

Annual

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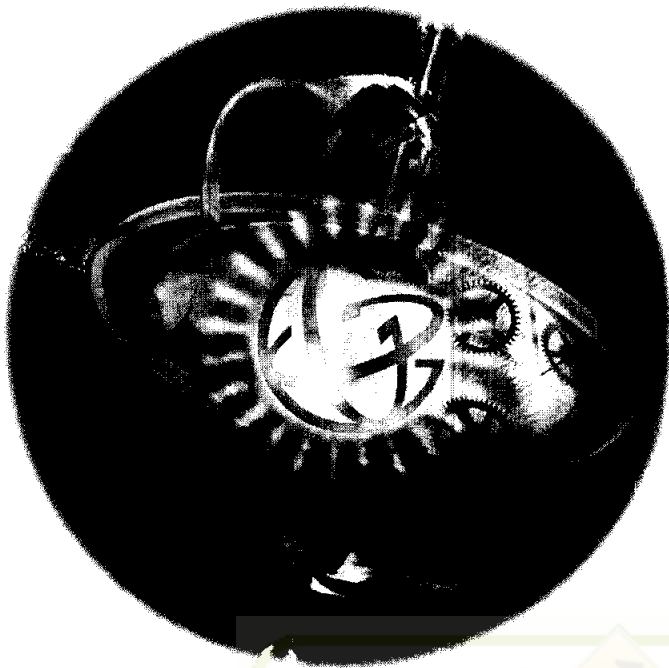
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...aping the future



GLOBAL TRUST BANK

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Institutions evolve. They create their own internals, and often have an environment that is given to them. On their way, they would also go through events and situations not necessarily of their own making.

The ability of facing up to emerging situations could be a litmus test. Externals possibly add a stretch. They test the framework. The strength and resilience get revalidated and the strong ones survive. Those with their grammar right would advance, profit and grow.

Indeed, such situations build strength, help test assumptions and are part of the growth stage. Global Trust Bank has been through tough times. It is now going about proving that tough times never last, tough people do.

Customer confidence continues to remain very high. Deposits are growing. Total income is on the rise. More important, the sincere and committed staff are ensuring that the Bank remains a wealth creator.

The basics are strong. The internals remain vibrant. And, the Bank has the will to succeed. Both in the medium term and in the long run, our stakeholders can continue to look forward to the future with optimism. Indeed, the Bank is **on course, shaping the future.**

Conceived & Researched by
CAPRICON

A LETTER TO SHARE OWNERS

Strategic positioning



Dear friends,

As you are aware, the Bank showed growth in all business parameters, in fact, better than the industry average. 24 per cent growth in deposits to Rs. 7,734 crore, 27 per cent growth in advances to Rs. 4,100 crore, 20 per cent rise in total income which helped cross four figure mark to Rs. 1,061 crore are all numbers that give satisfaction to look at a year gone by. Indeed, the growth in customer accounts by 46 per cent is more than gratifying.

In early 2001, GTB went through a brief period of disquiet. Questions were raised on a few parameters, not all of them in the control of the Bank. The Board has taken cognizance of all the developments, and is committed to restoring the Bank to its position of eminence.

I am afraid, events that unfolded in the capital market recently have affected the Bank. The Board is seized of the situation especially with regard to asset quality and exposure to certain segments of business,

and is addressing every related issue to arrive at enduring solutions.

In reporting the results of the year, the Bank adopted an extremely conservative policy on provisioning. The Bank has proactively made an additional adhoc provision. As a result, the bottom line stood reduced to Rs. 80.33 crore from Rs. 108.62 crore in the previous year. The Board has recommended lower dividend of 15%, to strengthen the reserves and to create long-term value for the shareowners.

A reality check shows that the basics of the Bank are intact. Especially customer confidence, technology, people, skills and attitude. Given this advantage, our prime objective is to manage all sensitivities. My colleagues on the Board and our senior managers are working on a comprehensive and time-bound schedule in this regard.

I must hasten to assure, that the Bank is on course, carving and shaping its future. GTB will continue to meet its stakeholder expectations. In fact, we are working towards positioning the Bank to become the owners' pride. Not only our shareowners, everyone associated with the Bank can be proud of their stake in the organisation.

While our mission remains a strong and prosperous Bank, our concerns are many. We would like to re-look at our business objectives, strategies, and market presence, with a critical eye to protect the overall quality of the Bank. We would also like to demonstrate our concern for fair dealings and build

on our reputation, our most important asset. We are also striving to make the value of your Bank more transparent. Our charter will be Profit with Quality.

In this task, our goals are made easy by the strengths built over the years. We are fortunate to have a customer centric organisation. Our technology infrastructure is one of the best in the country. We also have a dedicated team who in the past have met every deadline.

In 2001-02, while ensuring all prudential norms are in place, the Bank has plans to roll out 20 branches and 150 ATMs, and increase the customer deposit accounts to one million. Quality of assets will stand improved. There will be stringent norms established and followed. The Bank will demonstrate that it is stronger by its experience.

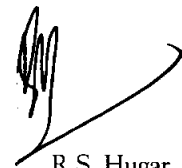
Our shareowners, I am sure, will derive confidence from the fact that we have a team that will work to strengthen and reposition the Bank.

Every effort is being made to ensure that the Bank remains not only profitable

but also prudential and conservative. The concerns of the depositors will remain as paramount as that of the shareowners. We will keep striving to improve GTB and do an outstanding job fulfilling our mission. All our stakeholders can count on us.

Thank you for your continued confidence.

With warm regards



R.S. Hugar
Chairman & Managing Director

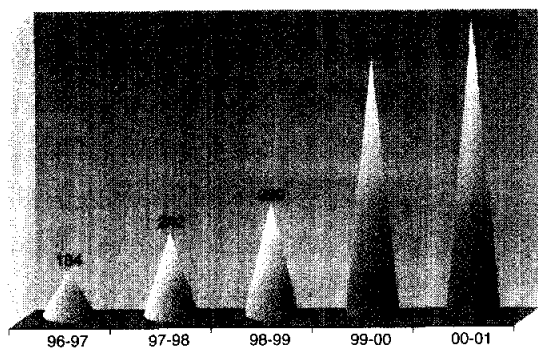


A S N A P S H O T

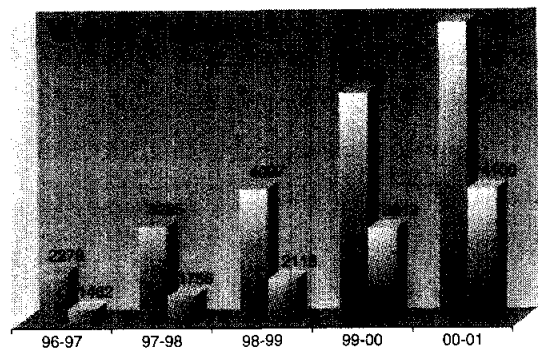
PERFORMANCE HIGHLIGHTS FOR FIVE YEARS (Rs Crs)

Description	96-97	97-98	98-99	99-00	00-01
Deposits	2279	3285	4097	6199	7734
Advances	1462	1756	2118	3219	4100
Gross Income	447	526	638	879	1062
Net Profit	57.40	80.13	70.86	108.62	80.33
Networth	184	242	290	528	588
Capital Adequacy (%)	10.16	10.28	11.97	13.68	12.71
EPS	5.51	7.71	6.81	8.95	6.62
Book value per share	17.67	23.24	27.91	43.52	48.48
Dividend (%)	15	18	20	22	15
Branches	23	45	63	74	79
ATMs	5	6	6	36	101

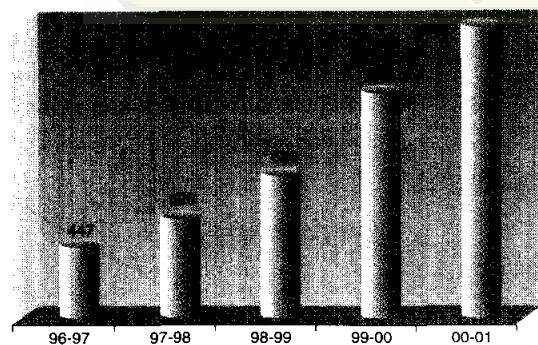
NETWORTH (Rs Crs)



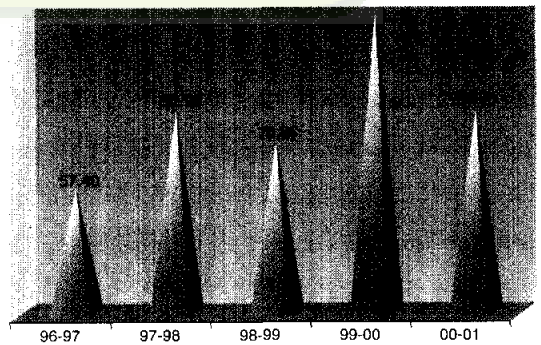
DEPOSITS & ADVANCES (Rs Crs)



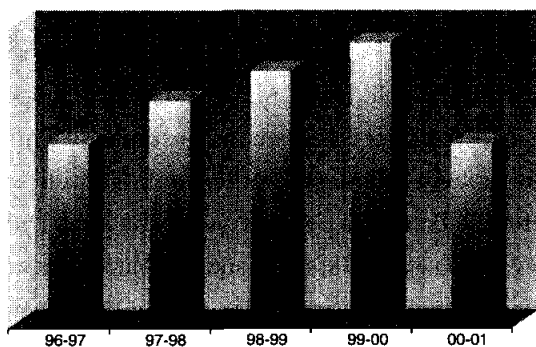
GROSS INCOME (Rs Crs)



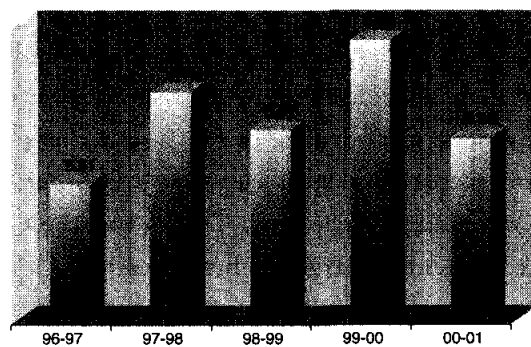
NET PROFIT (Rs Crs)



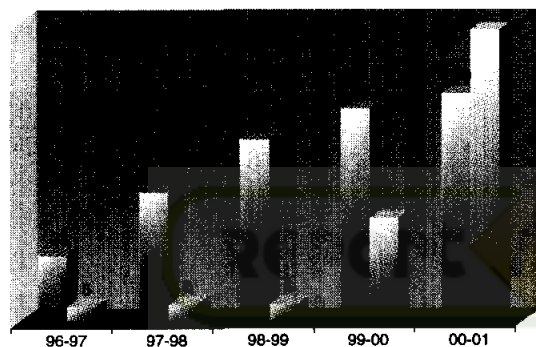
DIVIDEND (%)



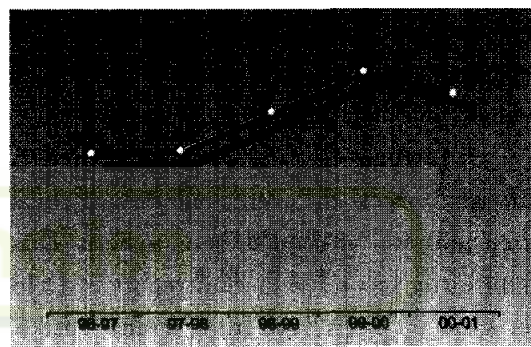
E P S (Rs)



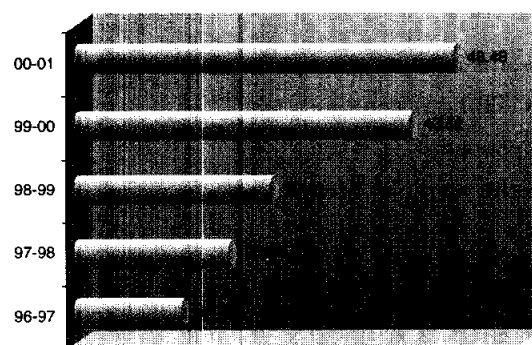
BRANCHES & ATMS



CAPITAL ADEQUACY (%)



BOOK VALUE PER SHARE (Rs)



A GLANCE AT THE REAR VIEW MIRROR

The Bank has had an eventful year. On the one hand there was above average growth in both deposits and advances; market share of the Bank increased in both these critical areas; customer accounts grew by a whopping 46 per cent. This meant there was excitement of larger volume business, higher incomes and a large family of satisfied customers.

At the same time, the Bank saw events that turned unexpectedly. For instance, the merger proposal with UTI Bank. The Bank had considered various options for growth, in the strong belief that size and a critical mass is important. As a strategic move, the Bank proposed the first Indian experiment of merger between two modern banks, each with considerable strength, fulfilling the need for rapid growth.

Unfortunately, the proposal failed to go through. Subsequent events questioning the share price and ratio vitiated the atmosphere. This was despite the second valuation report of Deloitte, Haskins & Sells, an investment banker of international repute, who evaluated on multiple factors and confirmed the swap ratio, even after excluding the periods of high prices of GTB scrip. The Board, after considerable deliberations believed that it was prudent to pull out.

There was another issue, events in the capital market, which needs mention. GTB had been one of the earliest banks to identify opportunities in the capital markets business and over the years had been

successful. The Bank has been a clearing banker to the NSE, BSE, CSE and DSE. The Bank had also about 280 registered brokers as customers. This brought volume business for the Bank, as well as floats for the Bank. For over two years, the Bank had evolved strong control systems and risk management procedures. After the market slide, the Bank has been able to quickly reduce its exposure and as a matter of abundant prudence made significant provisions from current year profits.

Looking back, GTB can draw comfort from the ever growing family of six lakh depositors, larger market presence, growing incomes and high-end technology. And, seamlessly merge into a future of organic growth



“The greatest difficulty in the world is not for people to accept new ideas, but to make them forget about old ideas”

— John Maynard Keynes

VIEW THROUGH THE WINDSHIELD

When driving ahead it is better to look through the windshield than at the rear view mirror. On our course to shape the future, we realize that we need to navigate carefully considering our targets are constantly on the move.

As we look closely at the foreseeable future, the Bank is ready to take a number of new initiatives aimed at bringing consolidation and improvement in the quality. The Bank will be aggressively expanding its retail base. Asset growth strategy will also get repositioned.

The emphasis is on conservative policies in order to create long-term value for the shareowners. Care and caution will

be fundamental to the Bank's business. At the same time the Bank will remain in chosen segments that it will help to create value.

Some of the initiatives planned for 2001-02 include:

- GTB's perceived strength is its retail reach, and this will be aggressively pursued. The Bank will reach more closer to the homes of depositors. The retail customer deposit accounts are planned to be increased from around 6.6 lakhs to over one million. A string of products and services are to be introduced in the retail side, like PRANAAM which would give 1/2% extra for senior citizens. Our respect to the seniors.
- Review of credit policy with the specific objective of building a diversified high quality asset portfolio having optimal risk/return profile. While per industry, per group, per party exposure limits are laid down, the Bank has also formulated its lending specifications, as well as control and monitoring mechanisms. The Bank will ensure that there are adequate exit options while servicing the client needs promptly and efficiently. This also means there will be a time bound exit/reduction in exposure for some segments.
- The objective of the Bank is to expand and seek larger presence in well-rated corporates. This will help improve the quality of assets. While the Bank will have a lower weightage for the mid-market segment, there will be a growing presence in the retail segment. In the long run, the Bank would have broad based its market presence.



- Evolve a bankwide comprehensive risk policy with intent to minimizing losses and enhancing opportunities. The Bank is moving in the direction of Enterprise wide Risk Management (ERM) approach. Policy guidelines have been laid down. Effectively, the Bank will be not only measure but also control risks. This is a tool to help make decisions about the optimal risk
- To succeed in our competitive industry, we need skilled dedicated staff, strong fund management expertise, high end infrastructure in technology, and the ability to develop and exploit low-cost distribution channels. Our investment in these areas will continue to earn rewards for the future benefit of our customers.



profile of the Bank in terms of structuring of assets and liabilities. More important, the Bank will be able to rein in exposures where they are not commensurate with the risk profile.

- As a measure of conforming to international standards, the Bank has initiated steps to benchmark its balance sheet to US GAAP accounting norms.

GTB will have ensured that that its relationship with customers is in the interest of the long-term interest of its shareowners. The Bank will therefore be on its course. The future is getting shaped today.

Change is inevitable...Change is constant.
— Benjamin Disraeli