

# PERFORMANCE HIGHLIGHTS

**September 2009**

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### A Premier Nationalised Bank in India

- Well spread network of 2806 branches
  - ✓ Over 2000 ATMs spread across the country
- Nearly 36 million strong cross-section clientele base
- Consistent track record of profit making .. Since inception
- Financial Supermarket - 9 subsidiaries/sponsored institutions/JVs
- Foray into High Growth Areas, viz., Insurance and Asset Management with Global Majors

**Pan India Presence**

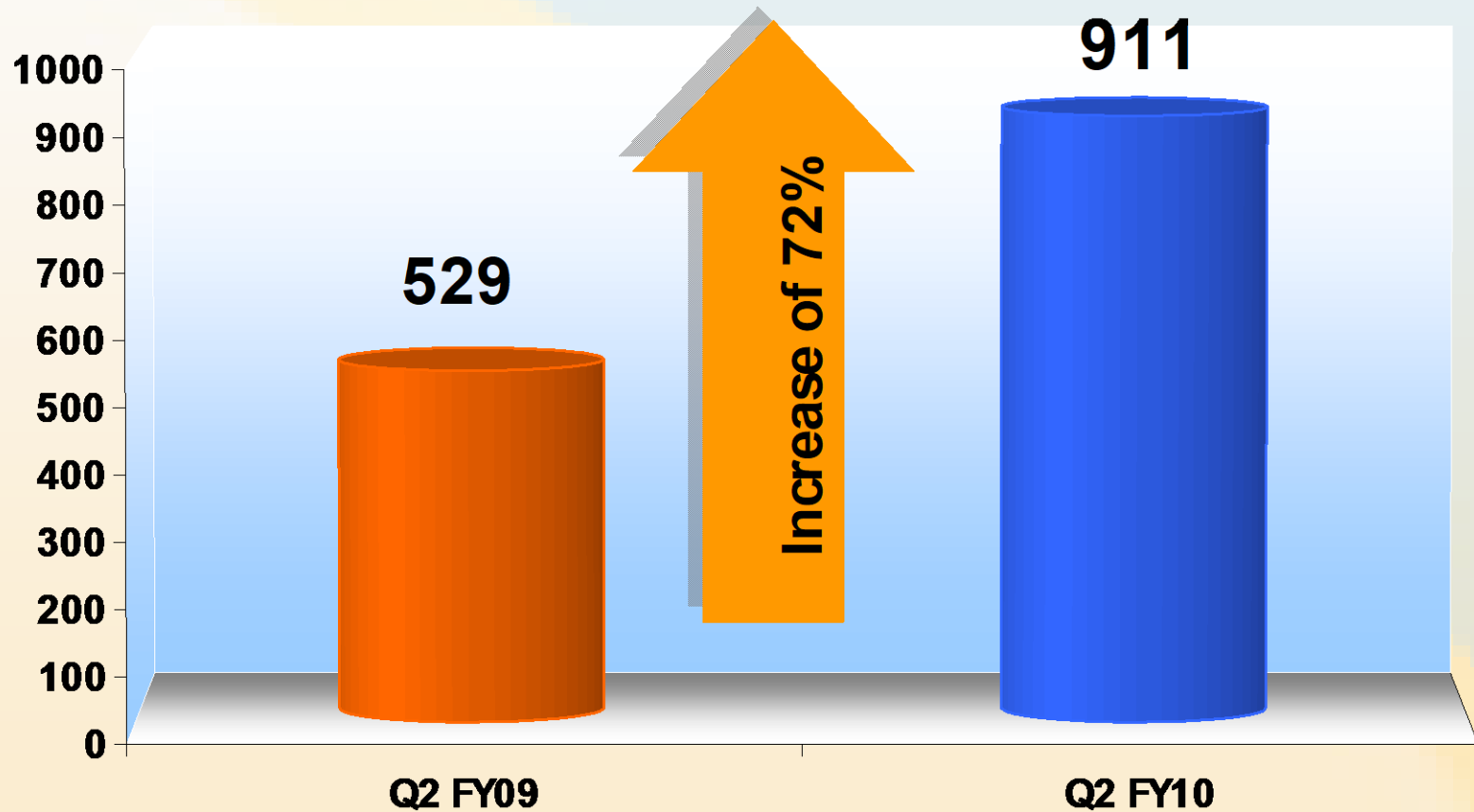
# FINANCIAL HIGHLIGHTS

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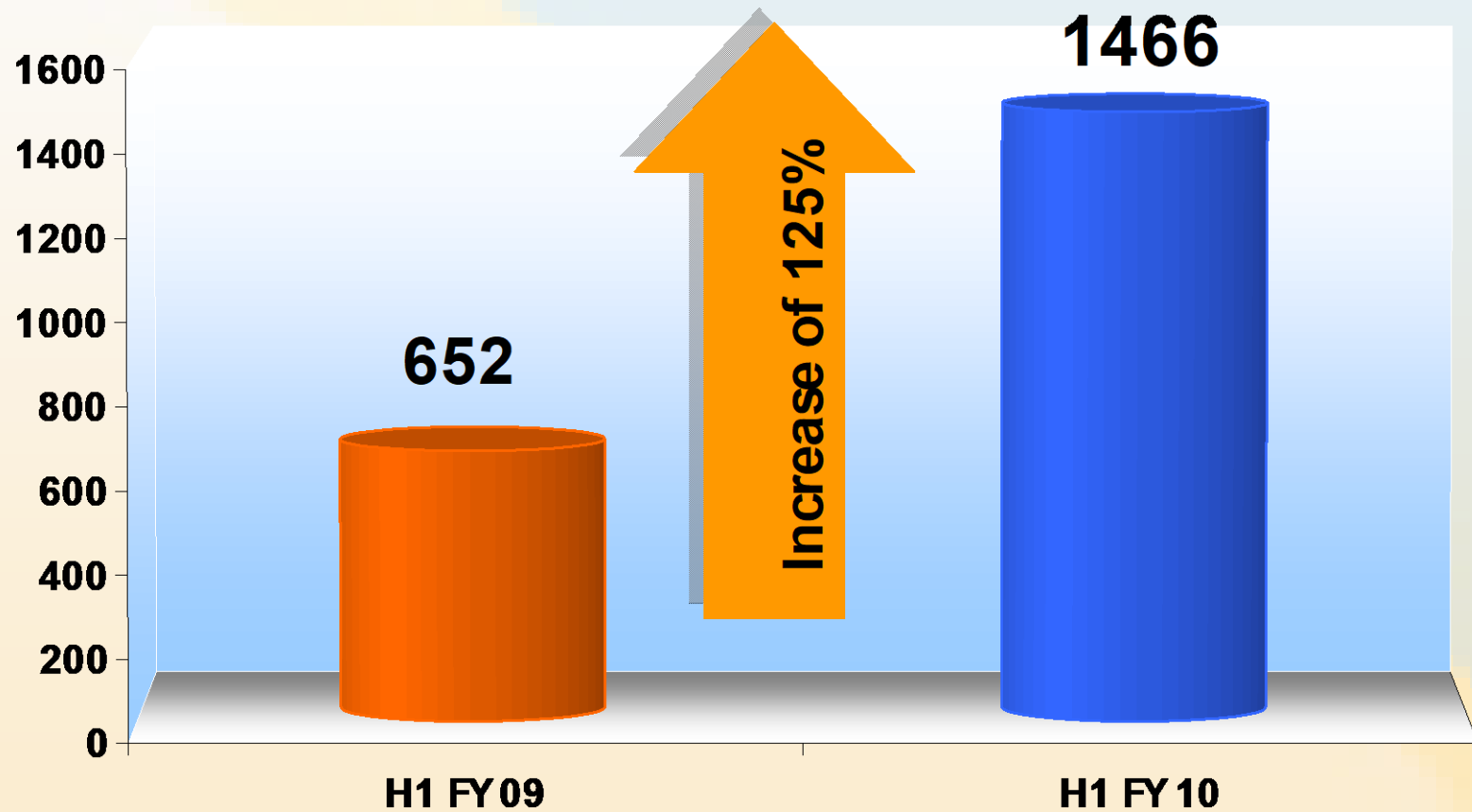
# ROBUST PROFIT GROWTH - Q2 FY10

## Net Profit (Rs. in Crore)



## PROFIT GROWTH – H1 FY10

**Net Profit**  
(Rs. in Crore)



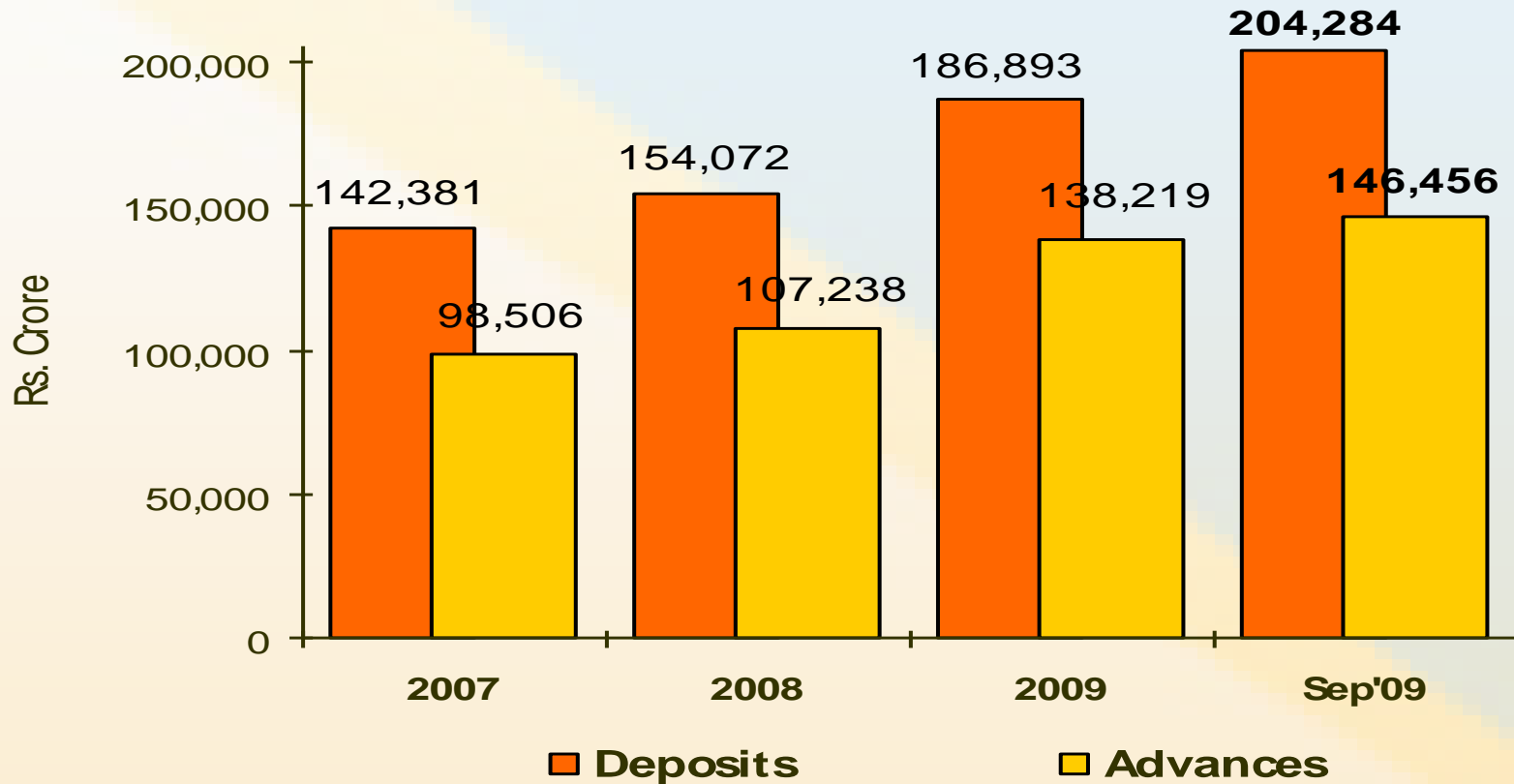
## BUSINESS PROFILE

Amt. in Rs. Crore

	<u>Sep'09</u>	<u>Sep'08</u>	<u>Y-o-Y Gr</u>
<b>Global Business</b>	<b>350740</b>	<b>290824</b>	<b>20.6%</b>
<b>Total Deposits</b>	<b>204284</b>	<b>171510</b>	<b>19.1%</b>
<b>Net Advances</b>	<b>146456</b>	<b>119314</b>	<b>22.8%</b>
<b>CD Ratio (%)</b>	<b>71.69</b>	<b>69.57</b>	<b>212bps</b>

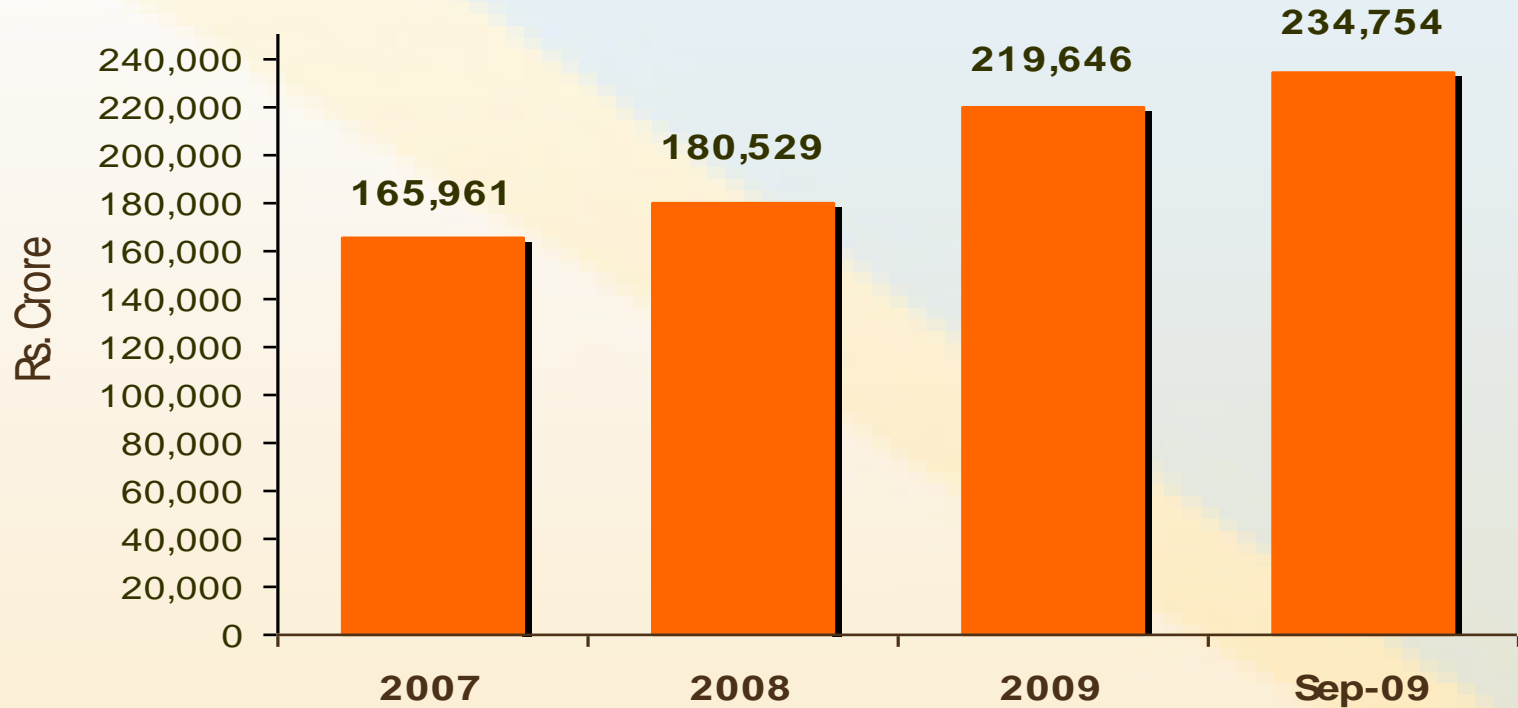
**Robust Business Growth Of Rs.60,000 Cr**  
**Domestic Business Constituted 97.8%**

## TOPLINE GROWTH



**Total Business Added during the H1 : Over Rs.25600 crore**

# TOTAL ASSETS



**Significant Jump in Total Assets**



# INCOME

Amt. in Rs. Crore

	<u>H1FY10</u>	<u>H1FY09</u>	<u>Growth</u>	<u>Q2 FY10</u>	<u>Q2 FY09</u>	<u>Growth</u>
<b>Total Income</b>	<b>10634</b>	<b>8547</b>	<b>24.4%</b>	<b>5602</b>	<b>4448</b>	<b>26.0%</b>
<b>Int. Income</b>	<b>9268</b>	<b>7840</b>	<b>18.2%</b>	<b>4709</b>	<b>4109</b>	<b>14.6%</b>
<b>Int. Loans/Adv</b>	<b>6930</b>	<b>5754</b>	<b>20.4%</b>	<b>3505</b>	<b>3054</b>	<b>14.8%</b>
<b>Non-Int. Inc</b>	<b>1367</b>	<b>707</b>	<b>93.2%</b>	<b>893</b>	<b>339</b>	<b>163.6%</b>

**Impressive Earnings**

## EXPENDITURE

Amt. in Rs. Crore

	<u>H1FY10</u>	<u>H1FY09</u>	<u>Growth</u>	<u>Q2 FY10</u>	<u>Q2 FY09</u>	<u>Growth</u>
<b>Total Exp.</b>	<b>8174</b>	<b>7070</b>	<b>15.6%</b>	<b>4183</b>	<b>3674</b>	<b>13.8%</b>
<b>Int. Exp.</b>	<b>6662</b>	<b>5672</b>	<b>17.5%</b>	<b>3395</b>	<b>2960</b>	<b>14.7%</b>
<b>Op. Expense</b>	<b>1511</b>	<b>1398</b>	<b>8.1%</b>	<b>787</b>	<b>714</b>	<b>10.3%</b>
<b>Staff Expense</b>	<b>920</b>	<b>843</b>	<b>9.2%</b>	<b>462</b>	<b>422</b>	<b>9.6%</b>
<b>Cost-Income Ratio (%)</b>	<b>38.05</b>	<b>48.63</b>	<b>-10.6%</b>	<b>35.69</b>	<b>48.01</b>	<b>-12.3%</b>

**Enterprise-wide 'Cost Saving and Cost Control'  
awareness**

**Cost-Income Ratio below 40% Benchmark**

## PROFIT GROWTH

Amt. in Rs. Crore

	<u>H1FY10</u>	<u>H1FY09</u>	<u>Q2 FY10</u>	<u>Q2 FY09</u>
<b>Operating Profit</b>	<b>2460</b>	<b>1477</b>	<b>1419</b>	<b>774</b>
<b>Growth</b>	<b>66.6%</b>	<b>17.0%</b>	<b>83.5%</b>	<b>19.0%</b>
<b>Provisions</b>	<b>995</b>	<b>825</b>	<b>509</b>	<b>244</b>
<i>incl Prov for Taxation</i>	<b>350</b>	<b>140</b>	<b>200</b>	<b>100</b>
<b>Net Profit</b>	<b>1466</b>	<b>652</b>	<b>911</b>	<b>529</b>
<b>Growth</b>	<b>124.8</b>	<b>1.6%</b>	<b>72.0%</b>	<b>31.8%</b>
<b>RoAA (%)</b>	<b>1.32</b>	<b>0.70</b>	<b>1.63</b>	<b>1.13</b>
<b>EPS (Rs.) (Not Annualized)</b>	<b>35.75</b>	<b>15.91</b>	<b>22.21</b>	<b>12.91</b>

## EARNINGS PROFILE

Amt. in Rs. Crore

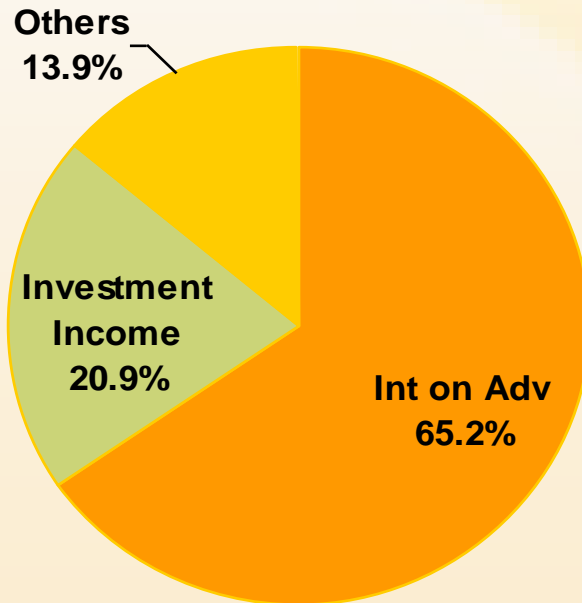
	<u>H1FY10</u>	<u>H1FY09</u>	<u>Q2 FY10</u>	<u>Q2 FY09</u>
<b>Net Int. Income</b>	<b>2605</b>	<b>2168</b>	<b>1314</b>	<b>1149</b>
<b>Y-o-Y Growth</b>	<b>20.2%</b>	<b>29.0%</b>	<b>14.3%</b>	<b>46.0%</b>
<b>Net Int. Margin (NIM) (%)</b>	<b>2.66</b>	<b>2.70</b>	<b>2.66</b>	<b>2.70</b>

**NIM Protected at 2.66%**

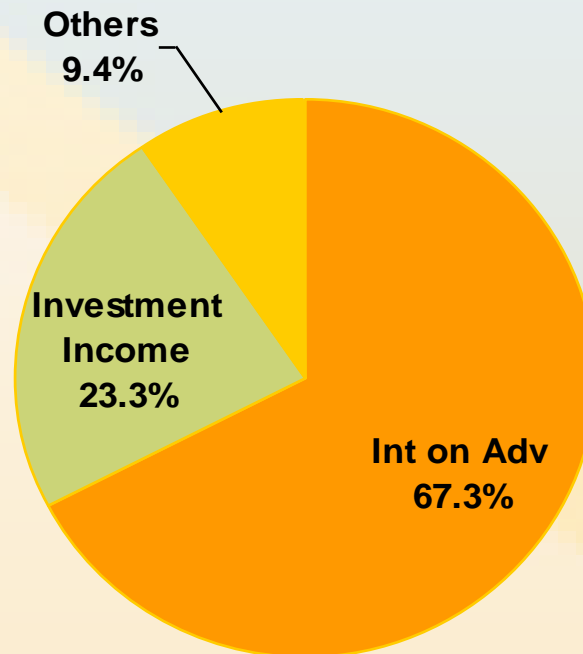
# MAJOR COMPONENTS OF INCOME

- Interest Income continues to drive growth in income  
...over 2/3<sup>rd</sup> of earnings from interest on advances/loans
- Robust growth under Non-Interest Income

H1 FY10 (Sep'09)



H1 FY 09 (Sep'08)



## BREAK-UP OF OTHER INCOME

Rs. in Crore

	FY 10		FY 09	
	H1	Q2	H1	Q2
<b>Total Other Income</b>	<b>1366.51</b>	<b>892.94</b>	<b>707.28</b>	<b>338.77</b>
Commission & Exchange	327.63	155.54	303.89	155.17
Profit from Exchange Trans	110.42	59.19	74.62	-5.69
Trading Profit	463.96	435.80	-18.37	3.53
Dividend Income	44.41	30.60	24.39	14.95
Recovery in w/off A/cs	151.00	71.92	140.20	80.00
Other Misc. Income	269.09	139.89	182.55	90.81
of the above ..				
<b>Fee Income</b>	<b>776.97</b>	<b>393.38</b>	<b>616.59</b>	<b>268.27</b>

**Fee-based Income Grew by 26% over H1-FY09**

- **Increased thrust on Fee Income**
- **Broadbasing of Fee Income sources**
  - ✓ **Cross Selling of Insurance**
  - ✓ **Mutual Fund Products**
  - ✓ **On-line Trading Services**
  - ✓ **Other Traditional Services- LCs, Guarantees, DDs and others.**

**CANARA ROBECO**



## BREAK-UP OF PROVISIONS

	In Rs Crore			
	FY 10		FY 09	
	H1	Q2	H1	Q2
<b>Total Provision &amp; Contingencies</b>	<b>994.60</b>	<b>508.60</b>	<b>825.00</b>	<b>244.09</b>
<b>Of Which:</b>				
<b>Non Performing Advances</b>	<b>459.00</b>	<b>243.00</b>	<b>293.00</b>	<b>153.00</b>
<b>Provision for Investments</b>	<b>-32.40</b>	<b>-32.40</b>	<b>395.00</b>	<b>-5.91</b>
<b>Taxation</b>	<b>350.00</b>	<b>200.00</b>	<b>140.00</b>	<b>100.00</b>



## PROFITABILITY RATIOS (%)

	<u>Sep'08</u> (H1 FY09)	<u>Dec'08</u> (9M FY09)	<u>Mar'09</u> (FY09)	<u>Jun'09</u> (Q1 FY10)	<u>Sep'09</u> (H1 FY10)
<b>Cost of Deposits</b>	6.60	6.81	6.87	6.48	6.47
<b>Yield on Advances</b>	10.50	10.69	10.79	10.05	10.02
<b>Cost of Funds</b>	6.07	6.23	6.32	6.00	5.98
<b>Yield on Funds</b>	8.39	8.57	8.72	8.37	8.32
<b>Spread</b>	2.32	2.34	2.40	2.37	2.34
<b>Net Interest Margin</b>	2.70	2.75	2.78	2.70	2.66

## PRODUCTIVITY RATIOS

	<u>Sep'09</u>	<u>Sep'08</u>
Business per Employee (Rs. Crore)	8.46	6.86
Business per Branch (Rs. Crore)	125.00	107.16
Gross Profit per Employee (Rs. Lakh)	11.87	6.97
Net Profit per Employee (Rs. Lakh)	7.07	3.08

**Highest Per Branch Business among Peers**

## INVESTMENT PORTFOLIO

Amt. in Rs. Crore

	<u>Sep'09</u>	<u>Sep'08</u>
<b>Net Investments (Domestic)</b>	<b>64403</b>	<b>50192</b>
<b>Held to Maturity</b>	<b>50671</b> <b>(78.7%)</b>	<b>37119</b> <b>(74.0%)</b>
<b>Available for Sale</b>	<b>13416</b> <b>(20.8%)</b>	<b>12935</b> <b>(25.7%)</b>
<b>Held for Trading</b>	<b>316</b> <b>(0.5%)</b>	<b>138</b> <b>(0.3%)</b>

Figures in the brackets are percentage shares in total

## ASSET QUALITY

	<u>Sep'09</u>	<u>Sep' 08</u>
<b>Gross NPA (Rs. Crore)</b>	<b>2348</b>	<b>1437</b>
<b>Gross NPA Ratio (%)</b>	<b>1.60</b>	<b>1.20</b>
<b>Net NPA (Rs. Crore)</b>	<b>1694</b>	<b>1065</b>
<b>Net NPA Ratio (%)</b>	<b>1.16</b>	<b>0.89</b>

**Substandard Assets: 65.5% of Gross NPA and 77.3% of Net NPA**

**Intensive Thrust on Credit Monitoring and Containing Slippages**



## COMFORTABLE CAPITAL POSITION

- CRAR of **14.46%** at Sep'09

**...well above the regulatory minimum of 9%**

**...Tier I ratio at 8.95%**

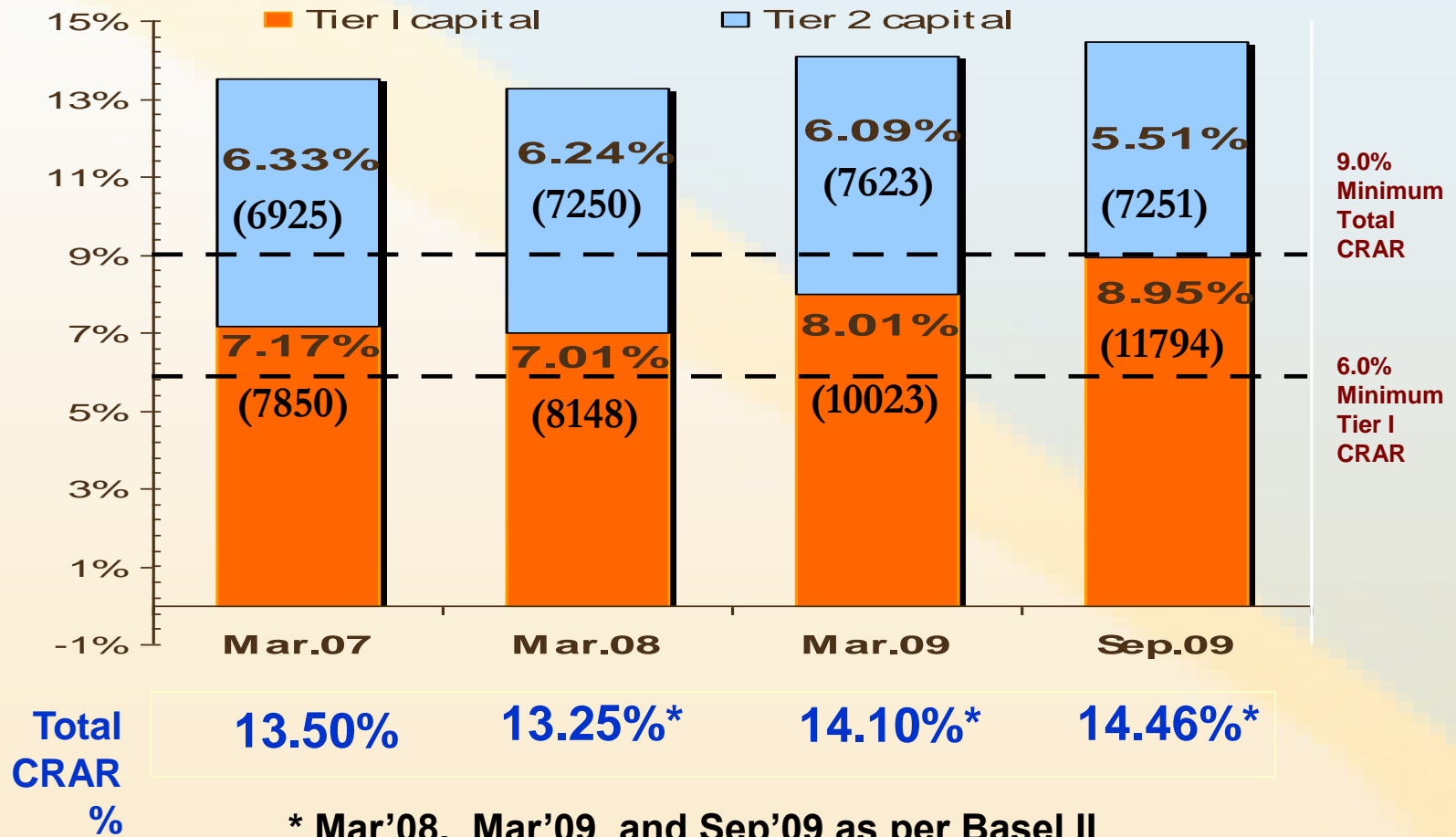
**...Tier II ratio at 5.51%**

- **Medium Term Objective .. CRAR of above 12%**

**...still undiluted 73.17% GoI Holding in the Bank**

**Adequate Headroom for Capital Augmentation**

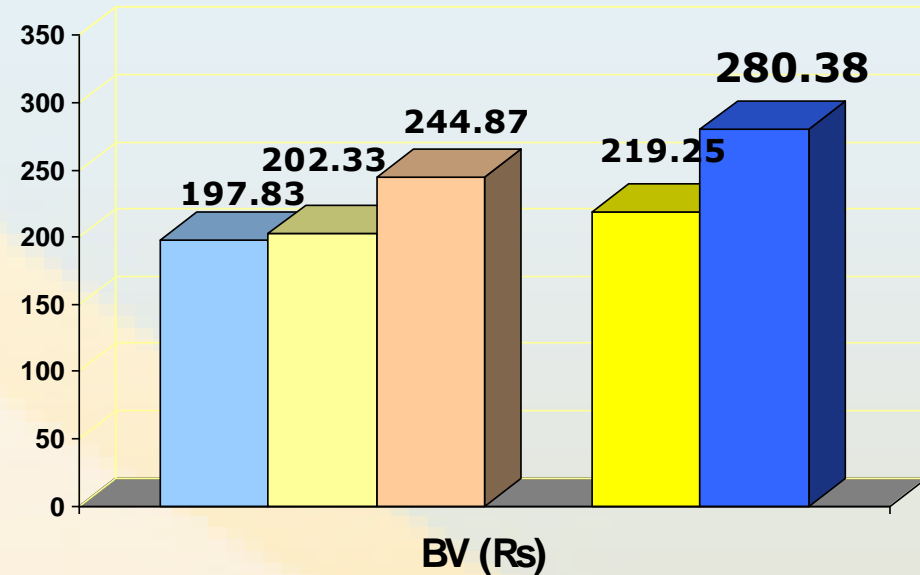
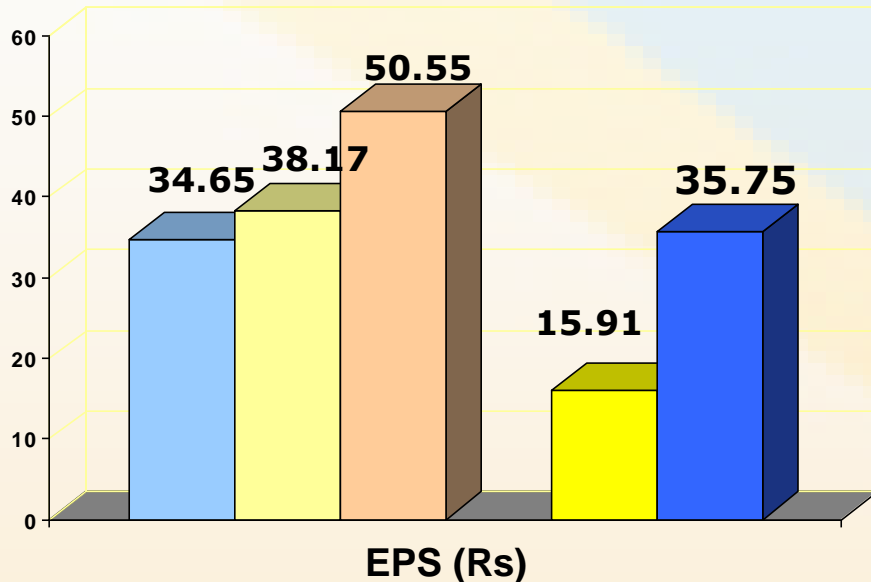
# CAPITAL ADEQUACY – Basel II



\* Mar'08, Mar'09 and Sep'09 as per Basel II

(Figures in the brackets are amt. in Rs. Crore)

# EARNINGS PROFILE



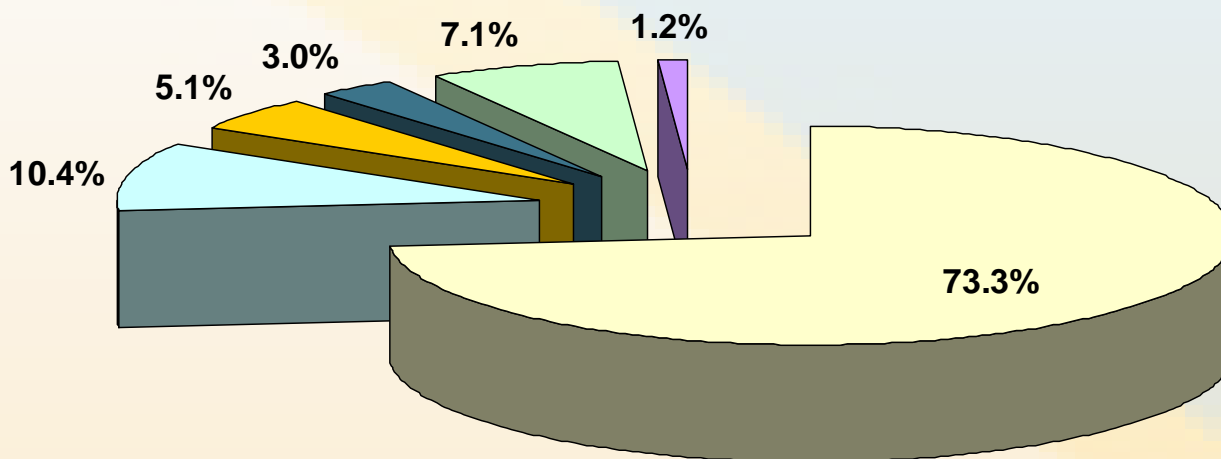
■ Mar-07 
 ■ Mar-08 
 ■ Mar-09 
 ■ . 
 ■ Sep-08 
 ■ Sep-09

**Continues to Sustain High Levels of Earnings**  
**Book Value (BV) and Earnings Per Share (EPS) show consistent rise**

**EPS for September Quarters (Not Annualized)**

# SHARE HOLDING PATTERN

As on September 30,  
2009



□ Govt of India □ FIIs □ Resident Individuals □ MFs □ IFIs □ Others



# BUSINESS FOCUS

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## CORE DEPOSITS GROWTH

Amt. in Rs.

	<u>Sep'09</u>	<u>Sep'08</u>	<u>Y-o-Y Gr</u>
<b>Core Deposits</b>	<b>176646</b>	<b>116181</b>	<b>52.0%</b>
<b>Retail Term Deposits</b>	<b>118044</b>	<b>62868</b>	<b>87.8%</b>
<b>CASA per branch</b>	<b>20.88</b>	<b>19.64</b>	
<b>Deposits Clientele (Mn)</b>	<b>31.68</b>	<b>29.23</b>	<b>2.45Mn</b>

**Highest Per Branch CASA Deposit among Peers**

## CREDIT FOCUS

Amt. in Rs. Crore

	<u>Sep'09</u>	<u>Sep'08</u>	<u>Y-o-Y Gr</u>
Priority Sector Credit	53026	44946	18.0%
Agriculture Credit	22583	18798	20.1%
MSME Advances	27029	20323	33.0%
Retail Lending	20608	17766	16.0%
Housing	8230	6564	25.4%
Infrastructure Advances	24173	15135	59.7%
Adv Clientele (Mn)	4.15	3.89	0.26Mn

**Well Diversified Credit Portfolio**  
**Focus on Productive Sectors**

- Education Loans up by 30% y.o.y
- Outstanding Education Loans as at Sep'09 Rs.2652 crore
- The portfolio covers over 1.5 lakh students
- On-line Education Loan application in web portal

**Number ONE amongst Nationalized Banks  
In Outstanding Education Loans**

## EXPANDING THE REACH

	<u>Sep'09</u>	<u>Sep'08</u>	<u>Y-o-Y Incr</u>
Branch Network	2806	2714	92
ATM Strength	2019	2013	
Card Base (In Lakh)	65.00	49.08	15.92

### Strategic Initiatives

- Focus on Expanding Domestic Branch Network
- Addition of 128 branches during the current financial so far
- Thrust on Savings deposits: Ongoing Mega '**Savings Utsav**' Campaign
- Significant rise in number of Savings Bank accounts

## EXPANDED CLIENTELE BASE

	<u>Sep'09</u>	<u>Sep'08</u>	<u>Y-o-Y Incr</u>
<b>Clientele Base in Mn</b>	<b>35.83</b>	<b>33.12</b>	<b>2.71</b>
<b>- No of Deposit a/cs (Mn)</b>	<b>31.68</b>	<b>29.23</b>	<b>2.45</b>
<b>- No of Borrowal a/cs (Mn)</b>	<b>4.15</b>	<b>3.89</b>	<b>0.26</b>

**Nearly 36million strong clientele base**

## INFOTECH PROGRESS

	<u>Sep'09</u>	<u>Sep'08</u>
<b>Core Banking Branches</b>	<b>1591</b>	<b>1043</b>
<b>Anywhere Banking Branches</b>	<b>2084</b>	<b>2027</b>
<b>Internet &amp; Mobile Banking Branches</b>	<b>1591</b>	<b>1351</b>
<b>NEFT and RTGS</b>	<b>All Branches</b>	

**87.5% Business under Core Banking Branches**

## AWARDS AND ACCOLADES



Hon'ble Prime Minister of India, Dr. Manmohan Singh conferred the **'BEST BANK IN SOUTH ZONE' AWARD** for the year 2008-09 in respect of implementation of KVIC and PMEGP schemes.



## PLANS FOR FY10

- Total Business of Rs.4,00,000 crore by Mar'10
    - ... **Rs.2,25,000 crore under Deposits**
    - ... **Rs.1,75,000 crore under Advances**
  - Focus on domestic branch expansion – To Cross 3000 branches
  - Focus on Core Business and Core Income Growth
  - Further CBS rollout of branches/units
  - Increasing technological automation
  - Expanding global footprints
- ... One Representative Office at **Sharjah** and a branch at **Leicester** in the U.K slated for opening during the financial

# Initiatives...

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### RETAIL LENDING PUSH

- Intensive focus on housing loans
- Attractive offerings for housing loans upto Rs.30 lakhs  
...RoI reduced to 8% for 12 months and 9% for next 48 months.
- Focus on Retail Asset Hubs-Central Processing Units  
.... for reducing turnaround time

## Spread Management

- **Challenges on Sustaining Net Interest Margin**
- **Reduction in BPLR - from 12.5% to 12% (w.e.f April 1<sup>st</sup> 2009 )**
- **Reduction in deposit rate from the peak of 10.5% to 7.25% at present**

## Measures

- **Intensive mobilization of Core Deposits**
- **Thrust on CASA deposits – Ongoing ‘Savings Utsav’ Campaign**
- **Substitution of high cost preferential rate deposits with low cost term deposits**
- **Deployment of resources in better yielding productive assets**
- **Intensive thrust on credit monitoring and containing slippages**

## Cost Management

- **Effective Cost Management to protect 'Operating Margin'**
- **Exercising Restraint/Control on 'Other Operating Expenses'**
- **Economizing cost and rental for branches/offices/ATMs**
- **Optimizing the utilization of ATMs**
- **Reducing burden, improving pool of non-interest income by Mar'10**
- **Enterprise-wide 'Cost Saving and Cost Control' awareness**



**THANK YOU**