

PRESS RELEASE

Operating Profit for 9 months at ₹ 4914 crore, up by 17.2%

Major Highlights

- Operating Profit for 9 months at ₹4914 Crore, up by 17.2% y-o-y.
- Net profit for 9 months at ₹1827 Crore
- Total provision made for the quarter was at ₹1182 crore compared to ₹799 crore for Q2FY14 and ₹1106 crore for Q1FY14. The provision for NPAs during the quarter was ₹543 crore and provisions made for depreciation on investments was ₹157 crore.
- Total income for Q3FY14 rose to ₹10935 crore, with a y-o-y growth of 16.4%.
- Gross NPA Ratio at 2.79% compared to 2.77% as at Dec'12, despite spike in stressed assets at the industry level.
- Upgradation was of ₹2061 crore in 9 months of this year compared ₹779 crore same period last year.
- Record Cash Recovery at ₹3135 crore compared to ₹2477 crore as at Dec'12.
- Recovery from technically written off accounts plus bad debts at ₹351 crore compared ₹185 crore last year.
- Net Interest Income increased to ₹6409 crore, with a y-o-y growth of 10.7%.
- Non-Interest Income at ₹2863 crore, up by 33.4% y-o-y.
- Ratio of E-transactions increased to 44% compared to 22% as at Dec'12.
- Total Deposits at ₹4.09 lakh crore, up by 26.2% y-o-y.
- Advances (net) at ₹2.88 lakh crore, up by 31.8% y-o-y.
- Continued robust y-o-y credit growth. Priority Credit- 33%, Agriculture-29%, MSME- 46%, MSE- 50%, Retail Lending- 55%, Housing Loans- 71%, Vehicle Loans- 58% and other personal loans-50%.

→ 876 New Branches and 1262 ATMs added y-o-y and 829 branches and 1017 ATMs added during the year.

→ The Bank has declared an interim dividend of 65%.

Business Performance

- **Global Deposits** of the Bank reached ₹408924 crore, with 26.2% y-o-y growth compared to ₹323963 crore as at December 2012.
- **Global Advances (Net)** recorded 31.8% y-o-y growth to reach a level of ₹287700 crore compared to ₹218242 crore as at December 2012.
- **Global Business** of the Bank reached ₹696624 crore, with 28.5% y-o-y growth compared to ₹542206 crore as at December 2012.
- **CD ratio** of the Bank improved to 70.36% from 67.37% as at December 2012.
- The Bank's **overseas business** constituted 6% of the total business. Total business of the 5 overseas branches increased to ₹39788 crore from ₹26276 crore a year ago.
- The Bank's **CASA ratio** (domestic) stood at 24.27%.
- The Bank's **savings deposits** increased to ₹79671 crore, with a y-o-y growth of 16%, compared to ₹68689 crore as at December 2012.
- The Bank's **clientele base** increased to 5.39 crore from 4.55 crore as at December 2012. Over 83.5 lakh clientele added during the year.
- **Business per Employee** stood at ₹14.34 crore. **Business per Branch** stood at ₹152.87 crore compared to ₹147.30 crore as at December 2012.

Profits and Profitability - Q3 FY14

- **Operating profit** at ₹1591 crore recorded a y-o-y growth of 5%.
- **Total provision** made for the quarter was at ₹1182 crore compared to ₹799 crore for Q2FY14 and ₹1106 crore for Q1FY14. **The provision for NPAs** during the quarter was ₹543 crore and provisions made for depreciation on investments was ₹157 crore.
- **Net profit** for Q3FY14 stood at ₹409 crore.
- **Earnings per Share (EPS)** for the quarter stood at ₹9.24. **Book Value** rose to ₹518.61 compared to ₹486.55 as at December 2012.

Income and Expenses- Q3 FY14

- **Total income** for Q3FY14 increased to ₹10935 crore, with a y-o-y growth of 16.4%.
- **Income from loans/advances** increased to ₹7360 crore, with a y-o-y growth of 23.5%.
- **Non-Interest Income** for the quarter stood at ₹851 crore.

- **Total expenses** for the quarter was ₹9344 crore compared to ₹7874 crore for Q3FY13.
- **Operating expenses** for the quarter stood at ₹1488 crore compared to ₹1317 crore for Q3FY13.
- **Net interest income** for the quarter increased to ₹2227 crore, with 12% y-o-y growth.

First Nine Months (9M) Performance

- **Operating profit** at ₹4914 crore recorded a y-o-y growth of 17.2%. **Net Profit** for 9M FY14 aggregated to ₹1827 crore.
- **Net Interest Income** was at ₹6409 crore, with a y-o-y growth of 10.7%.
- **Total income** rose to ₹31871 crore, including ₹20774 crore income from loans/advances.
- **Non-interest income** for the first nine months aggregated to ₹2863 crore, with a 33.4% y-o-y growth.
- **Total expenses** increased to ₹26957 crore, with an operating expenses level of ₹4358 crore.

Capital Adequacy under New Basel III norms

- As per the new Basel III norms, **Capital Adequacy Ratio** stood at 9.83% (against requirement of 9%) and Tier I ratio at 7.48% (requirement 6.5%) as at December 2013. Adequate headroom available under both Tier-I and Tier-II options to raise capital to support business growth momentum.
- Govt. of India has infused ₹500 crore capital in the Bank by way of preferential allotment of 1.83 crore equity shares on 31.12.2013. With this, the **Government of India's shareholding** in the Bank increased to 69% from the earlier level of 67.72%.

Asset Quality

- The Bank's **gross NPA** stood at ₹8074 crore, with a gross NPA ratio of 2.79% compared to 2.77% as at December 2012.
- **Net NPA** stood at ₹6870 crore, with a net NPA ratio of 2.39% compared to 2.35% as at December 2012.
- **Cash Recovery** during 9MFY14 aggregated to a record ₹3135 crore compared to ₹2477 crore as at December 2012.
- The Bank's **outstanding restructured portfolio** at ₹21728 crore constituted 7.46% for the gross advances.

Diversified Credit Portfolio

- Outstanding advances to various **Priority Segments** rose to ₹93018 crore, with a growth of 33.5% y-o-y, achieving 40.46% to ANBC as against mandated target of 40%.

- Advances under **Agriculture** portfolio increased to ₹45703 crore, with a growth of 29.2% y-o-y, achieving 19.88% to ANBC as against mandated target of 18%.
- Advances under **Direct Agriculture** increased to ₹41787 crore, with a growth of 27.4% y-o-y, achieving 18.18% to ANBC against mandated target of 13.5%.
- Advances to **Micro, Small and Medium Enterprises** (MSMEs) reached ₹47678 crore, with a y-o-y growth of 46.2%.
- Credit to **M&SE** reached ₹34773 crore, with a growth of 49.5% y-o-y (against mandated norm of 20%).
- The number of **Micro Enterprises Accounts** recorded a growth of 92.7% against mandated norm of 10%.
- Advances to **Weaker Sections** reached ₹28484 crore, with a y-o-y growth of 23%, achieving 12.39% to ANBC against mandated target of 10% norm.
- Lending to **Specified Minority Communities** reached ₹16318 crore, constituting 17.54% in priority sector lending against mandated target of 15%.
- The Bank's **Retail Lending Portfolio** increased to ₹32847 crore, with a y-o-y growth of 54.5%.
- Outstanding **Housing Loan Portfolio** increased to ₹20042 crore, with a y-o-y growth of 71.3%. **Vehicle and other personal loans** recorded good growth of 57.8% and 50% respectively.
- The Bank's **Education Loan Portfolio** increased to ₹4791 crore, covering over 2.44 lakh students compared to ₹4307 crore as at December 2012.

A Holistic Approach to Financial Inclusion

- Under **more than 2000 population category**, the Bank has covered all the allotted 1624 villages in 24 states. Under **less than 2000 population category**, the Bank has covered 1544 villages out of the allotted 3794 villages.
- Out of the total 466 branches opened in **unbanked villages**, 191 of them are opened in this financial year, garnering a total business of ₹200 crore.
- Of the 542 **USBs** opened in more than 2000 population category, 25 have been upgraded to branches.
- **Basic Savings Bank (BSB)** accounts increased to 81.43 lakh, with outstanding deposit balance of ₹1431 crore. **In built OD facility** provided to 2.49 lakh BSB a/c holders to the extent of around ₹97 crore.

- **Exposure under Self-Help Groups (SHGs)** is ₹1406 crore under 81322 SHG a/cs.
- **Exposure under General Credit Cards** is ₹804 crore under 3.76 lakh accounts.
- 60 **Financial Literacy Centres**, 460 **Farmers Clubs** and 20 **Micro Finance Branches** operational as at December 2013.
- A new Scheme "**Canara Gramodaya**" launched for holistic development of select 60 villages and 3 slums adopted by the Bank for this year. The Scheme aims at bringing socio, cultural and economic change through credit and non-credit support.
- In the 121 **DBT Districts**, the Bank's branches received details of 122322 beneficiaries from District Administration and opened 122322 accounts (100%). Aadhaar seeding has been done in 95162 accounts (99.98%), out of the 95181 beneficiaries' details received.
- **Lead District** Waynad reached 89% Aadhaar seeding under DBTL and is No. 1 District among 20 Districts in Phase 1.

Enhanced Delivery Channels

- The Bank has opened 829 branches during the year, highest by any bank in the country. Over last year, the Bank added 876 domestic branches, taking the total tally under the branch network to 4557, including 5 overseas branches.
- The Bank added 1262 ATMs y-o-y, taking the total number to 4543 as at December 2013. The Bank's debit card base rose to 133.21 lakh compared to 84.1 lakh as at December 2012. Apart from these, there are 60 e-lounges established across major cities.
- Ratio of E-transactions increased to 44% compared to 22% as at December 2012.

New Products/Processes

- Canara Club Cards and EMV Cards.
- Facility of hot listing of Debit Card through Net Banking.
- Cash Withdrawal in ATMs by two Joint Holders of account operated jointly.
- Mobile Banking registration through Net Banking and Mobile Banking activation through ATM.
- Increased the Fund transfer limit per day per Net Banking Corporate Customer from Rs.50 lakh to Rs.1 Crore.
- Central Processing Centres (CPC) enabled for Net Banking Retail User creation and Mobile Banking registration.
- Request for cheque book through ATM, Net Banking & Mobile Banking.

- Fund Transfer through IMPS using MPIN and beneficiary mobile number (or) Using IFSC Code and beneficiary Account Number under Net Banking.
- CANSECURE made optional to Retail Banking Customers.
- Facility of registration and verification of Aadhaar number has been provided to customers through 5 channels, viz., SMS, Mobile Banking, Internet Banking, Call Centre and Website.
- Customer Service Centres (CSC) for financial inclusion services through Kiosks implemented in Akshaya Centres in Kerala.
- Call Centre services extended to 24x7.
- Cheque Truncation System implemented in 12 Centres of Western Grid.
- Next generation RTGS implemented.
- Biometric authentication for login to CBS system by staff implemented in more than 1000 branches.

Awards and Accolades

In recognition of the varied initiatives, the Bank was conferred with the following awards during the quarter.

- **Golden Peacock Award** for excellence in Corporate Social Responsibility for the year 2013.
- **Greentech Award** for excellence in Corporate Social Responsibility for the year 2013.
- **Skoch Renaissance Award 2013**, with a Medal and Citation for being India's Best-2013.
- **'Jury Award for New Initiatives under MSME'** instituted by Chamber of Indian MSME under Banking Excellence Awards 2013.
- **Best Bank Award** for implementation of Rural Self Employment Training Institutes for the second consecutive year by the Ministry of Rural Development, Govt. of India. Award under Category I & Category II for its two of its exclusive RSETIs at Hassan (Karnataka) and Tiruppur (TN) as best performing RSETIs. 5 of the 27 RUDSETIs co-sponsored by the Bank awarded as best performing RUDSETIs.
- **'Top Performer in New Demat Accounts Opened'** in banking sector by National Securities Depository Ltd., (NSDL) for the year 2013.

Future Goals

- Aims to reach an **aggregate business** figure of more than ₹7 lakh crore, with deposit growth of 17%+ and advances growth of 21%+.
- To take the number of **branches** to 5500 plus and number of **ATMs** to 10000 by March 2015.

- Open **4 branches** at Johannesburg (South Africa, License already received), Dar-es-Salaam (Tanzania), Frankfurt (Germany), DIFC (Dubai) in coming six months and remaining **10 branches** at New York (USA), Sao Paulo (Brazil), , Tokyo (Japan), Abuja (Nigeria), Jeddah (Saudi Arabia), Qatar Financial Centre (Qatar), Sydney (Australia), Ontario (Canada), Wellington (New Zealand) and Singapore by March 2015.
- Thrust on **Retail Business**- CASA, recovery, fee income and retail credit.
- **Technology and business process reengineering.**
- Thrust on improving **operational financial ratios**, such as, NIM, RoA, RoE and Cost-to-Income.
- Project 'Shikhar' aimed at rejuvenating the Bank by focusing on several themes like energizing branches and customer service, increasing sales from branches, growing a robust asset base and revamping the operating model is in progress. Global Management Consulting firm viz., M/s Boston Consulting Group (India) Private Limited (BCG) is assisting the Bank in this transformation journey.
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