

PRESS RELEASE

Global Business at ₹6.73 lakh crore  
Net Profit for Q2 at ₹626 crore

Major Highlights - Q2FY14

- Gross NPA Ratio at 2.64%, down from 2.91% as at June'13.
- Net NPA Ratio at 2.30%, down from 2.48% as at June'13.
- Record Cash Recovery at ₹1923 crore (Sep'12 - ₹1479 crore).
- Base Rate, lowest in the industry.
- 561 New Branches and 821 ATMs added y.o.y. Number of branches crosses 4200 and ATMs cross the 4000 mark.
- Robust Y.o.Y Growth in Credit Segments

Priority Credit	30%
Agriculture	32%
MSME	30%
MSE	33%
Retail	36%
Housing	42%
Vehicle	44%
Personal Loans	45%
- Non-Interest Income Q2 at ₹773 crore, up by 27% y.o.y
- Total business reached ₹6.73 lakh crore, up by 21.8% y.o.y.
- Total Deposits at ₹3.92 lakh crore, up by 16.3% y.o.y.
- Advances (net) at ₹2.81 lakh crore, up by 30.3% y.o.y.
- CD ratio 71.78% (Sep'12-64.07%).
- Capital Adequacy Ratio (Basel III) at 10.62% (9% norm). Tier I Ratio - 8.52% (6.5% norm).
- CASA Ratio at 25.6% (Sep'12 - 25.6%).
- Operating Profit at ₹1425 Crore, up by 11% y.o.y.

→ Net Profit at ₹626 Crore.

→ Net Interest Margin (NIM) at 2.22% and Return on Assets (RoA) at 0.58%.

### Business Performance

- **Global Business** of the Bank reached ₹672717 crore, with 21.8% y.o.y growth compared to ₹552513 crore as at September 2012.
- **Global Deposits** of the Bank reached ₹391613 crore, with 16.3% y.o.y growth compared to ₹336762 crore as at September 2012.
- **Global Advances (Net)** recorded 30.3% y.o.y growth to reach a level of ₹281104 crore compared to ₹215751 crore as at September 2012.
- **CD ratio** of the Bank improved to 71.78% from 64.07% as at September 2012.
- The Bank's **overseas business** constituted 6% of the total business. The Bank has 5 overseas branches one each at **London, Leicester, Hong Kong, Manama and Shanghai**. Total business of the foreign branches increased to ₹40505 crore from ₹24693 crore a year ago.
- The Bank's **CASA ratio** (domestic) stood at 25.6% compared to same ratio a year ago.
- The Bank's **savings deposits** increased to ₹80070 crore, with a y.o.y growth of 13.6%, compared to ₹70494 crore as at September 2012.
- The Bank's **clientele base** increased to 5.16 crore from 4.43 crore as at September 2012. Over 73 lakh clientele added during the year.
- Clientele base comprises 4.57 crore under deposit and 60 lakh under borrowal accounts.
- **Business per Employee** stood at ₹14.28 crore. **Business per Branch** stood at ₹159.56 crore compared to ₹151.17 crore as at September 2012.

### Profits and Profitability - Q2 FY14

- **Operating profit** at ₹1425 crore recorded a y.o.y growth of 11.1%.
- **Total provision** made for the quarter was at ₹799 crore compared to ₹621 crore for Q2FY13 and ₹1106 crore for Q1FY14. **The provision for NPAs** during the quarter was ₹347 crore and provisions made for depreciation on investments was ₹85 crore.
- **Net profit** for Q2FY14 stood at ₹626 crore. Marginally lower profit y.o.y is on account of sharp increase in bond yield which has impacted the trading profit. Trading profit for the quarter was ₹69 crore compared to ₹444 crore for Q1FY14.
- **Earnings per Share (EPS)** for the quarter stood at ₹14.13. **Book Value** rose to ₹524.94 compared to ₹469.86 as at September 2012.

### Income and Expenses- Q2 FY14

- **Total income** for Q2FY14 increased to ₹10427 crore, with a y.o.y growth of 13.3%.
- **Income from loans/advances** increased to ₹6964 crore from ₹6121 crore for Q2FY13.
- **Non-Interest Income** for the quarter increased to ₹773 crore, with 27.1% y.o.y growth.
- **Total expenses** for the quarter was ₹9003 crore compared to ₹7922 crore for Q2FY13.
- **Operating expenses** for the quarter stood at ₹1539 crore compared to ₹1283 crore for Q2FY13.
- **Net interest income** for the quarter increased to ₹2191 crore, with 12% y.o.y growth.

### **First Half Year (H1) Performance**

- **Operating profit** at ₹3323 crore recorded a y.o.y growth of 24.2%. **Net Profit** for H1 FY14 aggregated to ₹1418 crore.
- **Net Interest Income** was at ₹4182 crore, with a y-o-y growth of 10.1%.
- **Total income** rose to ₹20935 crore, including ₹13414 crore income from loans/advances.
- **Non-interest income** for the half year aggregated to ₹2011 crore, with a 54.6% y-o-y growth.
- **Total expenses** increased to ₹17612 crore, with an operating expenses level of ₹2870 crore.

### **Capital Adequacy under New Basel III norms**

- As per the new Basel III norms, **Capital Adequacy Ratio** stood at 10.62% (against requirement of 9%) and Tier I ratio at 8.52% (requirement 6.5%) as at September 2013. Adequate headroom available under both Tier-I and Tier-II options to raise capital to support business growth momentum. Government shareholding is at 67.72%. Government has announced to infuse additional ₹500 crore capital in FY14.

### **Asset Quality**

- The Bank's **gross NPA** stood at ₹7475 crore, with a gross NPA ratio of 2.64%, compared to 2.91% as at June 2013.
- **Net NPA** stood at ₹6459 crore, with a net NPA ratio of 2.30% compared to 2.48% as at June 2013.
- **Cash Recovery** during H1FY14 aggregated to a record ₹1923 crore compared to ₹1479 crore as at September 2012.
- The Bank's **outstanding restructured portfolio** at ₹20631 crore constituted 7.3% for the total advances.

## Diversified Credit Portfolio

- Outstanding advances to various **priority segments** rose to ₹88280 crore compared to ₹68157 as at September 2012, **with a growth of 30% y-o-y.**
- Advances under **agriculture** portfolio increased ₹44042 crore, **with a growth of 32% y.o.y,** achieving 19.16% to ANBC as against mandated target of 18%.
- Advances under **Direct Agriculture** increased to ₹39995 crore, **with a growth of 30% y.o.y,** achieving 17.40% to ANBC against mandated target of 13.5%.
- Advances to **Micro, Small and Medium Enterprises** (MSMEs) reached ₹43464 crore, with a **y-o-y growth of 30%.**
- Credit to **M&SE** reached ₹31773 crore, **with a growth of 33% y.o.y** (against mandated norm of 20%).
- The number of **micro enterprises accounts** recorded a growth of 66% against mandated norm of 10%.
- Advances to **Weaker Sections** reached ₹28341 crore, with a y.o.y growth of 25%, achieving 12.33% to ANBC against mandated target of 10% norm.
- Lending to **Specified Minority Communities** reached ₹15850 crore, constituting 17.95% in priority sector lending against mandated target of 15%.
- The Bank's **retail lending portfolio** increased to ₹30274 crore, **with a y-o-y growth of 36%.**
- Outstanding **housing loan portfolio** increased to ₹18392 crore, with a y.o.y growth of 42%. Vehicle and other personal loans recorded good growth of 44% and 45% respectively.
- The Bank's **education loan portfolio** increased to ₹4671 crore, covering over 2.27 lakh students compared to ₹4284 crore as at September 2012.

## A Holistic Approach to Financial Inclusion

- 136 branches opened in **unbanked villages** in FY14, taking the tally of branches in unbanked villages to 411.
- In **more than 2000 population villages** category, the Bank covered all the allotted 1624 villages in 24 states, under two models, viz., Brick and Mortar Branch Model- 297 villages and Business Correspondent Model- 1327 villages.

- In **less than 2000 population villages** category, the Bank covered 1369 villages out of the 8425 villages allotted, under two models, viz., Brick and Mortar Branch Model- 114 villages and Business Correspondent Model- 1255 villages.
- Of the 542 **USBs** opened in more than 2000 population category, 18 have been upgraded to branches.
- **Basic Savings Bank (BSB)** accounts increased to 74.08 lakh, with outstanding deposit balance of ₹1293 crore. **In built OD facility** provided to 2.16 lakh BSB a/c holders to the extent of ₹78 crore.
- **52 Financial Literacy Centres (FLCs)** operational as at September 2013.
- **Exposure under Self-Help Groups (SHGs)** is ₹1365 crore under 83576 SHG a/cs.
- **Exposure under General Credit Cards** is ₹724 crore under 3.39 lakh accounts.
- In the 121 **DBT Districts**, the Bank's branches received details of 102972 beneficiaries from District Administration and opened 102387 accounts (99.43%). Aadhaar seeding have been done in 72048 accounts (99.56%) out of the 72360 beneficiaries.
- Lead District Waynad reached 82% Aadhaar seeding under DBTL and is No. 1 District among 20 Districts in Phase 1.

### **Enhanced Delivery Channels**

- The Bank added 561 domestic branches y.o.y, taking the total tally under the branch network to 4216, including 5 overseas branches.
- The Bank added 821 ATMs y.o.y, taking the total number to 4005 as at September 2013. The Bank's debit card base rose to 116 lakh compared to 76.46 lakh as at September 2012. Apart from these, there are 30 e-lounges established across major cities.
- Ratio of E-transactions increased to 42% from 20% as at September 2012.

### **New Products/Processes**

- 5 new Retail Schemes launched - Loans against Property, Home Loan Plus, Housing Loan to High Networth Individuals, Special Housing Loan Scheme to NRIs and Housing loans to agriculturalists.
- 2 MSE Schemes launched- Canara MSE Pragati and Canara MSE Unnati for financing Micro and Small Enterprises with attractive lending terms.
- MoU with M/s ICRA Ltd, CARE Ltd and ONICRA Ltd entered for SME rating of SME entrepreneurs.
- Facility of Online submission of Applications for opening of SB Account introduced.

- Balance Enquiry through Missed Call introduced.
- Hot listing of Debit cards through SMS.

### **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 Governance 2013.**
- C&MD was conferred **Mahatma Gandhi Pravasi Gold Samman Award** during the Global Achievers' Conclave organized by NRI Welfare Society of India at **House of Lords, London.**
- **FIPS Excellence Award 2013 under DBT Category** for the project- "Direct Benefit Transfer LPG (DBTL) 100% implementation in Waynad District".
- '**SKOCH AWARD**' under **Corporate Social Responsibility.**
- **Unity International Foundation** conferred "**Outstanding Banker of the Decade**" Award
- **GreenTech Life Time Award** for "**Excellence in Banking**".
- **Asia Pacific HRM Congress 2013** instituted by **Institute of Public Enterprises** conferred "**CEO of the Year**" and "**CEO with HR Orientation**".
- '**Hindi Rajbhasha Samrakshak Ratna**' Award in Dasham Hindi Mahakumbh Evam Saahitya Conference organized by **Parivartan Jan Kalyaan Samiti, New Delhi.**

### **Goals for Future**

- 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 4500 and number of ATMs to 4500 this year and 5500 branches and 10000 ATMs by Mar'2015.
- Open 3 branches at Johannesburg (South Africa, License already received), DIFC (Dubai) and Frankfurt (Germany) this year and remaining 11 branches at Sao Paulo (Brazil), Dar-es-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria), Jeddah (Saudi Arabia), Qatar Financial Centre (Qatar), New York (USA), Sydney (Australia), Ontario (Canada), Wellington (New Zealand) and Singapore by Mar'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

## **Launch of Project 'Shikhar'**

- The Bank has launched 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. 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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