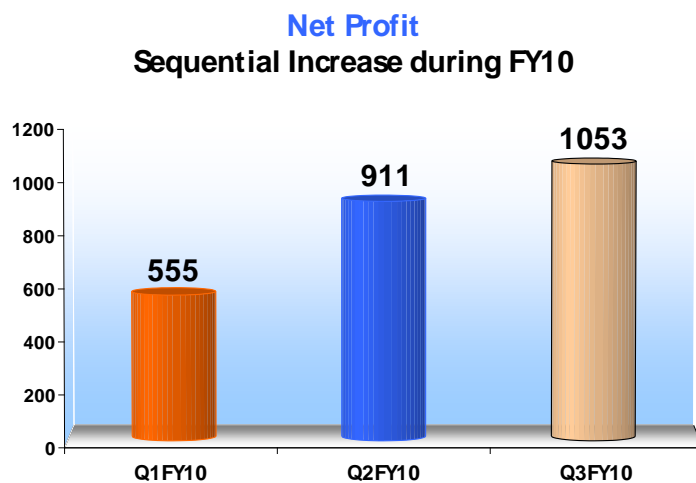


PRESS RELEASE

Performance Highlights for the Third Quarter ended December 2009

- *Net Profit* for the Q3 crossed **Rs.1000 crore** mark to reach **Rs.1053 crore**, with an impressive growth of **50% y.o.y.**
- *Operating Profit* rose to **Rs.1470 crore**, up by **21% y-o-y.**
- *Total provisioning* at **Rs.417 crore.**
- *Provisioning coverage ratio* at **74.04%**, well above the RBI 70% norm.
- *Aggregate Business* reached **Rs. 3,56,310 crore**, up by **17.3% y-o-y.**
- *Total Deposits* reached **Rs.208,899 crore**, up by **19.5%.**
- *Net Advances* grew by **14.3%** to reach **Rs.147,411 crore.**
- *Credit to Deposit ratio* at **70.57%.**
- *Operating Expenses* contained almost at December 2008 level.
- *Cost to Income ratio* (9 months) declined to **36.92%** from **44.82%** a year ago.
- *Net Interest Income* up by **18.8%** to **Rs.1478 crore.**
- *Net Interest Margin* (NIM) sustained at **2.71%.**
- *Return on Average Assets*, on annualized basis, for Q3 **improved to 1.85%.**
- Comfortable *Capital Adequacy Ratio* at **14.44%**, well above the stipulated norm of **9%.** **Tier I Capital at 9.20%.**
- *Branch Network* has crossed 3000 mark to reach **3005.** The Bank opened **273 branches** during nine months, making it the highest since inception.

Canara Bank's Net Profit crossed Rs.1000 Cr in Q3 FY10



Net profit of the Bank recorded an impressive growth of **50%** to **Rs.1053 crore** for the Q3FY10 compared to Rs.702 crore a year ago. This is despite unfavourable environmental conditions of low credit growth and hardening of bond yield. The Bank could maintain the spread by increasingly focusing on **core business growth** and containing **cost**.

Operating Profit of the Bank rose to Rs.1470 crore, up by 21% over Q3FY09. A total **provision** of Rs.417

crore has been made during the quarter.

The Bank accorded top priority to contain NPAs and has built up adequate provisioning level. **Provision Coverage Ratio at 74.04%**, is well above the RBI stipulated norm of 70% (to be achieved by September 2010).

Return on Average Assets for the Q3 improved to **1.85%** compared to 1.45% for the same quarter a year ago. While **Earnings Per Share (EPS)** (not annualized) for Q3 improved to Rs.25.67 from Rs.17.11 a year ago, **Book Value** rose to Rs.305.75 compared to Rs. 236.33 as at December 2008.

Income and Expenses

Total income of the Bank for Q3 rose to Rs.5469 crore, including Rs.3471 crore contributed by **interest income from loans/advances**. **Non-interest income** of the Bank increased to Rs.781 crore.

Total expenses of the Bank declined by 4.1% to Rs.3999 crore. Continuing with the austerity measures, the Bank's **operating expenses** remained almost at the December 2008 level.

Net interest income for the Q3 recorded a 18.8% growth to reach Rs.1478 crore compared to Rs.1244 crore during the same quarter a year ago.

Nine Months Performance

For the nine months ended December 2009, **net profit** moved up to **Rs.2518 crore**, recording a significant **86% y-o-y growth**. **Operating profit** grew by **46%** to reach **Rs.3930 crore**.

The Bank's **total income** increased by 15.6% during the first nine months to reach Rs.16103 crore, with a 12.6% growth contributed by **interest income from loans/advances**. The **non-**

interest income of the Bank grew by 46.6% to touch Rs.2148 crore. Fee-based income grew by 22% to Rs.998 crore.

The growth in **operating expenses** for the nine months period was contained at 5.2%.

Net interest income for the nine months period rose to Rs.4083 crore from Rs. 3412 crore a year ago, recording growth of 19.7%.

Net Interest Margin (NIM) at 2.71% improved sequentially from 2.66% as at September 2009.

Business Growth and Productivity

Aggregate Business mix reached Rs. 3,56,310 crore recording a y-o-y growth of 17.3% over the December 2008 level of Rs. 3,03,759 crore. While aggregate deposits of the Bank reached Rs.2,08,899 crore with a growth of 19.5%, net advances rose to Rs.1,47,411 crore recording a 14.3% growth. The Bank's **core deposits** grew y.o.y by 46.9%, supported by 70% growth in retail term deposits and 15% growth in savings deposits. The Share of **CASA deposits** in domestic deposits stood at 29.5%. **Credit to deposit ratio** remained at 70.57%. High cost bulk deposits of the Bank saw a significant reduction over Rs.37000 crore, coming down sharply to around Rs.3000 crore.

The Bank has been giving thrust to mobilize higher savings deposits under its nationwide '**Savings Utsav**' campaign. Between August 2009 and December 2009, the Bank has mobilized **9.27 lakhs new SB accounts**. Savings Utsav will continue till March 2010.

The Bank's **domestic business** constituted 96.7% of the aggregate business with Rs.202899 crore (97.1%) under deposits and Rs. 141651 crore (96.1%) under advances.

Productivity, measured as **Business per Employee**, rose to **Rs.8.58** crore as at December 2009, compared to Rs.7.22 crore a year before. **Business per Branch** moved up to Rs.118.57 crore as against Rs.111.43 crore at December 2008. The Bank has added **1.6 million** clientele during the nine months period, taking the total **clientele base** to 36.40 million.

Capital Adequacy and Asset Quality

Capital to Risk Weighted Assets Ratio (Basel II norms) worked out to a comfortable **14.44%** vis-à-vis the regulatory requirement of 9%. Given still undiluted 73.17% Government of India holding, the Bank has enough headroom for need based capital augmentation under Tier I, signifying strongest capital position among peers to support the business growth.

The Bank's **gross NPA ratio** stood at 1.77% (Rs.2619 Crore) and net NPA ratio at 1.34% (Rs.1976 crore) as at December 2009. **Cash recovery** for the nine months period improved to Rs.896 crore compared to Rs. 836 crore during the corresponding period of the last financial.

Credit Segments

Advances to **priority sector** recorded a growth of **19.4%** to reach **Rs.54893 crore**, accounting for 40.65% of the adjusted net bank credit. Credit to agriculture grew by **21%** to touch **Rs.22880 crore**, covering **26.32 lakh** farmers. The Bank's credit to **Micro, Small and Medium Enterprises** (MSMEs) grew by a robust **32.6%** to reach **Rs.28427 crore** compared to a level of Rs.21440 crore a year ago.

Sustaining its leading position among nationalized banks, the Bank's **education loan** portfolio increased to **Rs.2791 crore** as at December 2009, registering a y-o-y growth of **28%** and covering more than **1.65 lakh** students.

The outstanding credit under **retail lending operations** rose by **19.4%** to **Rs.21462 crore** as at December 2009, with a disbursal level of **Rs.5135 crore** during the first nine months of the current financial. Advances under housing (direct) recorded an impressive **26.9%** growth to reach **Rs.8464 crore**. Housing portfolio, with a significant portion in priority ambit, constituted **39.4%** of the retail portfolio.

Driving financial inclusion in the country, the Bank has achieved **total financial inclusion** in all the **26 lead districts** spread across five States. The Bank has mobilized **3.11 lakhs** no-frill accounts during the nine months period, taking the tally under such accounts to **20.41 lakhs** since inception. Amount under such accounts increased to Rs.355 crore. The Bank has so far formed 3.03 lakhs **Self Help Groups** (SHGs), with credit linking of 2.57 lakhs SHGs, with an outstanding amount of Rs.768 crore.

Delivery Channels and Technology Advancement

The Bank's branch network has **crossed 3000** as at December 2009. During the current financial year, the Bank undertook major branch expansion drive across the country. The Bank has opened **273 branches** during the first nine months, taking the total tally under the **branch network to 3005** as at December 2009, including 3 overseas branches at London, Hong Kong and Shanghai. On 19th November 2009, Bank's founder's day, the Bank has opened 104 branches across India, befitting its 104th year of service to the nation.

The Bank has covered **1768 branches**, accounting for **90%** business under **Core Banking Solution**. With over 2000 ATMs, the Bank has a debit card base of 46.75 lakhs as at December 2009. The number of branches offering **Anywhere Banking** (AWB) and **Internet and Mobile Banking** (IMB) services expanded to 2086 and 1918 branches respectively. Under the advanced payment and settlement system, all branches have been enabled with RTGS and NEFT facilities.

Goals for FY10

- The Bank aims to reach an **aggregate business** figure of **Rs.4 lakh crore**, comprising total deposits of Rs.2,25,000 crore and advances of Rs.1,75,000 crore.
- The Bank will continue to focus on **core business**, with the objective of augmenting profits and profitability.
- Expanding global footprints, the Bank is likely to open a Representative Office at **Sharjah** and its second branch at **Leicester** in the U.K.
- Further roll-out of CBS branches/units.

□□□