

**PRESS RELEASE**

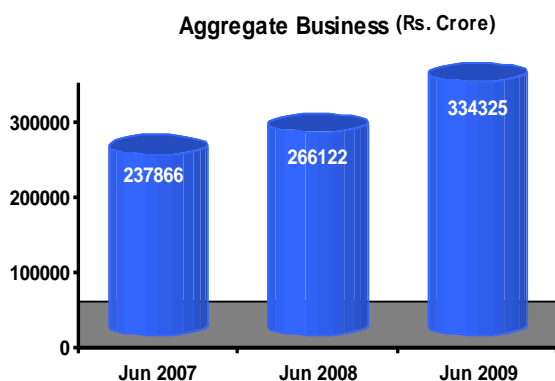
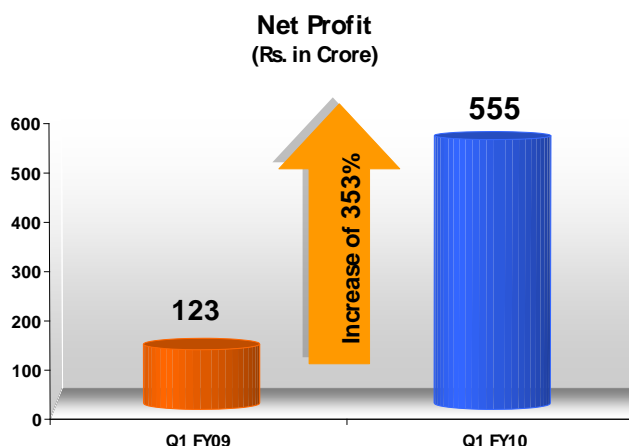
***Highlights for the Quarter ended June 2009***

- ***Net Profit*** surges to **Rs.555 crore**, with a robust y-o-y **growth of 353%**.
- ***Operating Profit*** up by **48%** to reach **Rs.1041 crore**.
- A ***total provision*** of Rs.486 crore made including a provision of Rs.216 crore towards NPA and Rs.75 crore towards wage settlement.
- ***Aggregate Business*** increased by **over Rs.68000 crore** to **Rs. 334325 crore**, up by 26%.
- ***Total Deposits*** reached **Rs.193657 crore**, up by 24%.
- ***Net Advances*** grew by 28% to reach **Rs.140668 crore**.
- ***Credit to Deposit ratio*** improved from 70.27% as at June 2008 to **72.64%**.
- ***Other income*** rose by 29% to **Rs.474 crore**.
- ***Operating Expenses*** contained at 5.8%.
- While overall ***income*** went up by 23%, total ***expenditure*** growth was contained at 17%.
- ***Cost to Income ratio*** **declined to 41%** from 49.30% as at June 2008, a fall of 8.3 percentage points.
- ***Net Interest Income*** up by 27% to **Rs.1291crore**.
- ***Net Interest Margin*** **improved to 2.70%** from 2.57% as at June 2008.
- ***Return on Average Assets***, on annualized basis, **improved to 1.02%** from 0.27% as at June 2008.
- Comfortable ***Capital Adequacy Ratio*** at 13.59%, well above stipulated norm of 9%. **Tier I Capital at above 8%**.

**Bank's** Net Profit surges to Rs.555 crore, recording a robust growth of 353% compared to Rs.123 crore recorded in the corresponding quarter of the last year.

The Bank's **aggregate business** rose to a level of Rs.3,34,325 crore as at June 2009, recording a y-o-y growth of 26%.

**Operating Profit** of the Bank rose by 48% to Rs.1041 crore as at June 2009 compared to Rs.704 crore recorded during the corresponding quarter a year ago. The Bank has made a total provision of Rs.486 crore, including a provision of Rs.216 crore towards NPA and Rs.75 crore for wage settlement.



**Aggregate business** was driven by a 23.9% growth in deposits and 28.1% growth in advances (net). The aggregate deposits reached Rs.193657 crore, out of which **Rs.189745 crore** has come from domestic branches, up from Rs.151413 crore as at June 2008, with growth of 25.3%.

Advances (net) reached a level of Rs.140668 crore, out of which contribution by domestic branches was **Rs.136777 crore**,

up from Rs.108231 crore as at June 2008, indicating a growth of 26.4%.

**Domestic business constituted 97.7% of global business.**

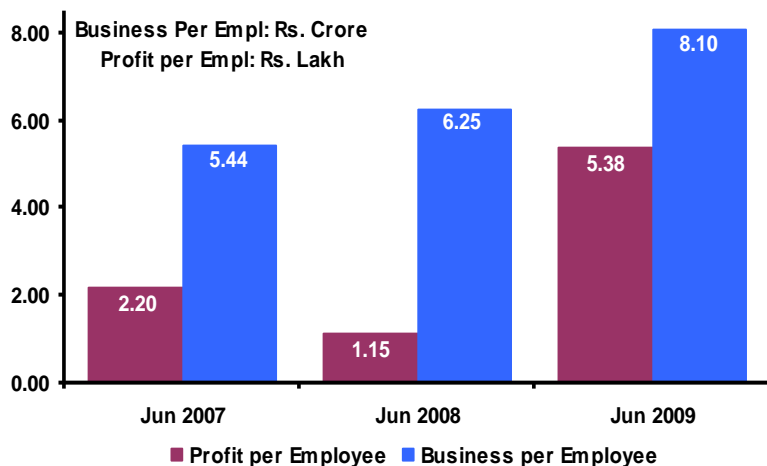
The Bank's **core deposits**, comprising retail and CASA deposits, recorded a y-o-y growth of 42.8%. Credit to deposit ratio improved to 72.64% compared to 70.27% as at June 2008.

**Capital Adequacy Ratio** (Basel II) stood at 13.59%, well above the regulatory minimum of 9%. Tier I capital ratio improved to 8.06%. The Bank's capital position is one of the strongest among its peers. Given the still undiluted 73.17% Government of India holding, the Bank has large headroom available under both Tier I and Tier II options to raise capital and support business growth momentum.

Driven by a 26.8% growth in interest income from loans/advances, the Bank's **total income** reached Rs.5032 crore, indicating a growth of 22.8% over the corresponding previous quarter. The Bank's non-interest income grew by 28.5% to Rs.474 crore as at June 2009 compared to Rs.369 crore a year ago.

The Bank has implemented several steps to control the expenses under various heads. As a result, the growth in **operating expenses** of the Bank was contained at 5.8% y.o.y

**Net interest income** improved to Rs.1291 crore as at June 2009 from Rs.1019 crore a year ago, recording a y-o-y growth of 26.7%. The Bank's **Net Interest Margin (NIM)** improved from 2.57% as at June 2008 to 2.70% at June 2009, registering an increase of 13 bps. **Return on average assets** improved to 1.02% compared to 0.27% a year ago. While **Earnings per Share** rose to Rs.13.54, **Book Value** increased to Rs.258.25 as at June 2009.



While **Business per Employee** increased to Rs.8.10 crore, **Business per Branch** improved to Rs.122.1 crore as at June 2009 compared to Rs.98.7 crore as at June 2008. The Bank's clientele base increased by 2.66 million over June 2008 to reach 35.40 million, comprising 31.07 million under deposit accounts and 4.33 million under borrowal accounts.

### Asset Quality

The Bank's assets quality has been influenced by the ongoing economic downturn. With a **gross NPA ratio** at 1.74%, **net NPA ratio** of the Bank was 1.29% as at June 2009. Substandard assets constitute 75% of gross NPA, while the same constitute 88% of net NPA.

Total number of **accounts restructured** under special regulatory treatment was at 92,765, involving an amount of Rs. 5190 crore till the quarter ended June 2009.

**Cash recovery** increased to Rs.243 crore compared to Rs. 164 crore a year ago.

Outstanding **advances to the priority segments** registered a 19.2% growth to reach Rs.50217 crore, covering 35.2 lakhs borrowers. Credit disbursement to agriculture during the quarter stood at Rs.4059 crore, covering 4.6 lakhs farmers. Outstanding agricultural advances moved up to Rs.20675 crore, recording a y.o.y growth of 19.1%. Over 27 lakhs farmers were covered under agriculture advances.

The Bank's credit to **Micro, Small and Medium Enterprises (MSME)** recorded a 23.4% growth to reach Rs.23652 crore compared to a level of Rs.19173 crore as at June 2008.

In the sphere of **education loans**, Canara Bank continues to lead the nationalized banks with a loan portfolio of Rs.2387 crore. Education loan portfolio recorded 32.8% growth, covering more than 1.47 lakhs students.

While the Bank's **retail lending portfolio** registered a growth of 13.3% to reach Rs. 19819 crore, disbursements during the quarter were to the tune of Rs. 1191 crore. The direct housing loan constituted 40% of the retail lending portfolio, of which a majority comes under the priority ambit. On a y.o.y basis, housing loans (direct) recorded a robust 24.2% growth to touch Rs.7975 crore, thanks to our ongoing initiatives, including attractive rate of interest, especially for housing sector.

Pursuing its commitment to the financial inclusion, the Bank has achieved total financial inclusion in all the 25 lead districts spread over five States. The total tally under the mobilization of **No-frill accounts** stood at 17.86 lakhs since inception. The Bank formed 2.79 lakhs **Self Help Groups** as at June 2009, with credit linking of 2.32 lakh SHGs.

**Number of branches** increased to 2739, including 3 overseas branches and an Offshore Banking Unit at NOIDA, India. Apart from 111 specialized service branches, the Bank has 168 Extension Counters.

As at June 2009, the number of branches under **Core Banking Solution (CBS)** stood at 1058, accounting for 77% of the Bank's business. The Bank has more than 2000 ATMs across the country for easy accessibility and convenience to the customers and other users. These apart, the number of branches offering **Anywhere Banking (AWB)** services and **Internet and Mobile Banking (IMB)** services expanded to 2078 and 1362 respectively. Under the advanced payment and settlement system, all branches have been enabled with RTGS and NEFT facilities. The total tally under the debit card base rose to 4.81 million as at June 2009. The Bank has taken several steps to improve debit card base, increase number of hits per ATM and rationalize and relocate ATMs in better and potential centres.

### **Goals for FY10**

- The Bank targets a **global business** of Rs.4,00,000 crore, comprising global deposits of Rs.2,25,000 crore and global advances of Rs.1,75,000 crore.
- The Bank will continue to focus on **core business**, with the objective of augmenting profits and profitability.
- Further roll-out of CBS during the year- in branches and units.
- 200 more branches to be opened during the year.

