

**PRESS RELEASE- FINANCIAL RESULTS- JUNE 2017**  
**HEAD OFFICE, BENGALURU**  
**19<sup>th</sup> July, 2017**

**Major Highlights Q1 FY18**

- Gross profit up by 36% y.o.y, increased to Rs.2472 crore from Rs 1819 crore.
- Net profit up by 9.90% y.o.y to Rs. 252 crore, from Rs.229 crore a year ago.
- Net Interest Income at Rs. 2713 crore, up by 17.59%.
- Non-Interest Income grew by 33.06% to Rs.2109 crore.
- % share of non-interest income in total income improved to 17.14%.
- Global Business reached Rs.8.29 lakh crore, up by 5.36% y.o.y.
- Global deposits of Rs.4.86 lakh crore, up by 4.43% and Net Advances of Rs.3.43 lakh crore, up by 6.70%.
- Sustained growth in retail assets (Y.o.Y) - Agriculture (9.26%), MSME (12.19%), Retail Lending (8.34%), Direct Housing (17.99%), Vehicle (22.49%), Education (13.10%) and Other Personal loans (23.94%).
- CASA Deposits up by 16.23% y.o.y, increased to Rs.1.49 lakh crore.
- Domestic CASA share improved to 33.14% from 29.27% last year.
- Cost of deposits came down by a healthy 62 bps to 5.83% from 6.45% last year.
- Net Interest Margin (NIM) (Domestic) at 2.56% and NIM (Global) at 2.34%.
- Cost to Income ratio came down to 48.72% from 52.74%.
- Gross NPA Ratio at 10.56% and Net NPA at 7.09%.
- Cash Recovery aggregated to Rs 1331 crore during the quarter.
- Provision Coverage ratio at 54.52%, up from 50.82% last year.
- Capital adequacy ratio improved to 12.61%, up from 12.11% a year ago.
- Branch network has crossed 6000 milestone to reach 6097 and number of ATMs at 10559.
- E- transactions ratio at 70.50%, up from 56.40% a year ago. 57.79 lakhs Mobile Banking and 32.56 lakhs Net Banking users.
- ROA at 0.18% and ROE at 3.69%, improved over a year ago.
- Total expenditure declined by 1.36% y-o-y.
- Interest expenses, including interest paid on deposits declined by 5.22% y.o.y.

## Income, Expenditure & Profit- Q1 FY18

- Gross profit at ₹2472 crore, increased by 36% y.o.y
- Total income stood at ₹12304 crore, increased by 4.39% y.o.y.
- Non-interest income increased to ₹2109 crore, with a robust growth of 33.06% y.o.y.
- Total expenditure declined by 1.36% y.o.y to ₹9832 crore.
- Net Interest Income increased by 17.59% y.o.y to ₹2713 crore.
- Operating expenses increased by 13.32% y.o.y to ₹2349 crore.
- Net profit at ₹252 crore up by 9.90% y.o.y from ₹229 crore a year ago.
- Total provision made in Q1 FY18 at ₹2221 crore compared to ₹1590 crore in Q1 FY17. The provision for NPAs at ₹2270 crore against ₹1469 crore in Q1FY17.

## Business Performance

- Global Business reached ₹828721 crore with a y.o.y growth of 5.36%.
- Global Deposits reached ₹485905 crore with a y.o.y growth of 4.43%.
- Global Advances (Net) stood at ₹342816 crore with a y.o.y growth of 6.70%.
- Overseas business constituted 7.85% of the total business. Total business of 8 overseas branches stood at ₹65089 crore.
- Clientele accounts increased to 7.91 crore from 7.36 crore last year.

## Deposit Portfolio- Thrust on CASA & Retail Deposits

- CASA deposits increased to ₹149084 crore, with a y.o.y growth of 16.23%.
- CASA share (domestic) improved to 33.14% from 29.27% a year ago.
- Retail term deposits increased to ₹207180 crore with a y.o.y growth of 14.8%.
- Share of retail term deposits in term deposits increased to 69.10% compared to 60.70% last year.

## Credit Portfolio- Thrust on Retail Assets

- Retail Assets (Agriculture, MSMEs, Housing & Other Retail Schemes) constitutes 61.8% of the Bank's total credit portfolio, increased from 60% last year.
- Advances to Priority Sector increased to ₹162799 crore, with 10.24% y.o.y growth.
- Advances to Agriculture grew by 9.26% y.o.y to ₹75845 crore.
- Credit to Micro, Small and Medium Enterprises (MSMEs) recorded a y.o.y growth of 12.19% to ₹75250 crore.
- Credit to M&SE segments reached ₹53839 crore. The number of Micro Enterprises Accounts recorded a growth of 15.27%.
- 28.20 lakh women beneficiaries assisted to the tune of ₹46363 crore.
- Achieved the mandated targets in respect of Total Priority (50.65% against 40% ANBC norm), Agriculture (22.89% against 18% ANBC norm), credit to specified minority communities (17.38% against 15% norm) and weaker sections (13.39% against 10% ANBC norm). Credit to women beneficiaries (14.80% against 5% norm).
- Retail Lending Portfolio increased to ₹60841 crore, with a y-o-y growth of 8.34%.
- Housing Loan (Direct) Portfolio increased to ₹25007 crore, with a y-o-y growth of 17.99%.
- Vehicle loans and other personal loans recorded good growth of 22.49% (₹5430 crore) and 23.94% (₹14809 crore) respectively.
- Education Loan Portfolio increased to ₹7821 crore, with a y.o.y growth of 13.10%, covering over 2.97 lakh students.

## Capital Adequacy

- Capital Adequacy Ratio as per Basel III norms improved to 12.61%, up from 12.11% a year ago, with CET 1 ratio at 8.72% & Tier I ratio at 9.57%.
- Government shareholding is at 66.30%. Comfortable capital position for assets growth.

## Asset Quality

- Gross NPA ratio at 10.56% compared to 9.71% as at June 2016.
- Net NPA ratio at 7.09% compared to 6.69% as at June 2016.
- Cash Recovery aggregated to ₹1331 crore during the quarter.
- Outstanding restructured portfolio at ₹21068 crore, constituted 5.90% of gross advances.

## Pradhan Mantri Jan Dhan Yojana (PMJDY)

- 65.73 lakhs accounts opened under PMJDY, securing CASA deposits of ₹1748 crore.
- 4.02 lakh PMJDY account holders have been provided with **overdraft facility**, amounting to ₹65.47 crore so far.
- 71 **Financial Literacy Centres (FLCs)** opened at District/Block levels, educating 3.65 lakh persons.
- 236.83 lakh accounts were **Aadhaar seeded**, of which 29.55 lakh accounts under PMJDY accounts.
- As a part of **grievances redressal mechanism** for customers, the Bank established Toll free number 1800 425 11222.

## Social Security Schemes

- 46.95 lakhs enrolments have been done under both **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY-12.01 lakhs)** & **Pradhan Mantri Suraksha Bima Yojana (PMSBY- 34.93 lakhs)** as at June 2017.
- Under **Atal Pension Yojana (APY)** the Bank has mobilized 0.13 lakhs accounts during the quarter.
- Under **Sukanya Samridhi Yojana**, 3117 accounts have been mobilized during Q1 FY18.

## Pradhan Mantri Mudra Yojana (PMMY)

- Under **Mudra Yojana**, the Bank disbursed ₹1242.09 crore, covering 105093 accounts as at June 2017.

## A Holistic Approach to Financial Inclusion (FI)

- The Bank has provided banking facilities in all the allotted 10049 villages.
- Covered all 3962 allotted SSAs by opening of 881 Brick & Mortar branches and engaging 2459 Business Correspondent Agents.
- 471 **Ultra Small Branches** are also functional besides FI branches.
- **Financial Inclusion branches** have garnered business of ₹15450 crore. The CASA component of FI branches stood at 55.47%, amounting to ₹3969 crore.
- **18 Micro Finance branches** have garnered a total business of ₹491.53 crore under Urban Financial Inclusion.
- 166.93 lakh **Basic Savings Bank Deposit Account (BSBD)** accounts opened with outstanding CASA deposits of ₹4405 crore.
- Formed **173 farmers' clubs** during the quarter.
- Formed **7402 Self Help Groups (SHGs)** and 12198 SHGs have been credit linked to the extent of ₹295 crore. Exposure under SHGs increased to ₹2686 crore under 1.29 lakh SHGs.
- **Business Correspondent Agents** have done 28.27 lakh transactions, amounting to ₹500 crore during the quarter.

## Enhanced Delivery Channels & Digital Footprints

- Branch network has crossed 6000 milestones to reach 6097, including 8 overseas branches (**London, Leicester, Johannesburg, New York, Hong Kong, Manama, Shanghai and Dubai**).
- Total number of ATMs further expanded to 10559. 186 e-lounges were functional across major cities.
- **Debit card base** rose to 3.69 crore. 57.79 lakhs **Mobile Banking** and 32.56 lakhs **Net Banking** users. **Ratio of e-transactions** increased to 70.50% from 56.40% a year ago.
- Major branch transformation with 1215 **Shikhar Branches** for better customer service to drive business.

## New Products & Important Customer-friendly Technology Initiatives

- Online e-payment of GST through Internet Banking/ Remittances through branches enabled.
- Bharat QR code enabled in the Mobile Banking App.
- Generating “QR options” enabled for Merchants in UPI eMpower mobile App.
- Internet Banking with enriched User Interface & Experience, with added functionalities released.
- Electronic Verifications of Income tax (IT) returns using bank account number enabled.
- Missed call facility for Prepaid Card Balance enquiry enabled.
- Canara Mserve mobile App for switching ON/OFF Debit/Credit cards is made available in all platforms (Android/iOS/Windows).

## Awards & Accolades

The Bank was conferred with the following Major Awards/ Accolades in Q1 FY18:

- Certificate of Excellence for exemplary leadership in promoting RSETIs and Certificate of Excellence for RUDSETI for FY15 & FY16.

## Goals: March 2018

- Continued thrust on Retail Business & Asset Quality- CASA & retail deposits, retail credit, fee income, containing NPA, recovery & upgradation and improving operational financial ratios, such as, NIM, RoA, RoE and Cost-to-Income.

*Speaking on the occasion, Shri. Rakesh Sharma, MD &CEO, commented,*

*“We in the bank have resolved that the current year would be a “Year of Recovery and Growth”. All efforts are being made towards improving the financial health of the Bank. These efforts are reflected in the first quarter results. The healthy 36% growth in gross profits has been a consequence of a multifaceted approach aimed at reducing our cost of deposits (declined by 62 bps), improvement in C-D ratio (stands at 70.55% vis-à-vis 69.05%), 33% non-interest income growth and net interest income growth of 17.6%. The NPA ratios have, however, shown an increase mainly due to significant time lags in resolution. Our extreme focus on NPA management would continue unabated. We expect the net NPA level to decline to less than 6% by the year-end. The provision coverage ratio has in line with the above focus and improved to 54.52% from 50.82% last year. The corrective steps initiated would in our opinion lead to significant improvement in the profitability of the Bank.”*

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