



K.R. Ramamoorthy
Chairman

Dear Shareholders,

I have great pleasure in extending you all a warm welcome.

The Annual Report, including the Audited Accounts of the Bank for the year ended 31st March 2010 has been in your hands for some time. With your permission, I shall take them as read.

At the outset, I take this opportunity to thank you all for making it convenient to attend this meeting.

I am happy to share with you yet another year of impressive performance. In FY 2009-10, the Bank posted an all-time high profit after tax, of Rs.242 crore. The Bank was able to achieve this despite the fact that during the first and the second quarter of 2009-10, the operating environment was extremely challenging and credit quality remained the dominant concern. The Bank's consistent focus on protecting asset quality, growing the share of CASA, reducing operational costs and improving the operational efficiency contributed to this achievement. I am sure you will all join me in complimenting

79th Annual General Meeting

Chairman's Speech

the management team, the staff of the Bank and Mr. Shailendra Bhandari, Managing Director & CEO in particular, for the exemplary leadership provided.

The Bank has been able to maintain strong momentum across all financial parameters. Net Profits for 2009-10 are up by 28% compared to the last financial year, primarily as a result of a jump of 28 % in Net Interest Income and a smart increase of 51 % in Operating Profits.

Total Deposits of the bank increased by 4% to Rs 25,865 crore; the bank's focus on low cost deposits yielded results with CASA ratio increasing to 32.6% from 27% in the last financial year. Advances witnessed a growth of 10% to Rs 18,507 crore; efforts to grow the profitable segments resulted in Wholesale Banking growing by 12% and Business Banking by 21%. The overall advances growth was to some extent affected by the Bank's decision to contain unsecured portfolios to minimize risk costs.

Net Interest Margin continued to strengthen and was at 3.2% as on 31-Mar-2010. The strong growth in income, accompanied by a tight control in costs brought about a significant improvement in cost-income ratio to 56.9% (after removing all exceptional items) from 64.52% in the previous year. The Bank has also been able to substantially improve the quality of the Balance Sheet. Net NPA ratio is at 1.20 % as compared to 1.67% in December 2009 (1.20% in March 2009), and the loan loss provision cover improved to 60 % as compared to 40 % in December 2009 and 36 % in March 2009.

Now, I will very briefly turn to the recent macro economic trends as they impact our operations. Global financial markets exhibited significant stabilization during 2009, and continued to recover in recent months, though the pace of recovery varies. Emerging and developing economies are spearheading the recovery. However, volatility increased in

79th Annual General Meeting

Chairman's Speech

the beginning of 2010 due to concerns about unsustainable fiscal positions, as reflected in sovereign risks. New risks emerged from the crisis in Eurozone. The bail out packages from EU and IMF contained the crisis but increased risk aversion amongst foreign investors. This affected our domestic equity and forex markets too.

The overall macro economic scenario of the country improved significantly in the last few months. However, rising inflation, particularly of food prices continue to throw up a major challenge for the policy makers. Inflation touched 10.16% in May 2010. The Reserve Bank has begun the process of unwinding the crisis response accommodative expansionary policies, by terminating sector-specific liquidity facilities, incrementally raising the cash reserve ratios and the policy interest rates. Further monetary tightening by RBI would have an impact on interest rates. The Management team is fully geared to proactively respond to the emerging market challenges.

Now, striking a personal note, I wish to mention that after fourteen years of strong association and bondage with the Bank, the time has come for me to take leave of you all. I would be laying down office as Non-Executive Chairman on 7-Jul-2010, on completion of my tenure. I had the unique privilege of serving this great institution in various capacities as Chairman & CEO, as Non-Executive Chairman, later as Director and yet again as Non-Executive Chairman. These 14 years have been indeed a very challenging part of my banking tenure; all the same it was a fulfilling experience and provided me an opportunity to gain valuable insights into the changing dynamics of banking. As Chairman and Director on the Board, I have had the pleasure of closely working with men of eminence and the top and senior management team of ING. My colleagues on the Board, past and present, were all generous to me and I thank them all. I thank the rank and file of the Bank for the implicit trust and confidence they reposed in me during my tenure as CEO and later as a member of the Board.

79th Annual General Meeting

Chairman's Speech

To you the shareholders, my sincere thanks for your confidence in me and the understanding and unstinting support you extended to me all these years. It was a pleasure interacting with you all at the General Meetings of the Bank, which I will miss very much. I will ever cherish the fond memories of my association with you all.

I am highly optimistic about the future of ING Vysya Bank. The sustained improved financial performance of the Bank year on year in the last few years bears eloquent testimony to my optimism. Mr. Bhandari has set high aspirations for the Bank and would desire to position the Bank as one among the top five Banks in the country. I am confident that with the support of rank and file, the customers and shareholders, he will bring to fruition this desired intent.

I take this opportunity to thank our shareholders, Directors past and present, Government, Regulatory Authorities and Staff for their understanding, support and cooperation.

Thank you.