

PRESS RELEASE

**Operating Profit at ₹1626 crore, up by 14.1%
Net Profit for Q2 at ₹627 crore**

Major Highlights - Q2FY15

- Operating Profit up by 14.1% y-o-y to ₹1626 crore.
- Total provision at ₹999 crore, up by 25% y-o-y.
- Despite increase in provision, Net profit for Q2FY15 at ₹627 crore compared to ₹626 crore for Q2FY14.
- Record Cash Recovery at ₹3213 crore in H1 compared to ₹1923 crore last year.
- Gross NPA Ratio contained at below 3% at 2.92% and net NPA ratio at 2.31%, despite continuing stressed scenario at the industry level.
- Recovery from prudentially written off accounts in H1FY15 at ₹1065 crore (14.42% of outstanding amount). Upgradation during H1 was at ₹1197 crore.
- Provision Coverage ratio increased to 58.68% from 57.77% last year.
- Total Fee income up by 32.1% to ₹1021 crore from ₹773 crore last year.
- Total Business up by 14.8% y-o-y to ₹7.72 lakh crore.
- Total Deposits up by 17.8% y-o-y to ₹4.61 lakh crore.
- Advances (net) up by 10.6% y-o-y to ₹3.11 lakh crore.
- Continued robust growth in retail business - MSME (27%), MSE (30%), Retail Lending (28%), Direct Housing Loans (37%), Vehicle Loans (49%) and other personal loans (101%).
- 504 branches and 586 ATMs added during the Q2FY15, taking the total to 5514 branches and 7095 ATMs.
- Enhanced E-transactions to 44.99% from 42% last year.
- Income from loans/advances for Q2 FY15 rose by 14.9% to ₹8005 crore.
- Net Interest Income for Q2 FY15 at ₹2368 crore, increased by 8.1% y-o-y.
- Net Interest Margin (NIM) (Domestic) at 2.36% and NIM (Global) at 2.24%.

Income and Expenses- Q2 FY15

- Total income for Q2FY15 increased to ₹11915 crore, with a y-o-y growth of 14.3%.
- Income from loans/advances increased to ₹8005 crore, with a y-o-y growth of 14.9%.
- Non-interest income for the quarter increased by 32.1% to ₹1021 crore.
- Total expenses for the quarter increased by 14.3% to ₹10290 crore.
- Net interest income for the quarter increased by 8.1% to ₹2368 crore.

- NIM (Domestic) improved to 2.36% from 2.33% last year and NIM (Global) improved to 2.24% from 2.22% last year.

Profits and Profitability - Q2 FY15

- **Operating Profit** for the quarter was at ₹1626 crore, up by 14.1% y-o-y.
- **Total provision** for the quarter was at ₹999 crore compared to ₹799 crore for Q2FY14. **The provision for NPAs** during the quarter was ₹912 crore.
- **Net profit** for Q2FY15 increased to ₹627 crore compared to ₹626 crore.
- While **Earnings per Share (EPS)** for the quarter was at ₹13.59, **Book Value** rose to ₹538.02 compared to ₹524.94 as at September 2013.

First Half Year (H1) Performance

- **Operating profit** at ₹3421 crore compared to ₹3323 crore a year ago. **Net Profit** for H1 FY15 aggregated to ₹1434 crore compared to ₹1418 crore a year ago.
- **Net Interest Income** increased to ₹4797 crore, with a y-o-y growth of 14.7%.
- **Total income** rose by 12.9% to ₹23643 crore, including ₹15910 crore income from loans/advances.
- **Non-interest income** stood at ₹2048 crore.

Business Performance

- **Global Business** of the Bank rose to ₹772053 crore compared to ₹672717 crore as at September 2013, with a y-o-y growth of 14.8%.
- **Global Deposits** of the Bank increased to ₹461193 crore compared to ₹391613 crore as at September 2013, with a growth of 17.8%.
- **Global Advances (Net)** reached a level of ₹310860 crore compared to ₹281104 crore as at September 2013, with a growth of 10.6%.
- The Bank's **domestic business** constituted 94% of the total business. Total business of the foreign branches increased to ₹46310 crore from ₹40505 crore last year.
- The Bank's **CASA deposits** to domestic deposits stood at 23.71%. The Bank's CASA deposits increased to ₹104030 crore as at September 2014 compared to ₹95278 crore as at September 2013.
- The Bank's **clientele base** increased to 6.02 crore, comprising 5.33 crore under deposit and 69 lakh under borrowal accounts. About 86 lakh clientele added during the year.
- While **Business per Employee** stood at ₹14.12 crore, **Business per Branch** was at ₹140.02 crore.

Capital Adequacy under New Basel III norms

- **Capital Adequacy Ratio** as per Basel III norms stood at 10.19% (as against mandatory requirement of 9%). CET ratio at 7.13% (against mandatory requirement of 5.5%) and Tier I ratio of 7.41% (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's **gross NPA** stood at ₹9164 crore, with a gross NPA ratio of 2.92% compared to 2.64% last year, despite continuing stressed scenario at the industry level.
- **Net NPA** stood at ₹7170 crore, with a net NPA ratio of 2.31% compared to 2.30% last year.
- **Cash Recovery** during Q2FY15 amounted to a record ₹1194 crore compared to ₹1035 crore for the same quarter a year ago. Cash Recovery during the half year aggregated to ₹3213 crore.
- The Bank's **outstanding restructured portfolio** at ₹24557 crore constituted 7.9% for the gross advances.

Diversified Credit Portfolio

- Outstanding advances to various **Priority Segments** rose to ₹108748 crore compared to ₹88280 crore as at September 2013, registering a growth of 23.2%.
- Advances under **Agriculture** portfolio increased by 24.6% to reach ₹54890 crore, achieving 18.98% to ANBC as against the mandated target of 18%.
- Credit to **Micro, Small and Medium Enterprises (MSMEs)** reached ₹55011 crore, with a y-o-y growth of 26.6%.
- Credit to **M&SE** reached ₹41227 crore, with a y-o-y growth of 29.8% (against mandated norm of 20%). The **number of micro enterprises accounts** recorded a growth of 44.7% against mandated norm of 10%. The **share of micro credit in M&SE advances** improved to 60.01% (mandated level 60%).
- Credit to **women beneficiaries** increased to ₹37129 crore (12.84% against 5% norm).
- **Retail lending portfolio** increased to ₹38884 crore, with a y-o-y growth of 28.4%. The share of retail credit in domestic advances increased to 13.4% compared to 11.6% last year.
- Outstanding **housing loan portfolio** increased to ₹20273 crore, constituting over 52% of the total retail lending portfolio.
- **Vehicle loans** registered a growth of 49% to reach ₹3490 crore.
- **Education loan portfolio** rose to ₹5336 crore, with y-o-y growth of 14.2% and covered 2.6 lakh students.

Performance under Pradhan Mantri Jan Dhan Yojana (PMJDY)

- Under PMJDY, the Bank has opened 36.5 lakh accounts so far, with an outstanding balance of ₹725 crore.
- The Bank issued 27.18 lakh RuPay cards.
- The Scheme envisages an Over draft facility of ₹5000/- in respect of accounts that have satisfactory operation for 6 months.
- The Bank is allotted 3962 Sub Service Areas (SSAs) and 3371 wards and 98% has been completed till date.
- The Bank has appointed 2459 Bank Mitras (BCs) across the country.

- An exclusive Toll free number 1800-425-11222 is set up in Kerala where the Bank is the SLBC Convener for grievance redressal.

A Holistic Approach to Financial Inclusion (FI)

- During the year, the Bank opened 254 branches in **financial inclusion/ unbanked villages** taking the total tally of FI branches to 790.
- Apart from branches, the Bank has also 479 **Ultra Small Branches**. The Bank engaged **2459 Business Correspondent Agents** for financial inclusion activities.
- **Basic Savings Bank Deposits (BSBD)** accounts increased to 1.13 crore, with an outstanding deposit balance of ₹1783 crore.
- **Exposure under Self-Help Groups (SHGs)** increased to ₹2101 crore under 1 lakh SHG accounts.
- **Exposure under General Credit Cards** increased to ₹1473 crore under 7.45 lakh accounts.
- 63 **Financial Literacy Centres** have been set up to provide financial education to the poor and the common man.
- 21 **Micro Finance Branches** in urban areas are operational to cater to the needs of the urban poor.
- 317 **Farmers Clubs** opened by the Bank during the current financial year.
- **Aadhaar enrolment** taken up in 9 states and enrolled 34.35 lakh residents till September 2014.
- Aadhaar seeding in CBS improved to 57.38 lakh as at September 2014.

Enhanced Delivery Channels

During the quarter, the Bank added 504 domestic branches, taking the total tally under the branch network to 5514 including 7 overseas branches.

The Bank added 586 ATMs during the quarter, taking the total number to 7095 as at September 2014, besides 132 e-lounges. The Bank's debit card base rose to 185 lakh and e-transactions increased to 44.99% compared to 42% last year.

Customer Friendly New Products/ InfoTech Initiatives

- Bank has launched new MSME loan products, viz., Canara Caravan and Contractors' Scheme and Schemes for various segments of micro and small enterprises, such as, Women Entrepreneurs, Contractors, Exporters, Professionals, etc.
- Introduced a new credit scoring model for evaluating the eligibility of MSME entrepreneurs to avail finance from banks on better terms, first of its kind in the industry.
- Established five MSME Consultancy Services Centres for providing consultancy services to MSME clientele.
- Launched a new dedicated website for MSME sector www.canaramsme.com

- For online display and marketing of products and services of MSME entrepreneurs, Bank has launched online marketing portal www.canbankemart.com
- Branch Transformation initiatives implemented in 600 branches christened as 'Shikhar Branches' as part of the Bank's BPR activities and optimization of processes implemented in 15 Retail Assets Hubs.
- Introduced Secured Credit Card with the option of EMV Global Variant. These Cards are targeted/ issued to customers against security of KDR/ FD.
- Canara m-Wallet Mobile App released.
- Canara easyCash Product released for cash transfer to migrant population.
- Canara P-Serve (Touch Screen Kiosk Application) released.
- Mobile Banking through National Unified USSD Platform (NUUP) made available.
- Online SB Account Opening Portal for NRIs released.
- Treasury Collection Module for Government of Kerala released.
- Commercial Taxes Collection application for Gujarat implemented.
- Export Data Processing and Monitoring System (EDPMS) Software for Treasury made live.
- Sarva Shiksha Abhiyan Software (Fund Transfer from Central Government to School) for Andhra Pradesh completed.

Awards and Accolades

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

- **Golden Peacock Award** for Corporate Governance by the Institutes of Directors, India.
- **Assocham Social Banking Excellence Award 2014** under Public Sector Banks category for excellent performance under Corporate Social Responsibility initiatives.
- **CEO with HR Orientation** at the Asia Pacific HRM Congress 2014 instituted by World HRD Congress.
- **40 Most Talented HR Leaders** at the Asia Pacific HRM Congress 2014 instituted by World HRD Congress.
- **1st Prize under Indira Gandhi Rajbhasha Puraskar Yojana** for effective implementation of Official Language in Region 'C'.

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 is opening 3 more branches in UK and 1 branch each in Frankfurt (Germany), DFC - Dubai (UAE), Jeddah (Saudi Arabia), wholly owned Subsidiaries in Brazil and Tanzania and Representative Offices in Tokyo (Japan), Abuja (Nigeria), Jakarta (Indonesia) and Istanbul (Turkey).

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- 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%.

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