

PRESS RELEASE

Net Profit zooms to Rs.3021 crore, up by 46%
Aggregate Business crosses Rs.4 lakh crore mark
Journey to Rs.5 lakh crore mark by Mar'2011 has begun

Performance Highlights for FY10

Canara Bank crossed three major milestones during 2009-10. First, its **total business** crossed the **Rs.4,00,000 crore** mark, signifying a growth of 24.3%. Second, **net profit** crossed Rs.3000 crore to reach **Rs.3021 crore**, up by Rs.949 crore compared to FY09. Third, the Bank's branch network crossed the **3000 mark** to reach **3046**, an addition of 314 branches during the year.

Performance Snapshot: March 2010

(Amt. in Rs. Cr)

	Mar'2010	Mar'2009	Growth% (Y.o.Y)
Net Profit	3021	2072	45.8
Operating Profit	5061	3964	27.7
Net Interest Income	5681	4718	20.4
Total Business	403986	325112	24.3
Total Deposits	234651	186893	25.6
Net Advances	169335	138219	22.5
Branch Network	3046	2733	+314
Clientele (Million)	37.34	34.80	+2.54

Financial Ratios: March 2010

	Mar'2010	Mar'2009
Dividend (%)	100	80
NIM (%)	2.80	2.78
RoAA (%)	1.30	1.06
Cost- Income Ratio (%)	40.73	43.61
Capital Adequacy Ratio (%)	13.43	14.10
Cost of Deposits (%)	6.12	6.87
Yield on Advances (%)	9.81	10.79

Performance Snapshot: Q4 FY10

(Amt. in Rs. Cr)

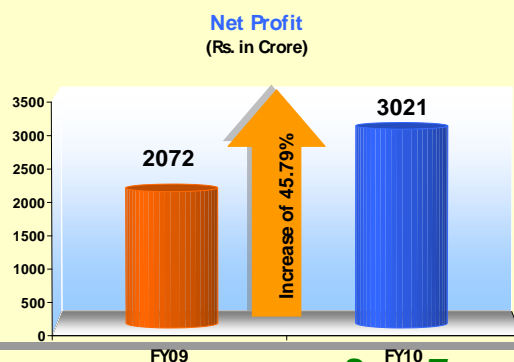
	Q4 FY10	Q4 FY09	Growth (%) (Q.o.Q)
Operating Profit	1430	1273	12.4
Provisions	927	554	67.3
Net Profit	503*	719	-30.0
Total Income	5507	5500	
Of which Other Income	710	846	-16.1
Trading profit	114	349	-67.3
Total Expenses	4076	4228	-3.6
Of which operating expenses	877	879	-0.23
Net Interest Income	1598	1305	22.4
RoAA (%)	0.87	1.47	
Cost-Income Ratio (%)	38.01	40.86	-285 bps

* Net Profit is lower due to lesser trading profit and higher provisions

FY10 Performance

For Canara Bank, it was a year of robust business growth and strong fundamentals.

Net Profit of the Bank reached an impressive Rs.3021 crore, by recording a robust 45.8% growth over FY09 net profit of Rs.2072 crore. **Operating Profit** of the Bank rose to Rs.5061 crore compared to Rs.3964 crore for FY09, with a growth of 27.7%.



A **total provision** of Rs.2039 crore has been made during FY10, which includes a provision of Rs.1408 towards NPA. The **Provision Coverage Ratio for the Bank** was comfortable at **77.71%**, which is well above the RBI stipulated level of 70% (to be achieved by September 2010).

A **dividend of 100%**, amounting to Rs.410 crore is declared by the Board of Directors of the Bank compared to a dividend of 80% last year.

Return on Average Assets for FY10 improved to **1.30%** compared to 1.06% a year ago. While **Earnings Per Share (EPS)** improved to Rs.73.69 from Rs.50.55 a year ago, **Book Value** rose to Rs.305.83 compared to Rs.244.87 as at March 2009.

Income and Expenses

The Bank's **total income** grew by 11.2% to reach Rs.21610 crore, including Rs.13946 crore contributed by **interest income from loans/advances**. **Non-interest income** of the Bank grew by 23.7% to Rs.2858 crore. Fee-based income increased to Rs.1403 crore, supported by income from bancassurance at Rs.68 crore.

While the growth in **total expenses** of the Bank was contained at 7.0%, **operating expenses** of the Bank grew by a moderate 13.5% during FY10 on account of provision for wage revision.

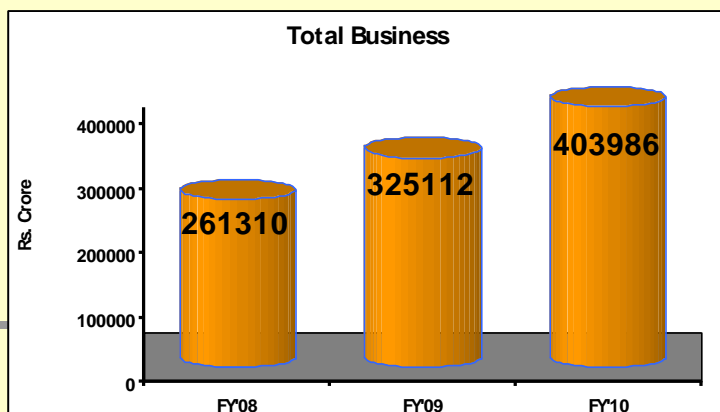
Net interest income improved to Rs.5681 crore, with a growth of 20.4% compared to Rs.4718 crore as at March 2009. The Bank could maintain the spread by increasingly focusing on core business growth and containing cost. **Net Interest Margin (NIM)** improved from 2.78% as at March 2009 to 2.80% as at March 2010.

Q4 FY10 Performance

- **Operating profit** for the quarter grew by 12.4% to Rs.1430 crore compared to Rs.1273 crore last year.
- A total **provision** of Rs.927 crore was made for the quarter, higher than the Rs.554 crore for the same quarter a year ago.
- Income from **sale of investments** during the quarter was to the extent of Rs.114 crore as against Rs.349 crore during the same quarter a year ago.
- On account of the above, **net profit** for Q4 FY10 worked out to Rs.503 crore compared to Rs.719 crore during the corresponding quarter of last year.
- During Q4 FY10, the Bank's **total income** increased to Rs.5507 crore, contributed by Rs.3545 crore from **interest income from loans/advances**.
- **Operating expenses** during the quarter was maintained at Rs.877 crore.
- **Net interest income** for the quarter rose to Rs.1598 crore from Rs.1305 crore a year ago, recording good growth of 22.4%.

Business Growth and Productivity

Against the challenging economic environment, **total business** reached Rs.403986 crore as at March 2010, recording a robust y-o-y growth of 24.3% over Rs.325112 crore last year.



While **aggregate deposits** of the Bank grew by 25.6% y-o-y to touch Rs.234651 crore, **net advances** increased to Rs.169335 crore, registering a y-o-y

growth of 22.5%. **Credit to deposit ratio** stood at 72.16%.

The Bank's **core deposits** grew by 32.3%. The share of **CASA deposits** in domestic deposits was 29.85%. Savings deposits recorded a growth of over 19%.

During FY10, the Bank had launched a nationwide '**Savings Utsav**' campaign to mobilize higher savings deposits. The Bank could add a significant 16 lakh plus new savings bank accounts during the campaign period.

The Bank's **domestic business** constituted 96.7% of the aggregate business with Rs.228445 crore (97.4%) under deposits and Rs.162287 crore (95.9%) under advances.

Productivity, measured as **Business per Employee**, rose to **Rs.9.83** crore as at March 2010, compared to Rs.7.80 crore a year before. **Business per Branch** rose to **Rs.132.63** crore as against Rs.118.96 crore at March 2009. The Bank has added **2.54 million** clientele during the year, taking the total **clientele base** to 37.34 million as at March 2010.

Capital Adequacy and Asset Quality

Capital to Risk Weighted Assets Ratio (Basel II norms) worked out to a comfortable **13.43%** *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 momentum.

The Bank's **gross NPA ratio** stood at 1.52% (Rs.2590 Crore) and net NPA ratio at 1.06% (Rs.1800 crore) as at March 2010. The recovery campaign launched during the year also yielded good results.

Credit Segments

Advances to **priority sector** reached Rs.59310 crore, recording a significant y-o-y growth of 21.6% and accounted for 43.92% of the adjusted net bank credit. Credit to agriculture touched **Rs.25052 crore**, signifying a strong 24.4% growth, covering **29.39 lakh** farmers. The Bank's credit to **Micro, Small and Medium Enterprises** (MSMEs) grew by a robust 30.4% to reach **Rs.31074 crore** compared to a level of Rs.23823 crore a year ago.

The Bank opened **nine exclusive microfinance branches** in urban centres to cater to the requirements of the urban poor.

Sustaining its premier position among nationalized banks, the Bank's **education loan portfolio** increased to **Rs.2896 crore** as at March 2010, registering a y-o-y growth of **25.9%** and covering more than **1.71 lakh** students.

With a disbursement of **Rs.8653 crore** during the year, credit under **retail lending operations** touched **Rs.23902 crore** as at March 2010 with a y-o-y growth of **20.73%**. The Bank's retail portfolio as a proportion of net credit stood at **14.59%**. Advances under housing (direct) increased by **28.1%** growth to reach **Rs.10116 crore**. Housing portfolio, with a significant portion in priority ambit, constituted **42.3%** of the retail portfolio.

Continuing with its commitment to greater financial inclusion in the country, the Bank has achieved **total financial inclusion** in all the **26 lead districts** spread across five States. With a mobilization of **4.50 lakh no-frill accounts** during the year, the total tally under such accounts rose to **21.80 lakh** since inception. Amount under such accounts increased to

Rs.382.5 crore. The Bank has so far formed 3.2 lakh **Self Help Groups** (SHGs), with credit linking of 2.75 lakh SHGs, with an outstanding amount of Rs.926 crore. Extending credit under financial inclusion, the Bank has issued 1,88,762 General Credit Cards, amounting to Rs.269.64 crore.

Further, a **new campus** for Canara Bank Institute for Artisans was inaugurated at Karaikudi, Tamil Nadu by Shri P Chidambaram, Hon'ble Union Home Minister of India during December 2009.

Total business of all 3 RRBs sponsored by the Bank reached Rs.17509 crore, with a growth of 23.4%. For the year ended March 2010, all RRBs posted a profit after tax of Rs.107.8 crore, recording a good growth of 29.4%.

All subsidiaries and sponsored entities of the Bank posted better performance in FY10.

Delivery Channels and Technology Advancement

During FY10, the Bank undertook a **major branch expansion drive** across the country. Befitting its 104th year of existence, the Bank on its Founder's Day i.e., 19th November, 2009, opened 104 branches across the country, inaugurated by Hon'ble Finance Minister Shri Pranab Mukherjee. The Bank opened 314 branches during the year, taking the total tally under the branch network to 3046 branches, including 3 overseas branches at London, Hong Kong and Shanghai. Recently, in April 2010, the Bank opened its **4th overseas branch at Leicester, UK**.

Under **Core Banking Solution**, the Bank has covered 1809 branches accounting for a substantial 90% of the Bank's business as at March 2010. With over 2000 ATMs, the Bank has a debit card base of 49.96 lakh as at March 2010. The number of branches offering **Anywhere Banking** (AWB) and **Internet and Mobile Banking** (IMB) services expanded to 2091 and 1959 branches respectively.

Awards/Accolades

- **Best Bank in South Zone** Award for the year 2008-09 in respect of lending under KVIC and PMEGP Schemes. The award was handed over by Dr. Manmohan Singh, Hon'ble Prime Minister of India.
- The Bank received the **Credit Guarantee Approval Certificate** issued by CGTMSE from Shri Pranab Mukherjee, Hon'ble Finance Minister of India.

Goals for FY11

- The Bank aims to reach an **aggregate business** figure of **Rs.5 lakh crore**, comprising total deposits of Rs.285000 crore and advances of Rs.215000 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** shortly in addition to RBI approval already obtained in 9 international centres.
- Targets to achieve **100% CBS coverage** by June 2010
- The Bank has plans to open **over 200 new branches** during FY2011.

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