

PRESS RELEASE



Hattrick!!!

Over `1000 Cr Profit for 3 Consecutive Quarters

Net Profit for Q3 at ` 1106 crore
The highest ever for any quarter

Total Business crosses ` 4.50 lakh crore

Major Highlights – Q3 (FY11)

- Total business at `4,53,379 crore, up by 27%
 - Net Profit at `1106 crore
 - Over `1000 crore Net Profit for 3 Consecutive Quarters
 - Net Interest Income Growth at 43.4%
 - Net Interest Margin (NIM) at 3.21%, up by 50 bps
 - Return on Assets at 1.62%
 - Capital Adequacy Ratio at 13.02%, Tier I ratio at 8.27%
 - Improved Gross NPA ratio at 1.44% and Net NPA ratio at 1.05%
- Record Cash Recovery of over `1200 crore.
 - Provision Coverage Ratio at 75.91%

Net Profit for the third quarter of FY11 rose to **`1106 crore** compared to `1053 crore posted in the Q3 of the previous financial. Excluding one time profit on sale of investment and write-back of investment provisions during Q3 of FY10, net profit growth worked out to 120%. Commendably, the Bank has posted over `1000 crore in net profit for three consecutive quarters. **Operating profit** grew by 9.6% to `1513 crore.

A total provision of `407 crore, including a provision of `130 crore towards NPA, has been made for the Q3 of FY11. **Provision Coverage Ratio** stood at 75.91% as at December 2010.

Return on Average Assets (RoAA) for the Q3 was at 1.62%. **Earnings per Share (EPS)** rose to `26.97 as against `25.67 a year ago. **Book Value** increased to `381 compared to `306 as at December 2009.

Capital Adequacy

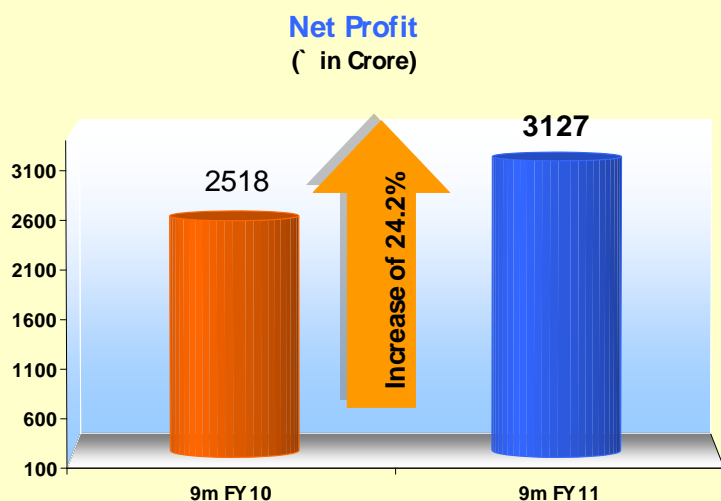
Capital Adequacy Ratio stood at **13.02%**. Tier I capital ratio stood at 8.27%. Reckoning profits accrued for the nine months, capital adequacy ratio worked out to 14.56%. The Bank has raised `750 crore under Innovative Perpetual Debt Instrument and `1000 crore under Upper Tier II bonds during the nine months period. The Bank has adequate headroom available under both Tier-I and Tier-II options to raise capital to support business growth momentum.

Income and Expenses-Q3

While growth in **total interest income** was 26%, the growth in **interest expenses** was at 18%. As a result, **Net Interest Income** growth for the third quarter was robust at **43.4%**. Net interest income reached `2119 crore compared to `1478 crore in the same quarter a year ago.

Interest income from loans/advances recorded a 24.6% growth to reach `4326 crore.

Nine Months Performance



With over `1000 crore net profit posted for 3 consecutive quarters, the **Net Profit** for the nine months ended December 2010 reached **`3127 crore**, higher than the net profit posted for the entire 2009-10. On y.o.y, net profit for the nine months grew by 24.2%. **Operating profit** for nine months period grew by 21.5% to `4412 crore.

Net Interest Income for the nine months ended December 2010 grew by **43.3%** to `5850 crore compared to `4083 crore a year ago, **reflecting strong income growth from the core business.**

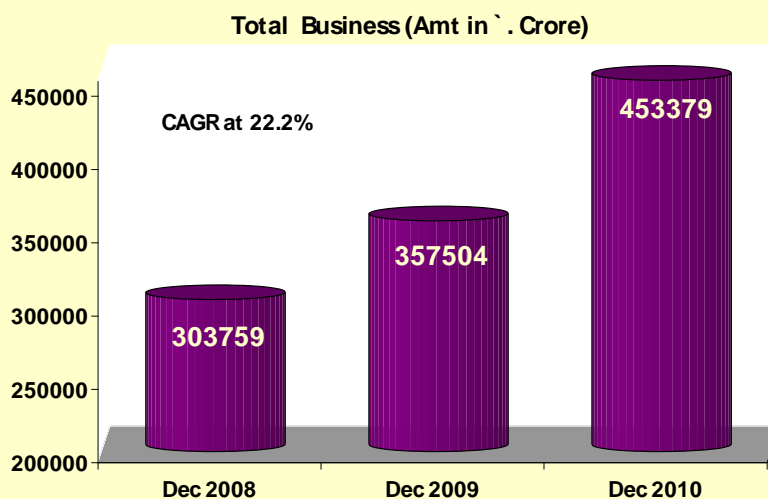
Net Interest Margin (NIM) increased by **50 bps to 3.21%** from 2.71% as at December 2009. The Bank continues to improve its NIM quarter after quarter since December 2009 and maintained above 3% since June 2010.

While growth in **total interest income** was 19.3%, the growth in **interest expenses** was contained at 9.4%.

Business Growth and Productivity

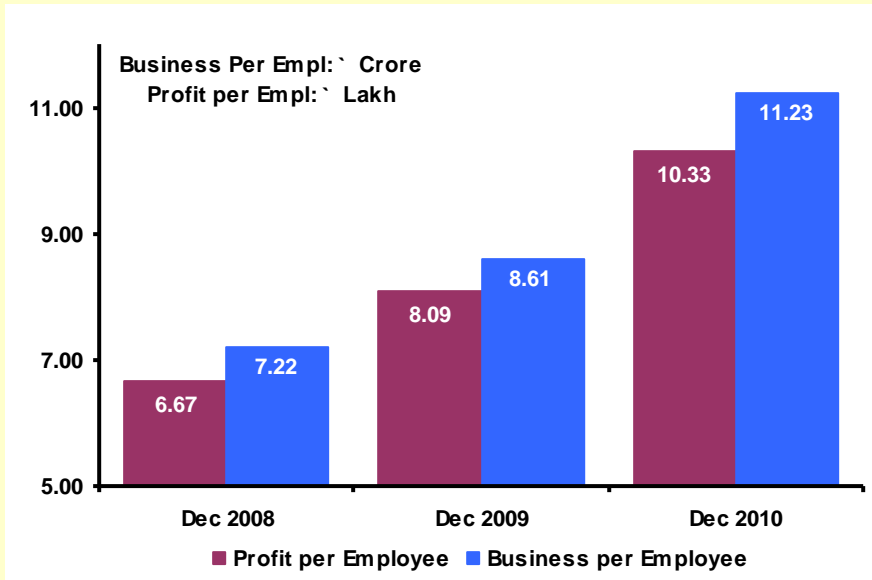
Total business of the Bank rose to a level of `453379 crore as at December 2010, **recording a y-o-y growth of 27%.**

While **total deposits** grew by 25% to reach `263497 crore, **advances (net)** recorded higher growth of 29% to touch a level of `189882 crore.



The Bank's **domestic business** constituted 96% of the total business with `255497 crore under deposits and `180191 crore under advances.

The Bank's **CASA deposits** grew by 27.7% to cross `76000 crore as at December 2010, thanks to enterprise-wide awareness and initiatives taken to augment this portfolio. In an equal measure, savings deposits too recorded a good growth of 27.5% y.o.y. Share of CASA deposit in domestic deposits improved by about 1 percentage point to 30.5% compared to 29.5% a year ago. The Bank has added over `12500 crore in SB deposit and over 19 lakhs SB clientele during the period. To step up savings deposits, the Bank launched a nationwide '**Savings Mahotsav**' campaign during September 2010 to continue till 31st March 2011.



Steady improvement in business is well reflected in rising productivity of the Bank. While **Business per Employee** increased to `11.23 crore, **Business per Branch** rose to `142.84 crore as at December 2010 compared to `118.97 crore a year ago.

The Bank's **clientele base** crossed 38 million, comprising 34 million under deposit accounts and 4 million under borrowal accounts.

Asset Quality

Major thrust on asset quality and intensive monitoring of credit portfolio saw the Bank's **gross NPA ratio** coming down to 1.44% (`2753 crore) and **net NPA ratio** to 1.05% (`1991 crore) as at December 2010 compared to the gross NPA ratio of 1.77% and Net NPA ratio of 1.34% as at December 2009. **Cash recovery** during the nine months aggregated to a record of over `1200 crore, higher than `896 crore in the same period a year ago. The Bank has restructured 23,287 accounts worth `307 crore during the December 2010 quarter.

Credit Segments

The Bank's credit growth at 29% during the period was higher than the industry's growth and was broadbased across segments- retail, priority sectors, industrial and infrastructure.

Driven by higher retail credit demand, the Bank's **retail lending portfolio** recorded a robust 35% growth to reach `28949 crore, driven primarily by a 69.5% growth in **Housing Loan**. Outstanding housing loan (direct) portfolio at `14348 crore, constituted 49.6% of the total retail lending portfolio, of which a majority comes under the priority ambit.

The Bank's credit to **Micro, Small and Medium Enterprises** (MSME) recorded a good growth of 24.3% to reach `35348 crore compared to a level of `28427 crore as at December 2009.

Outstanding **advances to the priority segments** grew by 20% to reach `65891 crore, with an outstanding agricultural advances level of `27056 crore. Loans to agriculture grew by 18.3%.

Continuing its lead among nationalized banks, the Bank's **education loan portfolio** rose by 22.6% to `3423 crore, covering 1.87 lakh students.

Under **financial inclusion**, the Bank has opened 3.77 lakhs No-frill Accounts during the 9 months, taking the total tally of No-frill accounts to **25.57 lakhs since inception**. The Bank has achieved total financial inclusion in all the 26 lead districts, spread across over five States. 19 **Micro-Finance Branches** have been opened to help urban poor and 10 Financial Literacy and Credit Counselling Centres are functioning in 4 States. The Bank formed 3.39 lakhs **Self Help Groups** as at December 2010, with credit linking of 2.98 lakhs SHGs.

Delivery Channels

During the nine months period, the Bank added 127 domestic branches and one overseas branch at Leicester, UK and a Representative Office at Sharjah, UAE, taking the total tally under the branch network to **3174 branches**.

InfoTech Advancement

All branches of the Bank are now under Core Banking Solution (CBS), accounting for 100% of the Bank's business. With 100% CBS, the Bank offers technology banking, such as, Internet Banking and Funds Transfer through NEFT and RTGS across all branches. With 2146 ATMs, the Bank's debit card base rose further to 61.07 lakhs. Mobile Banking is being introduced in Q4 of this financial.

New Products

The Bank has launched **Canara Gift Cards** and the **ASBA** (Application Supported by Blocked Amount) facility. A host of technology products/services like Bills Desk Utility, Canara Campus Card, Cash withdrawal at Point of Sale (PoS) machines at Merchant Establishments, VISA money transfer and Canara Platinum Cards are slated for launch during the current financial.

Canara Bank, on its Founder's Day on 19th November 2010, dedicated **100 new branches and 100 new ATMs** to the nation, inaugurated by **Shri Pranab Mukherjee, Hon'ble Union Finance Minister** at a function held in New Delhi. In a major thrust to push financial inclusion, the Bank, on the same day, also issued 1 lakh General Credit Cards (GCCs)

and 50,000 Smart Cards and opened 9 Financial Literacy and Credit Counselling Centres across India.

Goals for FY11

- The Bank aims to reach an **aggregate business** figure of **`5 lakh crore**, comprising total deposits of `285000 crore and advances of `215000 crore.
- The Bank will continue to focus on **core business**, with the objective of augmenting profits and profitability.
- Expanding global footprints, the Bank has plans to open branches in **Manama and QFC-Qatar** .
- Permission of RBI is available to open branches in **South Africa, Germany, the USA, Brazil, Tanzania and Representative Office in Tokyo, Japan**.
- Surveys have been undertaken to open branches in **Sri Lanka, Nigeria and Kenya** □□□