

PERFORMANCE HIGHLIGHTS

June 2009

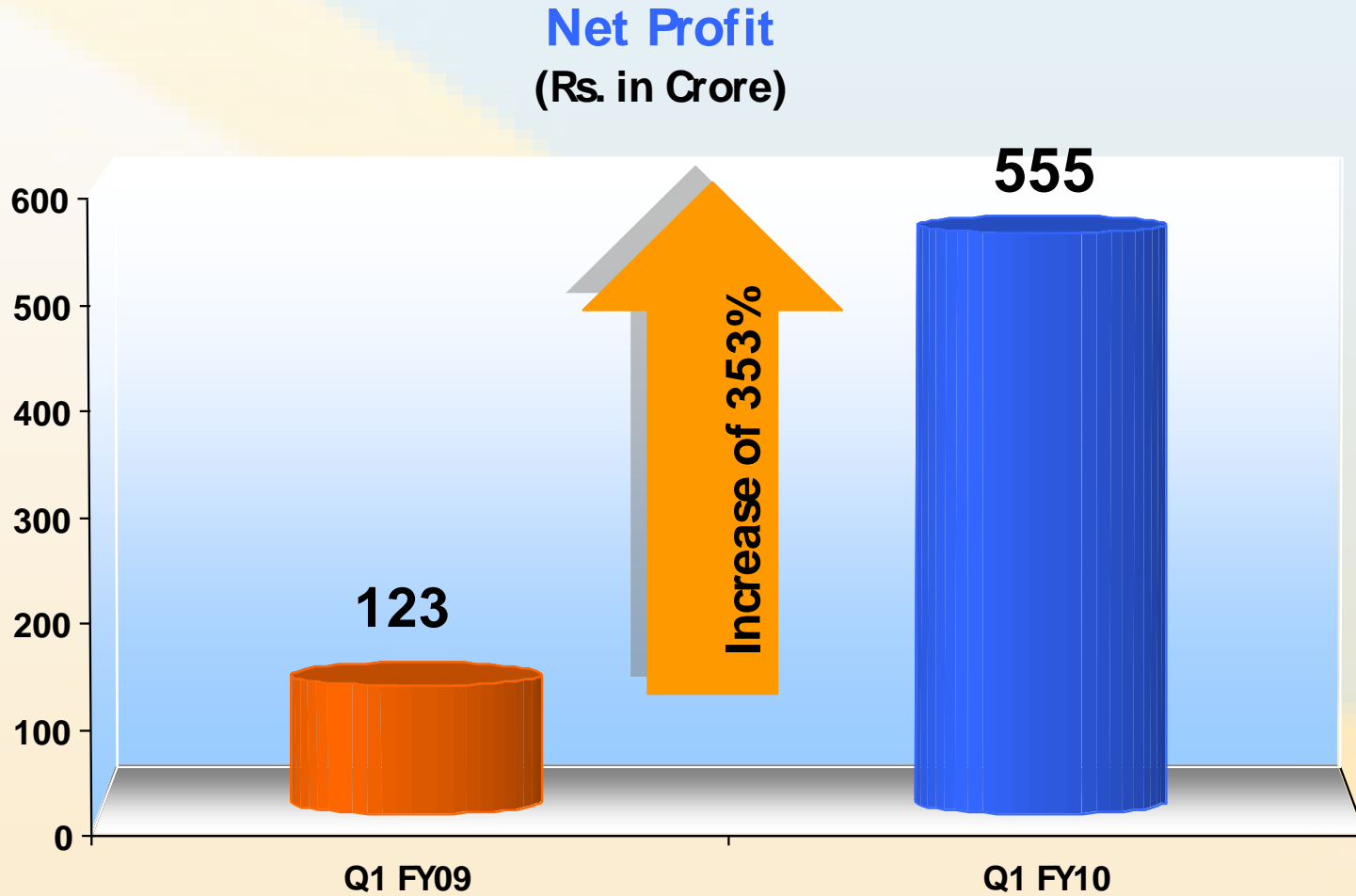
A Premier Nationalised Bank in India

- Well spread network of 2739 branches
 - ✓ Over 2000 ATMs spread across the country
- Nearly 35 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

ROBUST PROFIT GROWTH



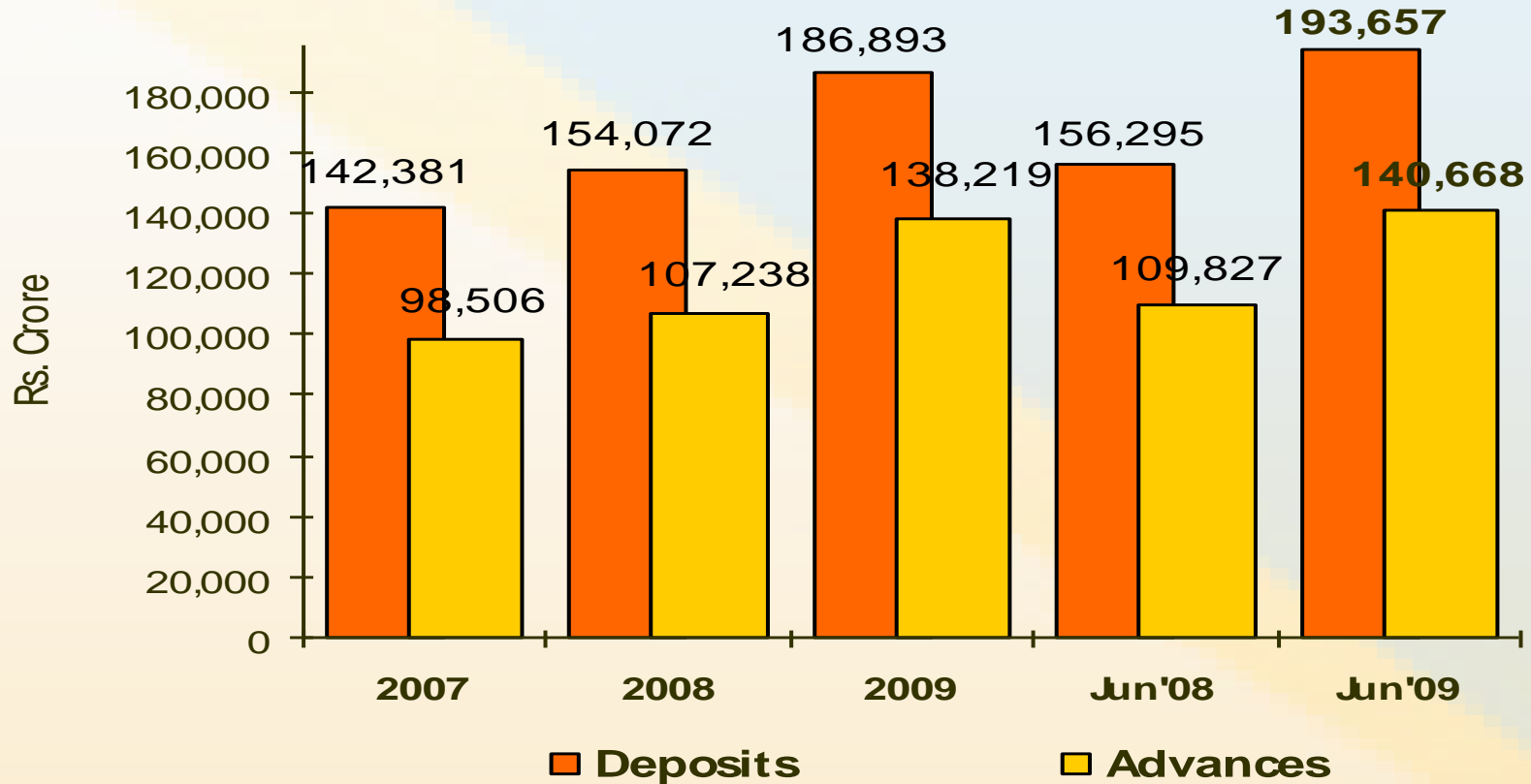
BUSINESS PROFILE

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Gr</u>
Aggregate Business	334325	266122	26%
Total Deposits	193657	156295	24%
Net Advances	140668	109827	28%
CD Ratio (%)	72.64	70.27	237bps

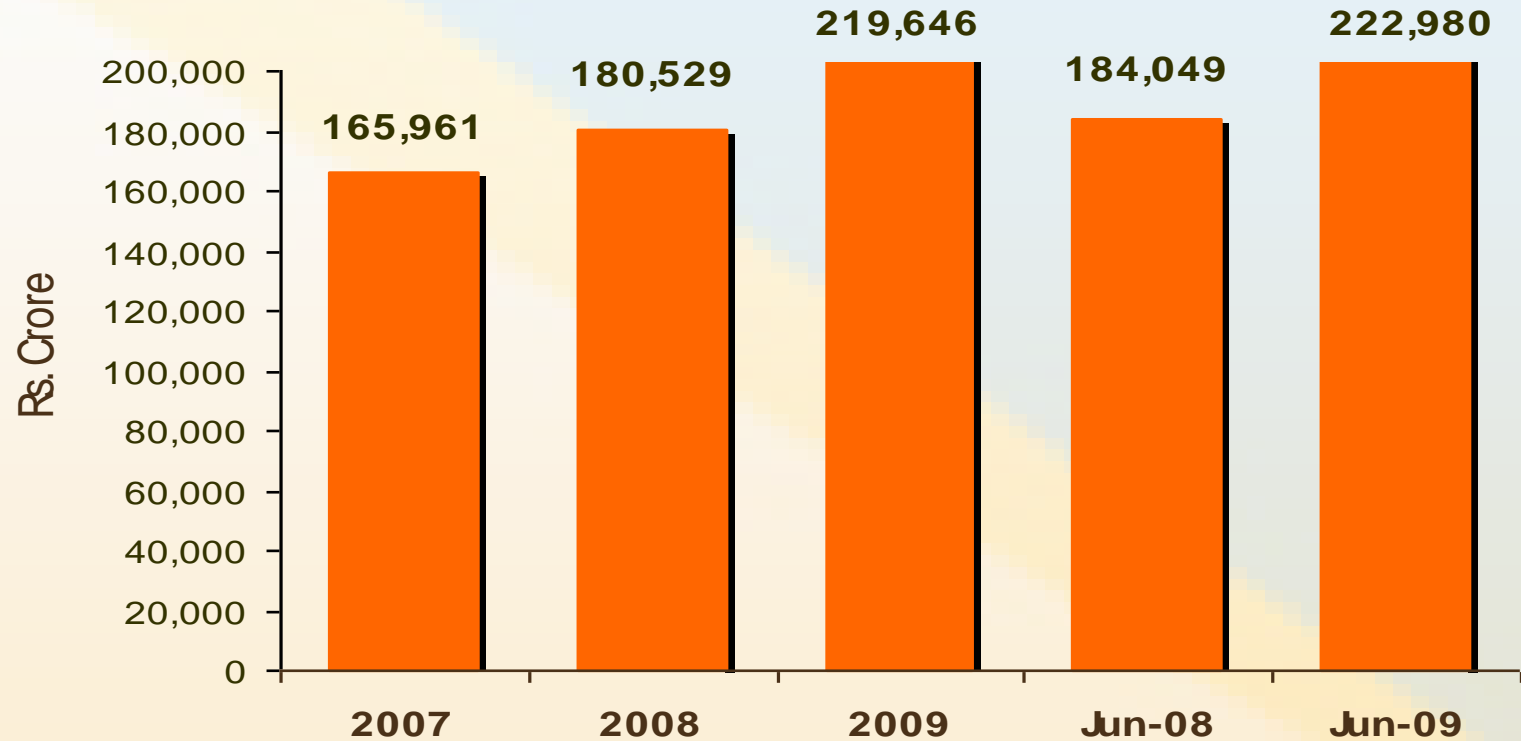
Robust Business Growth Of Over Rs.68000 Cr
Domestic Business Constituted 97.7%

TOPLINE GROWTH



Total Business Added during the First Quarter: Over Rs.9200 Crore

TOTAL ASSETS



Significant Jump in Total Assets

Q1-FY10 : EARNINGS PROFILE

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Growth</u>
Interest on Advances	3425	2700	26.8%
Total Int. Income	4558	3731	22.2%
Total Int. Expenditure	3267	2711	20.5%
Net Interest Income	1291	1019	26.7%

INCOME GROWTH: Q1 FY 10

Amt. in Rs. Crore

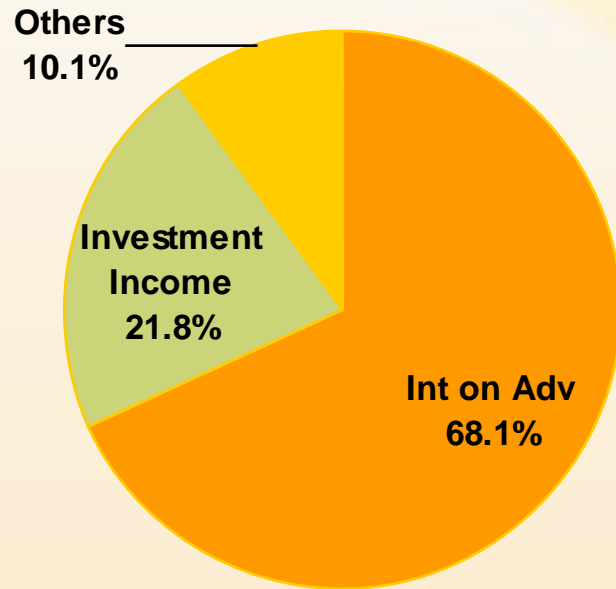
	<u>Jun'09</u>	<u>Jun'08</u>	<u>Growth</u>
Total Income	5032	4099	22.8%
Interest Income	4558	3731	22.2%
Interest from Loans and Adv	3425	2700	26.8%
Non-Interest Income	474	369	28.5%

Robust Growth of Over 28% in Non-Interest Income

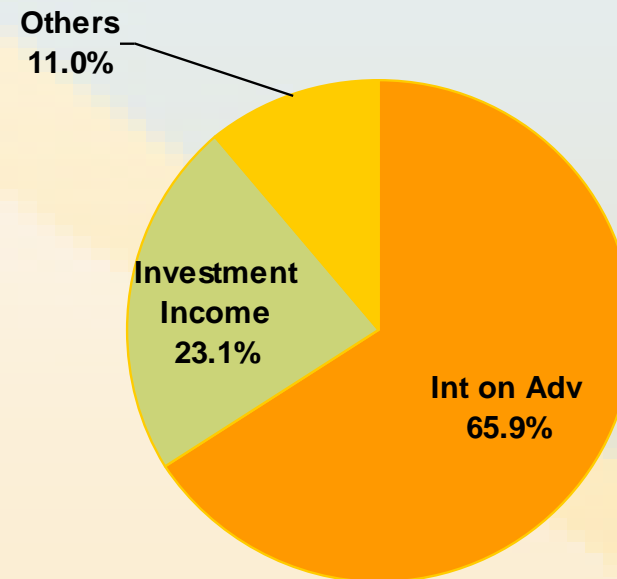
MAJOR COMPONENTS OF INCOME

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

Q1 FY10 (Jun'09)



Q1 FY 09 (Jun'08)



EXPENDITURE GROWTH: Q1 FY 10

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Growth</u>
Total Expenditure	3991	3395	17.5%
Interest Expenditure	3267	2711	20.5%
Operating Expenses	724	684	5.8%
Cost-Income Ratio (%)	41.00	49.30	830bps

NET INTEREST INCOME : Q1 FY 10

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>
Interest Income	4558	3731
Interest Expenditure	3267	2711
Net Interest Income	1291	1019
<i>Y-o-Y Growth</i>	26.7%	14.0%
<i>Net Interest Margin (%)</i>	2.70	2.57

Improvement In NIM Over Jun'08

PROFIT GROWTH : Q1 FY10

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>
Operating Profit	1041	704
<i>Growth</i>	48%	15%
Provisions	486	581
<i>Incl. Prov. for Wage Settlement</i>	75	--
Net Profit	555	123
<i>Growth</i>	353%	- 49%
RoAA (%)	1.02	0.27
EPS (Rs.) (<i>Not Annualized</i>)	13.54	2.99

BREAK-UP OF OTHER INCOME

Amt. in Rs. Crore

	Jun'09	Jun'08
Total Other Income	473.57	368.51
Commission & Exchange	172.09	148.71
Profit from Exchange Trans	51.23	80.31
Trading Profit	28.16	-21.91
Dividend Income	13.81	9.44
Recovery in w/off A/cs	79.08	60.00
Other Misc. Income	129.20	91.96

- **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



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BREAK-UP OF PROVISIONS

Amt. in Rs. Crore

	Jun'09	Jun'08
Total Provisions & Contingencies	486.00	580.91
Of Which:		
Non Performing Advances	216.00	140.00
Provision for Investments	--	400.91
Taxation	150.00	40.00

Additional Prov. Of Rs.75 Cr Under Wage Settlement

PROFITABILITY RATIOS

	(In %)				
	<u>Jun'08</u> (Q1 FY09)	<u>Sep'08</u> (H1 FY09)	<u>Dec'08</u> (9M FY09)	<u>Mar'09</u> (FY09)	<u>Jun'09</u> (Q1 FY10)
Cost of Deposits	6.36	6.60	6.81	6.87	6.48
Yield on Advances	10.06	10.50	10.69	10.79	10.05
Cost of Funds	5.90	6.07	6.23	6.32	6.00
Yield on Funds	8.12	8.39	8.57	8.73	8.37
Spread	2.22	2.32	2.34	2.41	2.37
Net Interest Margin	2.57	2.70	2.75	2.78	2.70

Improvement in Profitability Ratios

PRODUCTIVITY RATIOS

	<u>Jun'09</u>	<u>Jun'08</u>
Business per Employee (Rs. Crore)	8.10	6.25
Business per Branch (Rs. Crore)	122.06	98.71
Gross Profit per Employee (Rs. Lakh)	10.09	6.61
Net Profit per Employee (Rs. Lakh)	5.38	1.15

Highest Per Branch Business among Peers

INVESTMENT PORTFOLIO

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>
Net Investments (Domestic)	59255	49648
	38121	31518
Held to Maturity	(64.3%)	(63.5%)
	20783	17966
Available for Sale	(35.1%)	(36.2%)
	351	164
Held for Trading	(0.6%)	(0.3%)

Figures in the brackets are percentage shares in total

ASSET QUALITY

	<u>Jun'09</u>	<u>Jun' 08</u>
Gross NPA (Rs. Crore)	2463	1314
Gross NPA Ratio (%)	1.74	1.19
Net NPA (Rs. Crore)	1812	938
Net NPA Ratio (%)	1.29	0.85

92765 A/Cs Restructured- Aggregating to Rs.5190 Cr as at June'09

Substandard Assets Formed 75% of Gross NPA and 88% of net Intensive Thrust on Credit Monitoring and Containing Slippages



- CRAR of **13.59%** at Jun'09

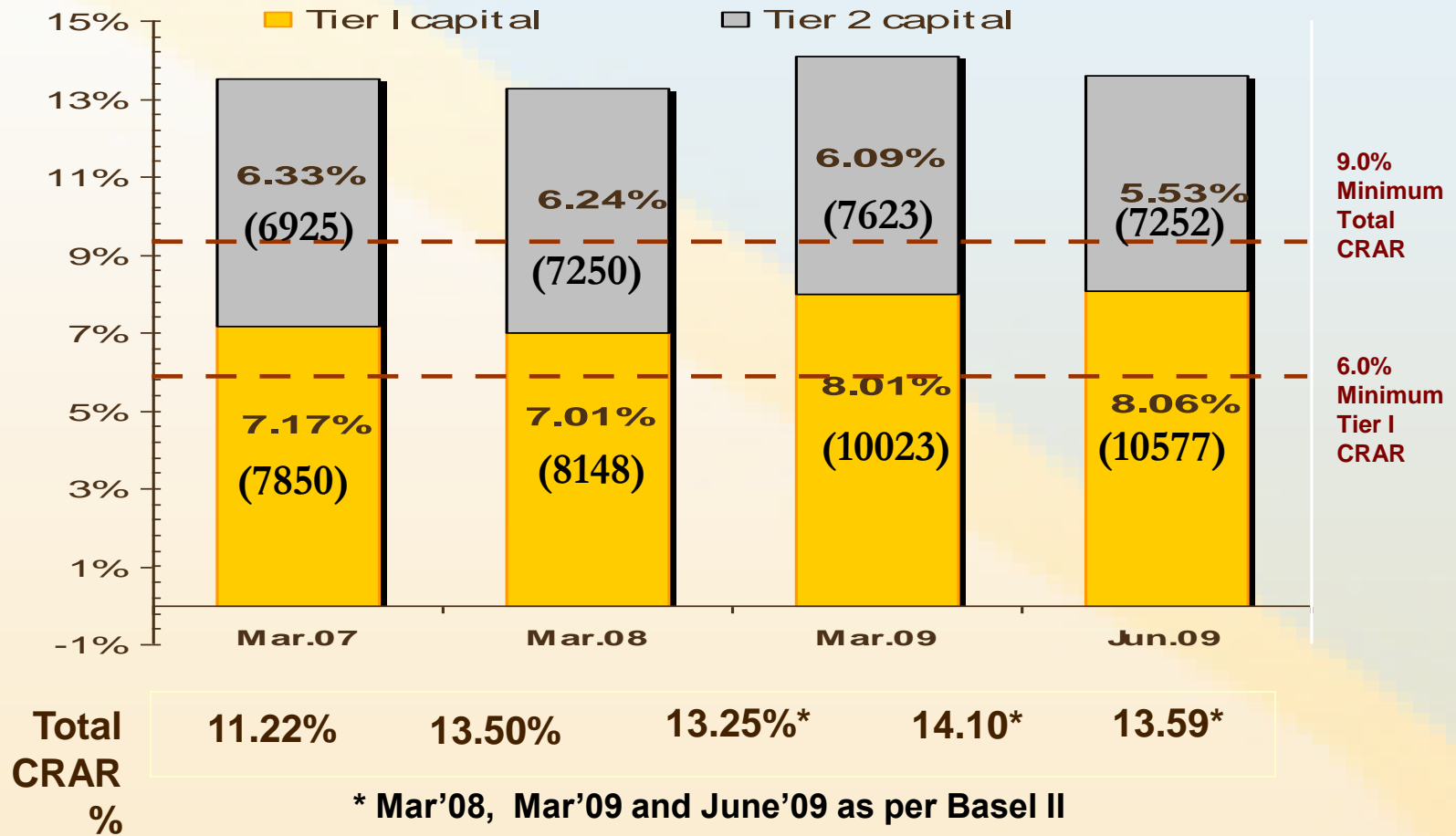
...well above the regulatory minimum of 9%

- Medium Term Objective .. CRAR of above 12%
- One of the best Capital Position amongst its Peers

...still undiluted 73.17% GoI Holding in the

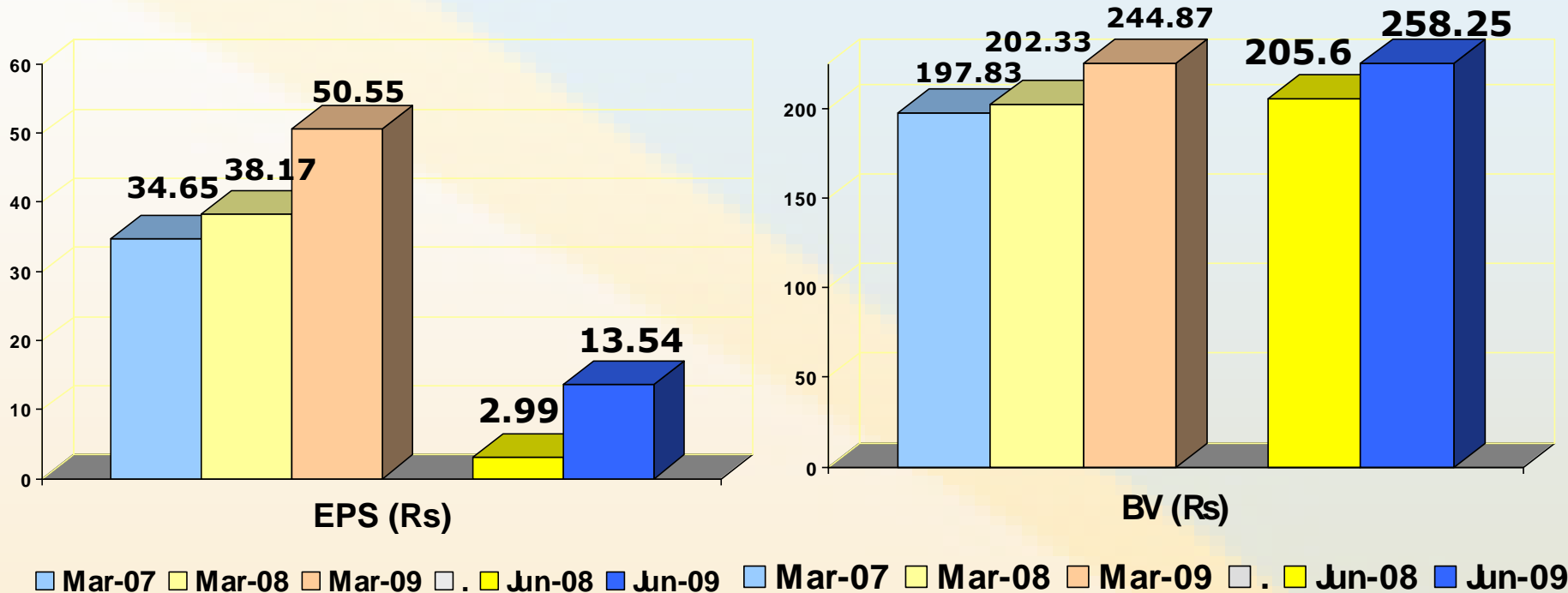
Bank

CAPITAL ADEQUACY – Basel II



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

EARNINGS PROFILE

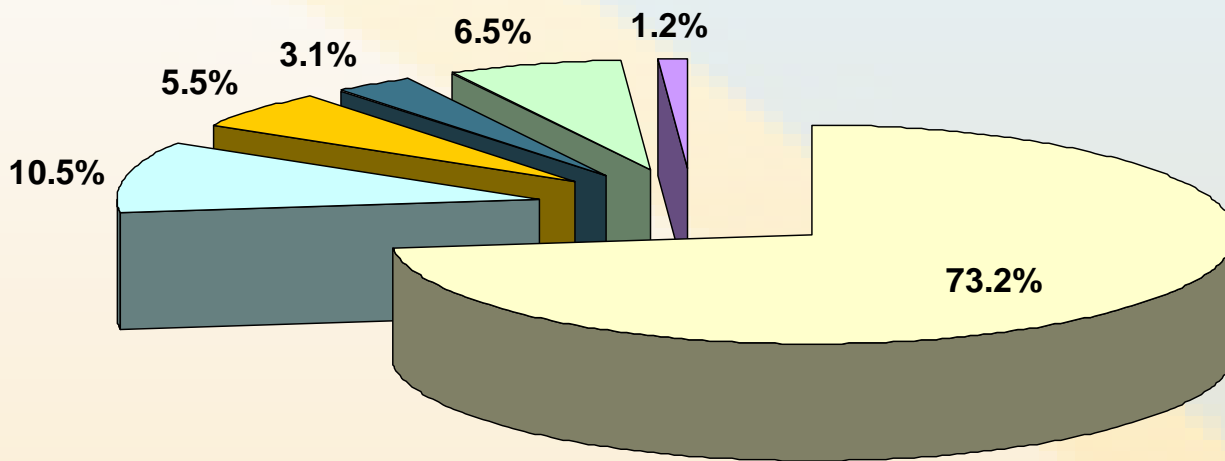


Continues to Sustain High Levels of Earnings
Book Value (BV) and Earnings Per Share (EPS) show consistent rise

EPS for June Quarters (Not Annualized)

SHARE HOLDING PATTERN

As on June 30, 2009



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

BUSINESS FOCUS

CORE DEPOSITS GROWTH

Amt. in Rs.

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Gr</u>
Core Deposits	160955	112695	42.8%
Retail Term Deposits	107101	60898	75.9%
CASA per Branch	19.66	19.21	
Deposits Clientele (Mn)	31.07	28.72	2.35 Mn

Highest Per Branch CASA Deposit among Peers

CREDIT FOCUS

	Amt. in Rs. Crore		
	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Gr</u>
Priority Sector Credit	50217	42126	19.2%
Agriculture Credit	20675	17357	19.1%
MSME Advances	23652	19173	23.4%
Retail Lending	19819	17486	13.3%
Housing	7975	6423	24.2%
Infrastructure Advances	21027	13714	53.3%
Adv Clientele (Mn)	4.33	4.02	0.3Mn

Well Diversified Credit Portfolio
Focus on Productive Sectors

PRIORITY SECTOR

Amt. in Rs. Crore

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Gr</u>
Priority Credit O/s	50217	42126	19.2%
Agriculture Adv O/s	20675	17357	19.1%
MSME Advances O/s	23652	19173	23.4%

Disbursed Rs. 4059 crore to Agriculture in Q1



- Education Loans up by 32.8% y.o.y
- Outstanding Education Loans as at Jun '09 Rs.2387 crore
- The portfolio covers over 1.47 lakhs students
- On-line Education Loan application in web portal

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

EXPANDING THE REACH

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Incr</u>
Branch Network	2739	2696	43
ATM Strength	2019	2013	
Card Base (In Lakh)	48.10	35.76	12.34

- **ATM Tally of over 2000**

(778 Off-Site ATMs, including 187 ATMs at important Railway Stations)

Ongoing Initiatives

- **Increase Debit-Cum-ATM Card Base**
- **Enhance Per ATM Per Day Hits**
- **Making ATMs Profit Centre**
- **Rationalization and Relocation in Potential Centres**

EXPANDED CLIENTELE BASE

	<u>Jun'09</u>	<u>Jun'08</u>	<u>Y-o-Y Incr</u>
Clientele Base in Mn	35.40	32.74	2.66
- No of Deposit a/cs (Mn)	31.07	28.72	2.35
- No of Borrowal a/cs (Mn)	4.33	4.02	0.31

Over 35 million strong and growing clientele base

INFOTECH PROGRESS

	<u>Jun'09</u>	<u>Jun'08</u>
Core Banking Branches	1058	1028
Anywhere Banking Branches	2078	1934
Internet & Mobile Banking Branches	1362	1335
NEFT and RTGS	All Branches	

77% Business under Core Banking Solution

Large ATM Network across the Country

PLANS FOR FY10

- Aiming at a 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
- Over 200 new branches to be opened during the year
- Continued focus on Core Business Growth
- Further CBS rollout during the year- branches and service units
- Increasing technological automation
- Strengthening overseas presence

RBI approval for 11 overseas Branches/offices obtained...
*Johannesburg, Frankfurt, Muscat, Manama, QFC-Qatar,
Leicester, New York, Sao Paulo, Dar-er-Salam, Tokyo and*

Initiatives...

RETAIL LENDING PUSH

- **Intensive focus on housing loans**
- **Attractive offerings for housing loans upto Rs.30 lakhs
...RoI fixed at 8.25% for 12 months and 9.25% for next 48 months**
- **Focus on Retail Asset Hubs-Central Processing Units
.... for reducing turnaround time**

Spread Management

- **Challenges on Sustaining Net Interest Margin**
 - ... southward movement in interest rates
- **Reduction in BPLR - from 12.50% to 12.00% (w.e.f 1st April 2009)**
- **Reduction in deposit rate from the peak of 10.5% to 7.5% at present**

Measures

- **Intensive mobilization of Core Deposits, including CASA**
- **Substitution of high cost preferential rate deposits with low cost term deposits**
- **Deployment of resources in better yielding productive assets**
- **Focus on Corporates**
- **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