

PRESS RELEASE

*Net Profit at Rs.1013 crore, up by an impressive 82.5%
Aggregate Business at Rs.4.13 lakh crore*

Sustained high growth trajectory, buoyant bottomline and stronger fundamentals are the most noteworthy features of the Canara Bank's first quarter results.

Major Highlights

- **Riding on High Growth Trajectory- Consistent Growth in Business and Profit**
- **NIM crosses the 3% mark ...at 3.01%**
- **Return on Asset at 1.55%, above global benchmark of 1%**
- **Both Gross NPA and Net NPA in absolute and ratio terms have come down compared to March 2010, net NPA at 1%**
- **Recovery and upgradation together overshoot slippages.**
- **CBS coverage increased to 2681 branches as on 16th July 2010, accounting for 96% of total business**
- **All branches will be under CBS before 31st July 2010**

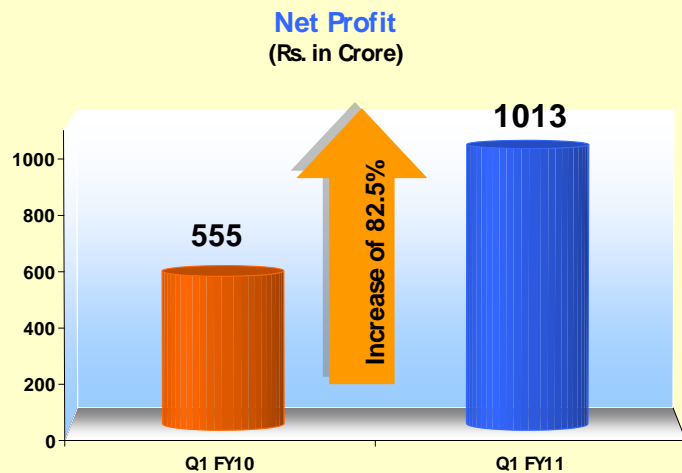
Net Profit shot up to Rs.1013 crore with a significant 82.5% growth compared to Rs.555 crore posted in the corresponding quarter of previous financial. **Operating Profit** of the Bank rose by 61% to Rs.1483 crore as at June 2010 compared to Rs.921 crore a year ago.

The Bank made a total provision of Rs.470 crore, including a provision of Rs.131 crore towards NPA. **Provision Coverage Ratio** improved to 78.01% as at June 2010.

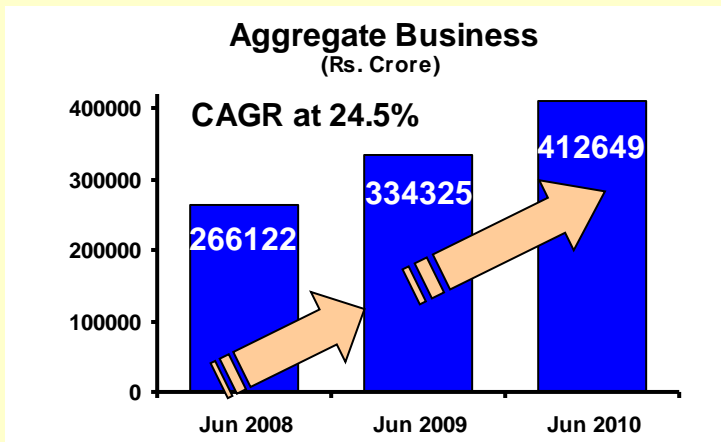
Return on average assets (RoAA) improved to a noteworthy 1.55% compared to 1.02% a year ago. While **Earnings per Share** rose to Rs.24.72, **Book Value** increased to Rs.330.83 as at June 2010.

Capital Adequacy

Capital Adequacy Ratio stood at 12.44%, well above the regulatory minimum of 9%. Tier I capital ratio improved to 8.10%. 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.



Business Growth and Productivity



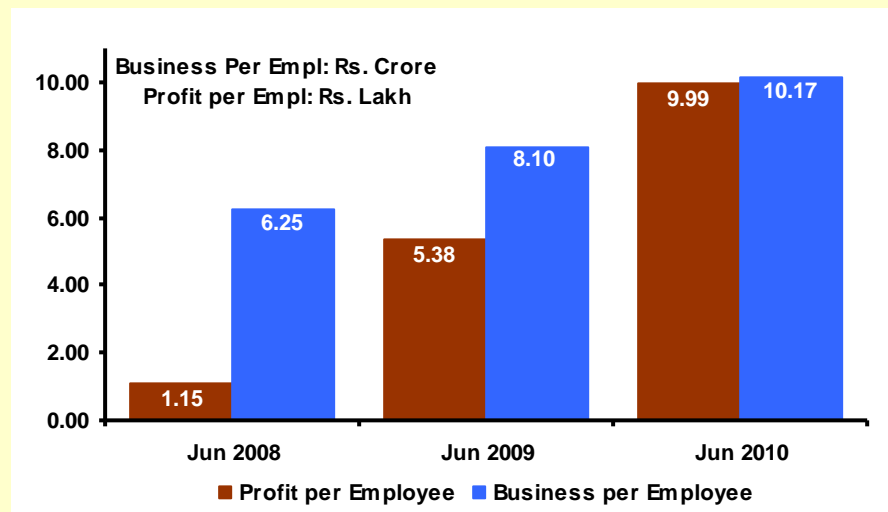
The Bank's **aggregate business** rose to a level of Rs.412649 crore as at June 2010, recording a robust growth of 23.4% y-o-y. The aggregate deposits reached Rs.238855 crore, up from Rs.193657 crore as at June 2009, with a growth of 23.3%.

Advances (net) reached a level of Rs.173794 crore, up from Rs.140668 crore as at June 2009, indicating a growth of 23.6%.

The Bank's **domestic business** constituted 96.6% of the aggregate business with Rs.232226 crore under deposits and Rs.166215 crore under advances.

CASA deposits grew by 28.8% to reach Rs.69350 crore. CASA share in domestic deposits was close to 30%. Responding to a nation-wide aggressive Savings Bank Deposits campaign, SB deposits of the Bank recorded a healthy growth of 28.3% to touch Rs.53565 crore. Credit to deposit ratio improved to 72.76%.

While **Business per Employee** increased to Rs.10.17 crore, **Business per Branch** improved to Rs.134.81 crore as at June 2010 compared to Rs.122.06 crore as at June 2009. The Bank's **clientele base** increased by 2.09 million over June 2009 to reach 37.49 million, comprising 33.03 million under deposit accounts and 4.46 million under borrowal accounts.



Income and Expenses

Driven by a 55% growth in non-interest income, the Bank's **total income** reached Rs.5895 crore. The Bank's non-interest income reached Rs.734 crore compared to Rs.474 crore a year ago.

Net interest income rose to Rs.1728 crore, recording a robust 33.8% growth from Rs.1291 crore a year ago. As a result, the Bank's **Net Interest Margin** (NIM) significantly jumped to 3.01% from 2.70% in the previous year, an increase of 31 bps.

Asset Quality

Led by good cash recovery and strengthening of credit monitoring, both gross NPA and Net NPA in absolute and percentage terms have come down during the quarter. The Bank's **gross NPA ratio** came down to 1.46% (Rs.2549 crore) and **net NPA ratio** to 1.00% (Rs.1729 crore) as at June 2010 as against the gross NPA ratio of 1.74% and Net NPA ratio of 1.29% during corresponding quarter last year. **Cash recovery** increased to Rs.401 crore compared to Rs.245 crore a year ago.

Credit Segments

Outstanding **advances to the priority segments** registered a 14.7% growth to reach Rs.57621 crore. Outstanding agricultural advances moved up to Rs.23128 crore, recording a y-o-y growth of 11.9%.

The Bank's credit to **Micro, Small and Medium Enterprises** (MSME) recorded a significant 33.5% growth to reach Rs.31597 crore compared to a level of Rs.23675 crore as at June 2009.

Continuing its lead among nationalized banks, the Bank's **education loan portfolio** rose to Rs.2976 crore. Education loan portfolio recorded 24.7% growth, covering more than 1.71 lakh students.

The Bank's **retail lending portfolio** registered a growth of 19.6% to reach Rs.23703 crore. The direct housing loan recorded a y.o.y growth of 26.7% to Rs.10101 crore, constituting 42.6% of the retail lending portfolio, of which a majority comes under the priority ambit.

Pursuing its commitment to the financial inclusion, the Bank has achieved total financial inclusion in all the 26 lead districts spread over five States. The total tally under the mobilization of **No-frill accounts** stood at 22.54 lakh since inception. The Bank formed 3.26 lakh **Self Help Groups** as at June 2010, with credit linking of 2.82 lakh SHGs.

Delivery Channels and InfoTech Advancement

Continuing with the branch expansion drive, the Bank opened 14 domestic branches, one overseas branch at Leicester, UK and a Representative Office at Sharjah, UAE during the quarter, taking the total tally under the branch network to **3061 branches**. The Bank has identified 200 potential centres for opening branches during the current financial year.

Number of branches under **Core Banking Solution** increased to **2681** as on 16th July 2010, accounting for 96% of the Bank's total business. **All branches will be brought under CBS before 31st July 2010**. With over 2000 ATMs, the Bank's debit card base rose to 55.50 lakh. The number of branches offering **Internet and Mobile Banking** (IMB) services expanded to 2681 branches.

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 has plans to open branches in **Manama and QFC-Qatar**

➔ The Bank has plans to open **over 200 new branches** during FY2011.

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Performance Snapshot: June 2010
Rs. Cr)

(Amt. in

	Jun'2008	Jun'2009	Jun'2010	Growth % (Q.o.Q)
Net Profit	123	555	1013	82.5
Operating Profit	704	921	1483	61.0
Net Interest Income	1019	1291	1728	33.8
Total Business	266122	334325	412649	23.4
Total Deposits	156295	193657	238855	23.3
Net Advances	109827	140668	173794	23.6
Branch Network	2696	2739	3061	+322
Clientele (Million)	32.74	35.40	37.49	+2.09

Financial Ratios: June 2010

	Jun'2008	Jun'2009	Jun'2010
Capital Adequacy Ratio (%)	12.66	13.59	12.44
RoAA (%)	0.27	1.02	1.55
Cost- Income Ratio (%)	49.30	47.80	39.75
NIM (%)	2.57	2.70	3.01
Cost of Deposits (%)	6.36	6.48	5.69
Yield on Advances (%)	10.06	10.05	9.35

Income & Expenditure: Q1 FY11

(Amt. in Rs. Cr)

	June 2009	June 2010	Growth (%) (Q.o.Q)
Operating Profit	921	1483	61.0
Provisions	366	470	--
Net Profit	555	1013	82.5
Total Income	5032	5895	17.2

<i>Of which Other Income</i>	474	734	55.0
<i>Trading profit</i>	28	224	--
Total Expenses	4111	4412	7.3
<i>Of which opt. expenses</i>	844	978	15.9

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