

PRESS RELEASE

Net Profit for Q1 at ₹807 crore, up 32% sequentially

Major Highlights - Q1FY15

- Net profit for Q1FY15 improved to ₹807 crore vis-à-vis ₹611 crore for Q4FY14, with a sequential growth of 32.1%.
- Record Cash Recovery at ₹2019 crore in Q1 more than doubled compared to ₹888 crore last year.
- Gross NPA Ratio down to 2.67% from 2.91% as at June 2013.
- Net NPA ratio down to 2.03% from 2.48% as at June 2013.
- Recovery from technically written off accounts at ₹867 crore (11.7% of outstanding amount). Upgradation during the quarter was at ₹535 crore.
- Provision Coverage ratio increased to 60.10% from 58.18% last year.
- Core Fee income (excluding Treasury Profit) up by 18% to ₹936 crore from ₹795 crore last year.
- Total Business up by over ₹1.00 lakh crore (15.8% y-o-y) to ₹7.32 lakh crore.
- Total Deposits up by 12.3% y-o-y to ₹4.29 lakh crore.
- CASA ratio (domestic) at 24.15%, same level as last year.
- Advances (net) up by 21.2% y-o-y to ₹3.03 lakh crore.
- Continued robust growth in retail business- MSME (33%), MSE (33%), Retail Lending (43%), Housing Loans (41%) and other personal loans (69%), of which Vehicle Loans (59%).
- 255 branches and 197 ATMs added during the Q1FY15, taking the total to 5010 branches and 6509 ATMs.
- Enhanced E-transactions to 44.34% from 33.94% last year.
- Income from loans/advances for Q1 FY15 rose by 22.6% to ₹7905 crore.
- Net Interest Income for Q1 FY15 at ₹2429 crore, increased by 22% y-o-y.
- Net Interest Margin (NIM) (Domestic) improved to 2.42% from 2.33% in Q1FY14 and 2.40% in Q4FY14. NIM (Global) improved to 2.30% from 2.21% in Q1 FY14 and 2.27% in Q4FY14.
- With a total provision of ₹988 crore in Q1 FY15, Net profit for the quarter increased to ₹807 crore.

Income and Expenses- Q1 FY15

- **Total income** for Q1FY15 increased to ₹11728 crore, with a y-o-y growth of 11.6%.
- **Income from loans/advances** increased to ₹7905 crore from ₹6450 crore for Q1FY14.
- While non-interest income for the quarter stood at ₹1027 crore, **core fee income** (excl Treasury Profit) increased by 18% to ₹936 crore.
- **Total expenses** for the quarter increased by 15.4% to ₹9933 crore.
- **Net interest income** for the quarter recorded a healthy growth of 22% y-o-y to ₹2429 crore.
- **Net Interest Margin (NIM)** (Domestic) improved to 2.42% from 2.33% in Q1FY14 and 2.40% in Q4FY14. NIM (Global) improved to 2.30% from 2.21% in Q1 FY14 and 2.27% in Q4FY14.

Profits and Profitability - Q1 FY15

- **Total provision** for the quarter was at ₹988 crore compared to ₹1106 crore for Q1FY14 and ₹1271 crore for Q4FY14. **The provision for NPAs** during the quarter was ₹1125 crore.
- With an operating profit of ₹1795 crore, **Net profit** for Q1FY15 increased by 32.1% to ₹807 crore sequentially over Q4FY14.
- While **Earnings per Share (EPS)** for the quarter was at ₹17.49, **Book Value** rose to ₹521.68 compared to ₹509.48 as at June 2013.

Business Performance

- **Global Business** of the Bank rose to ₹731940 crore compared to ₹631863 crore as at June 2013, with a y-o-y growth of 15.8%.
- **Global Deposits** of the Bank increased to ₹428976 crore compared to ₹381972 crore as at June 2013, with a growth of 12.3%.
- **Global Advances (Net)** reached a level of ₹302964 crore compared to ₹249891 crore as at June 2013, with a growth of 21.2%.
- The Bank's **domestic business** constituted over 94% of the total business. Total business of the foreign branches increased to ₹41194 crore from ₹35480 crore y-o-y.
- The Bank's **CASA deposits** to domestic deposits was maintained at 24.15%, same level as last year. The Bank's **savings deposits** reached ₹81594 crore as at June 2014 compared to ₹73938 crore as at June 2013.
- The Bank's **clientele base** increased to 5.65 crore, comprising 4.98 crore under deposit and 67 lakh under borrowal accounts. Over 66 lakh clientele added during the year.

- While **Business per Employee** increased to ₹14.42 crore from ₹13.89 crore last year, **Business per Branch** stood at ₹146.1 crore.

Capital Adequacy under New Basel III norms

- **Capital Adequacy Ratio as per Basel III norms** stood at 10.23% (as against mandatory requirement of 9%). CET ratio at 7.12% (against mandatory requirement of 5.5%) and Tier I ratio of 7.39% (as against mandatory requirement of 7%).
- Adequate headroom available to raise capital to support business growth momentum. Government shareholding is at 69%.

Asset Quality

- The Bank performed better under asset quality. The Bank's **gross NPA** stood at ₹8160 crore, with a gross NPA ratio of 2.67% lower compared to 2.91% last year.
- **Net NPA** stood at ₹6150 crore, with a net NPA ratio of 2.03% lower compared to 2.48% last year.
- **Cash Recovery** during Q1FY15 aggregated to a record ₹2019 crore compared to ₹888 crore for the same quarter a year ago.
- The Bank's **outstanding restructured portfolio** at ₹24000 crore constituted 7.8% for the gross advances.

Diversified Credit Portfolio

- Outstanding advances to various **Priority Segments** rose to ₹103694 crore compared to ₹83085 crore as at June 2013, registering a growth of 24.8% y-o-y.
- Advances under **Agriculture** portfolio increased by 24.6% to reach ₹53956 crore, achieving 18.66% to ANBC as against mandated target of 18%.
- Credit to **Micro, Small and Medium Enterprises** (MSMEs) reached ₹49316 crore, with a y-o-y growth of 32.7%.
- Credit to **M&SE** reached ₹37186 crore, with a y-o-y growth of 33.4% (against mandated norm of 20%). The **number of micro enterprises accounts** recorded a growth of 63.3% against mandated norm of 10%.
- Credit to **women beneficiaries** increased to ₹37173 crore (15.95% against 5% norm).
- **Retail lending portfolio** increased to ₹36197 crore, with a y-o-y growth of 43.5%. The share of retail credit in net credit increased to 12.62% compared to 10.71% last year.
- Outstanding **housing loan portfolio** increased to ₹20347 crore, constituting over 56% of the total retail lending portfolio.
- **Other Personal Loans** grew by 69% to ₹10804 crore, of which, **Vehicle loans** registered a growth of 59.5% to reach ₹3335 crore.

- **Education loan portfolio** rose to ₹5046 crore, with y-o-y growth of 14.3% and covering 2.5 lakh students.

A Holistic Approach to Financial Inclusion (FI)

- The Bank has been allotted 10122 villages and urban wards (1624 villages in more than 2000 population category, 8425 villages in less than 2000 population category and 73 urban wards).
- 610 Brick and Mortar Branches have been opened in FI villages, which have mobilized a business of ₹6121 crore in 26 lakh accounts.
- The Bank has engaged 2402 Business Correspondent Agents (BCAs) through 5 Corporate Business Correspondents to cater to banking requirements in 5169 villages.
- Out of 544 Ultra Small branches, 42 USBs are upgraded as branches.
- Opened 2.60 lakh BSBD accounts during Q1FY15, taking the total tally under BSBD accounts to 87.88 lakh, with a deposit balance of ₹1630 crore.
- In built OD facility permitted to 3.23 lakh beneficiaries, amounting to ₹124 crore and exposure under IOD is ₹60 crore.
- 60 Financial Literacy Centres opened at District/ Block levels since inception have provided financial education to 18727 persons during this quarter.
- 1106 Farmers' Clubs to disseminate the principles of development through credit among the rural masses.
- During the quarter, the Bank disbursed credit to the extent of ₹143 crore to 8796 SHGs.
- The Bank provided life coverage to 18919 group members/ BSBD account holders under Micro Insurance policy during the quarter.
- Aadhaar enrollment done by the Bank rose to 520477 (in Karnataka 28394 enrollments, in Rajasthan - 59748 and Uttar Pradesh - 395599).
- The Bank is leading in the industry under the number of customers account seeded with Aadhaar at 43.14 lakh as at end-June 2014. Seeding of Aadhaar through the use of alternate channels stood at 15559 using DSDV utility of UIDAI.

Enhanced Delivery Channels

The Bank's branches crossed the 5000 mark, with the opening of 253 domestic branches and **2 overseas branches** at Johannesburg, South Africa and New York, USA during the quarter. As at June 2014, the Bank had 5010 branches, including 7 overseas branches.

The Bank added 197 ATMs during the quarter, taking the total number to 6509 as at June 2014. The Bank's debit card base rose to 161.51 lakh. As at June 2014, the Bank had 115 e-lounges and e-transactions increased to 44.34% compared to 33.94% last year.

On 19th July, 2014, the Banks' nationalization day, 108 FI branches and 108 ATMs were opened across the country inaugurated by Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs &

Defence, Govt. of India. On this day, the Bank also launched e-commerce platform for MSME clients and remittance facility for migrant labour, dedicated 1008 cash acceptance machines, credit linked 1008 women SHG/ JLG groups, 10008 loans to Micro Enterprises and affordable housing, doorstep banking to pensioners and initiated a host of CSR activities.

Customer Friendly New Products/ InfoTech Initiatives

- The Bank launched the following 4 new MSME Schemes during the quarter
 - Canara MSME CAP - for financing against Property
 - MSME VAHAN - to finance MSME Entrepreneurs for purchase of Passenger Vehicles
 - Canara MSE SMART - for financing Professionals for business needs
 - MSE VIJETA - for financing of Women Entrepreneurs
- Under 'Project Shikhar' - a business process reengineering initiative undertaken by the Bank, 50 branches have been transformed as Shikhar branches on pilot basis. Standardization of processes in 5 pilot retail asset hubs and 5 central processing centres has been implemented.
- Facility for opening online SB Joint Account introduced.
- Canara e-info book extended to 8 regional languages (Hindi, English, Kannada, Tamil, Malayalam, Telugu, Marathi and Bengali), with added facilities, viz., facility for windows tablets, locker appointment booking and e-lounge locator.
- National Automated Clearing House mandate management implemented.
- Biometric authentication introduced for locker access.
- Small value money transfer facility for migrant population introduced.
- ATM facility for visually challenged persons - Voice Guidance Solution introduced.
- Domestic funds transfer facility through card using ATMs introduced.
- CTS implemented at Agra, Ranchi, Dehradun, Bhilwara, Udaipur, Kanpur, Varanasi, Allahabad and Jamshedpur MICR Centres which are linked to Northern Grid.
- Printing of ATM receipts in any 3 languages (English, Hindi and regional language) implemented.
- Missed call facility for transaction enquiry in Hindi introduced.

Awards and Accolades

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

- Conferred with “Asia HRD Award” under the category “Contribution to Organization” of the Asia HRD Congress Awards - 2014.
- Awarded by NABARD for its performance in the State of Karnataka under Share of SHG business to overall business during 2012-13 and Maximum number of branches involved in SHG-Bank linkage programme during 2012-13.
- Conferred with Platinum Award under the category of “Innovation” in the Skoch Financial Inclusion & Deepening Award 2014. The Bank also received “Order-of-Merit” Certificate in the 7 categories of Access to Banking and Financial Services, CSR, Customer Service, SME Advances, Technology, Strategy and Innovation.
- Conferred with “Gold Award” under the Corporate Category for “Innovation in Recruitment” and the Bank’s C&MD Shri R K Dubey was conferred with “Leading CEO of the Year - Platinum Award” under Individual Category instituted by prestigious M/s Greentech Foundation, New Delhi.
- Conferred with Pt. Madan Mohan Malviya Silver Award for Education 2014 for its CSR initiative of “Promoting Computer Education and Employment”.
- Awarded the "Namma Bengaluru's Best Brand" among Bangalore's Top 50 Brands.
- Conferred with the Best PSB award and C&MD Shri R.K. Dubey was conferred the Banking Financial Services & Insurance Lifetime Achievement Award by Lokmat Group.

Goals for FY15

- Aims to reach an aggregate business figure of over ₹8 lakh crore.
- Plans to take the number of branches to 6000+ and number of ATMs to 10000 by March 2015.
- Bank has received RBI’s approval for opening 3 more branches in UK. Further, the Bank plans to open branches in DFC -Dubai, Frankfurt in Germany and Subsidiaries in Brazil, Tanzania and a Representative Office in Japan during the year.
- Thrust on Retail Business- **CASA, retail deposits, retail credit, recovery, fee income and asset quality.**
- Ongoing thrust on technology and business process reengineering.
- Thrust on improving operational financial ratios, such as, NIM, RoA, RoE and Cost-to-Income.
- Plans to have Gross NPA around 2% and Net NPA around 1.5%.
