of 52% over the previous year. The earnings per share have risen to a high of Rs. 8.95 (including on expanded capital).

Reflecting our commitment to increase shareholders returns and based on our view of positive earning prospects, the Board of Directors recommended a Dividend of 22% for March 31, 2000, against 20% last year.

We started with a mission of creating the best Bank. We believe that in these five years we have covered significant distance in this endeavour. But "Best Bank" is a journey, not a destination.

With warm regards,

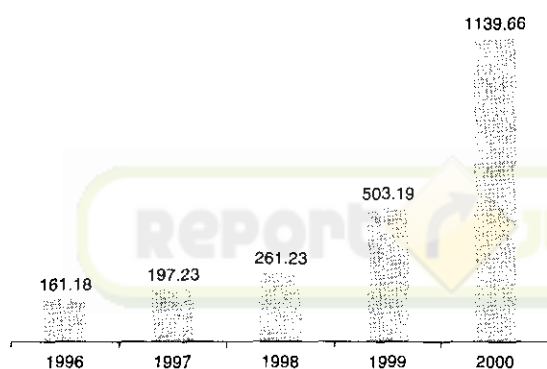


Flying high

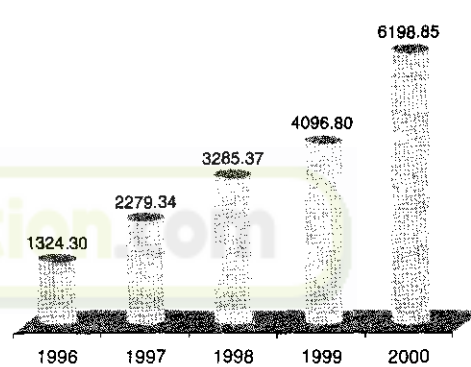
Performance Highlights for five years

| Parameters | 2000 | 1999 | 1998 | 1997 | 1996 |
|-----------------------------|---------|---------|---------|---------|---------|
| Deposits | 6198.85 | 4096.80 | 3285.37 | 2279.34 | 1324.30 |
| Low Cost Deposits (CA + SB) | 1139.66 | 503.19 | 261.23 | 197.23 | 161.18 |
| Advances | 3211.01 | 2118.44 | 1755.85 | 1462.46 | 1377.32 |
| Total Assets | 7531.22 | 5200.33 | 3781.49 | 2651.53 | 2213.53 |
| Net Profits | 108.62 | 70.86 | 80.13 | 57.40 | 40.36 |
| Networth | 528.14 | 290.25 | 241.72 | 183.74 | 141.94 |
| EPS (In Rs.) | 8.95 | 6.81 | 7.71 | 5.52 | 3.88 |
| Dividend | 22% | 20% | 18% | 15% | 12% |
| Capital Adequacy Ratio | 13.68% | 11.97% | 10.28% | 10.16% | 9.37% |
| Branch Network | 74 | 63 | 45 | 23 | 12 |

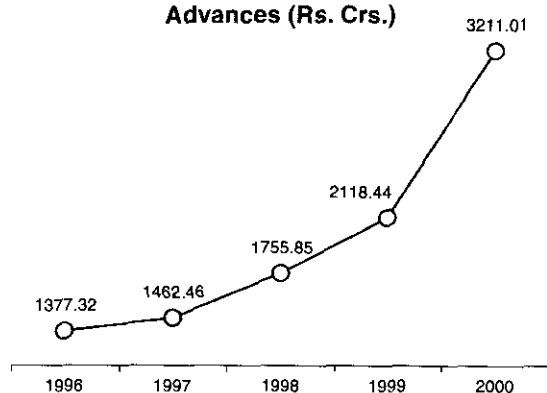
Low Cost Deposits (Rs. Crs.)



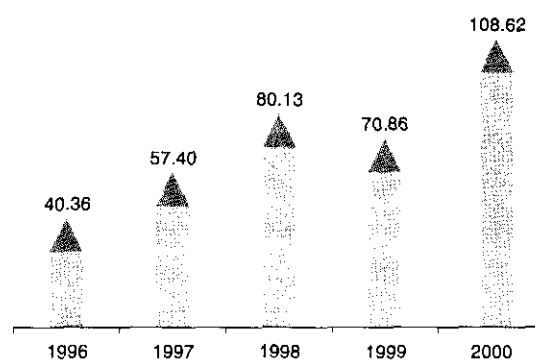
Deposits (Rs. Crs.)



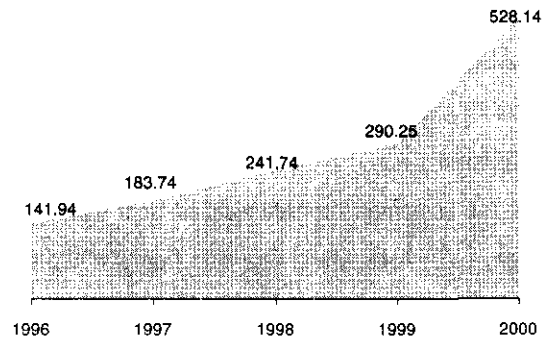
Advances (Rs. Crs.)



Net Profits (Rs. Crs.)



Networth (Rs. Crs.)



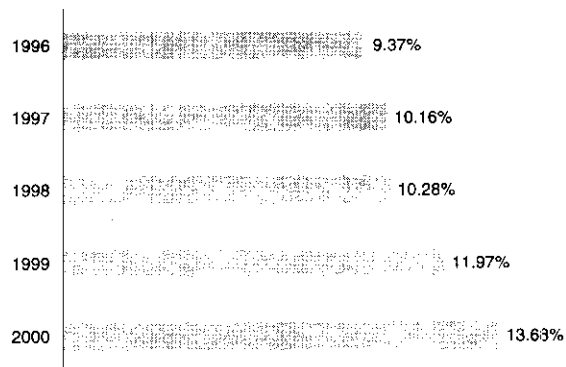
EPS (Rs.)



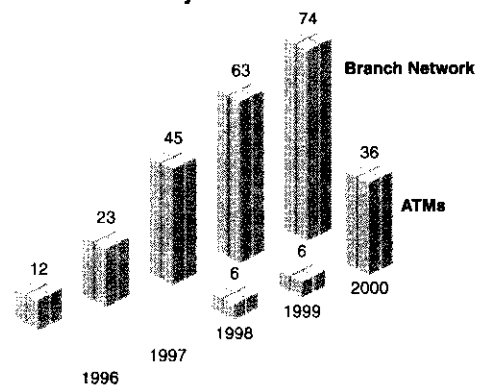
Dividend



Capital Adequacy



Delivery Channels



Delivering Convenience

Retail built on Technology

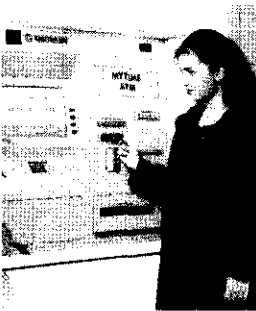
Minutes past midnight, and into the new millenium, a youngster walks into an off-site ATM in Vikrampuri, Secunderabad. Not just satisfied with drawing cash, he also seeks a balance statement. A smile twirls as he turns to exit. "A Happy New Year & Millenium". A tray of chocolates and the unmistakable GTB voice greets.

The customer from Ahmedabad went testing around Y2K, in his own way. Many other bank ATMs were shut from 11.00 p.m. to 2.00 a.m, he said. If we are open all night, that night, "The future is ours".

Small wonder customer relationship grew from 2,40,000 to 3,50,000. And retail deposits are today 75% of total deposits.

"Today our customers have a choice of access", says P.C. Narayan, Executive Vice President. Branch, ATM, Telephone (2424 PhoneBanking), Internet (ibank@gtb). From anywhere in the world the customer can access GTB. Anytime Anywhere. From 74 Branches and 36 ATMs in March 2000, the customers will have choice of over 100 branches and 250 ATMs by 2002.

In many ways we will reach the customer's door, but more important, we aim to reach his heart. However high we fly, we are ensuring that our tall standards are maintained in the business. We will share the future with our customer.



"Today our customers have a choice of access",
From anywhere in the world the customer can access GTB.



The best service is to use the latest technology without losing the personal touch.

— Cathey DeVrye

Leading the Market

Treasury had a leap year

Treasury is where the rupee money market and foreign exchange market meet. And in the year just passed, they had a party.

"Our money desk was up and leading the market each morning", says Anand Anchan, Vice President – Treasury, with a tinge of pride. Interest rates moved south through most part of the year. A 10-year paper was 12.05 % in April 1999, moved to 10.85 % in March 2000, and at every stop, there was opportunity for profit taking. It is all about sighting opportunities and exiting ahead of market. "Our securities turnover was Rs. 28,700 crores. We churned hard for profits" says Babu Ragotham, the ever smiling Head of Money Desk.

"The \$-Rupee was rock solid". It was K.V. Ramesh (Head Forex) way of paying tribute to the Indian Rupee. Volumes grew with customer business. Corporate Treasury desks were opened during the year at Bangalore and Hyderabad, adding to existing desks at Mumbai, Delhi and Chennai. Growth in volumes made up for small movements.



GTB will continue to stride the future. Although caution will be the watchword, new opportunities are being studied. Derivatives trading is one area being explored. State-of-the-art technology and software support is being got ready. Everything is being built around a single goal. Treasury must continue to add strength to both the customer and the Bank's bottomline.

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Long range planning does not deal with future decisions, but with the future of present decisions.

— Peter Drucker

Defining Convenience

IB-Capital market friendly

Rahul took his new job in a small town. Active in the stock markets, he was worried about investments. He missed living in Bombay. Till he walked into the neighbourhood GTB branch - on line, he watched the shares he bought being credited in the depository account last night. When he sold, he found that his sales realisation was credited within 24 hours of payout in Bombay. And he had a small smile.

And what did GTB do to earn the 'small smile'. The Bank became a depository participant with NSDL. More importantly got connected to NSDL server, to have access from all branches of the Bank. GTB became a clearing bank of NSE and BSE, and had their banking accounts. Persuaded the stock exchange broker to open his and client accounts in GTB. All this meant speed in fund movement from customer to exchange or vice versa. It created a WAN network for instant funds movement. All for the reward of the 'small smile'.

Planning for technology, infrastructure and staying close to market needs, has helped us provide world class service.

We have over 1.1 lakh active depository accounts. GTB supported record 27,51,348 trade transactions. Securities in custody were Rs. 29204 crores. And on the clearing side, GTB had about 40% of net settlement in both NSE and BSE.

"GTB has emerged a major service provider in this segment, and the Bank benefits from volumes", says Diptesh Shah, Head - Investment Banking. "Planning for technology, infrastructure and staying close to market needs, has helped us provide world class service", he adds.

IBD has also invested in debt and selectively participated in IPOs, for swelling the bottom line.



Success is a journey, not a destination.

— Ben Sweetland