

short term credit, cash management and treasury products. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, **Recurring Deposits** schemes and tax-saving deposit products.

The Bank's other businesses include bancassurance (marketing and distribution of life, non-life and health insurance products), marketing and distribution of mutual fund products, executor, trustee and taxation services, depository services, safe deposit box services, Government business, agricultural consultancy services and merchant banking.

We also undertake business in the areas of housing finance, priority sector lending in rural areas through our RRBs. Other activities like asset management, factoring, stock broking and equity trading, software development and consultancy, venture capital and life insurance are done through our Subsidiaries and Associates.

Our **total assets** have increased from ₹374160 Crores as of March 31, 2012 to ₹548001 Crores as of March 31, 2015 at a CAGR of 13.56%. Our **total deposits** have grown from ₹327054 Crores as of March 31, 2012 to ₹473840 Crores as of March 31, 2015 at a CAGR of 13.15%. Our **total advances** have increased from ₹232490 Crores as of March 31, 2012 to ₹330036 Crores as of March 31, 2015 at a CAGR of 12.39%. Our **total income** has increased from ₹33778 Crores as of March 31, 2012 to ₹48300 Crores as of March 31, 2015 at a CAGR of 12.66%. Our **net profit** was at ₹3283 Crores for the year ended March 31, 2012 and ₹2703 Crores for the year ended March 31, 2015. In addition, our **total number of branches** has increased from 3600 as of March 31, 2012 to 5682 as of March 31, 2015 at a CAGR of 16.43%.

As at September 2015, the **total assets** of our bank stood at ₹558848 Crores. As at September 2015, the total business of our bank stood at ₹808283 Crores comprising **total deposits** of ₹485206 Crores and **total advances** of ₹323077 Crores. The **total income** of our bank stood at ₹24731 Crores with a **net profit** of ₹1008 Crores as at September 2015. In addition, the number of branches was at 5734 as of September 30, 2015.

ii. Main Objects

Founded as "Canara Bank Hindu Permanent Fund" in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as "Canara Bank Ltd." in 1910 and became Canara Bank in July 1969 after nationalization. The main objects of the Bank at the time of the nationalization, as laid down in the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, are as under:

"To control the heights of economy and to meet progressively, and serve better, the needs of development of the economy in conformity with national policies and objectives and for matters connected with or incidental thereto."

The Bank carries on and transacts the business of banking i.e. "accepting for the purpose of lending or investment, of deposits of money from public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise" as defined under Clause 1(b) of Section 5

of the Banking Regulation Act, 1949. The banking business is governed by Section 3 (7) and Section 3 (5) of Chapter II of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970.

Canara Bank, in the course of its business as a commercial bank, accepts funds at the primary level, to be placed into various kinds of deposit accounts and to be lent to various categories of borrowers. It also extends banking services under various market segments, namely, personal banking, corporate banking, agricultural banking, international banking, merchant banking, depository participant services, investment banking, credit card business, bancassurance, leasing & hire purchase etc.

iii. Financial Performance

Operating profit of the Bank increased by 2.27% to ₹ 6950 crore compared to ₹ 6796 crore last year. Total provisions and contingencies was at ₹ 4248 crore compared to ₹ 4358 crore last year. The Bank's net profit increased by 10.85% to ₹ 2703 crore for 2014-15 compared to ₹ 2438 crore last year. Return on Average Assets (RoAA) for the year improved to 0.55% against 0.54% last year. Profit per employee worked out to ₹ 5.01 lakh for the year compared to ₹ 5.00 lakh a year ago.

Key Financial Ratios (%)	March 2014	March 2015
Cost of Funds	6.80	6.84
Yield on Funds	8.79	8.78
Cost of Deposits	7.42	7.38
Yield on Advances	10.54	10.75
Yield on Investments	8.03	8.00
Spread as a % to AWF	1.99	1.94
Net Interest Margin (NIM)	2.27	2.25
Operating Expenses to Average Working Funds	1.35	1.47
Return on Avg. Assets (RoAA)	0.54	0.55
Return on Equity	10.59	11.06
Business per Employee (₹ in Crore)	14.42	14.35
Profit per Employee (₹ in Lakh)	5.00	5.01
Book Value (₹)	522.76	552.54
Earnings per Share (₹)	54.48	58.59

Net worth of the Bank, as at March 2015, increased to ₹ 26256 crore compared to ₹ 23394 crore as at March 2014. While total paid-up capital of the Bank was ₹ 475 crore, reserves and surplus increased to ₹ 31384 crore. In 2014-15, Government of India infused ₹ 570 crore capital in the Bank by way of preferential allotment of ₹ 1.39 crore equity shares on 31.03.2015. On account of the above, the Government of India's shareholding in the Bank increased to 69.91% from the earlier level of 69%. During the year, the Bank also raised ₹ 1500 crore Basel III compliant Tier 1 bonds, taking the total capital funds to ₹ 36137 crore.

(Amt. in Rs. Crore)

Composition of Capital	March 2014	March 2015
Risk Weighted Assets	312226	342248
CET 1	23132	25222
CET 1(%)	7.41	7.37
AT 1	859	2238
AT 1(%)	0.27	0.65
Tier I Capital	23991	27459
CRAR (%) (Tier I)	7.68	8.02
Tier 2 Capital	9205	8678
CRAR (%) (Tier 2)	2.95	2.54
Total Capital	33196	36137
CRAR (%)	10.63	10.56

Capital Adequacy Ratio as at March 2015 stood at 10.56% against regulatory requirement of 9%. Within the capital adequacy ratio, CET 1 ratio stood at 7.37% against requirement of 5.5% and Tier I Capital ratio was at 8.02% against the requirement of 7%. Adequate headroom is available for the Bank to raise capital in order to support business growth momentum.

iv. Business Growth

Total Deposits grew by 12.63% to reach ₹473840 crore as at March 2015 compared to ₹420723 crore a year ago. During the year, the Bank shed ₹16242 crore worth high cost deposits. As a result, the share of high cost deposits came down from 6.55% as at March 2014 to 2.38% as at March 2015.

v. Advances (net)

In line with the growth recorded by the industry, the Bank's advances (net) grew by 9.62% to reach ₹330036 crore compared to ₹301067 crore a year ago. The Bank's diversified asset portfolio is spread over various productive segments of the economy, like, Agriculture, Micro, Small and Medium Enterprises (MSMEs), Exports, Retail, including Housing, Education, Vehicle and others, large Corporates and Infrastructure segments. As at March 2015, the number of borrowal accounts increased to over 72 lakh from 66 lakh last year.

vi. Total business

Total business of the Bank increased to ₹803876 crore, with a y-o-y growth of 11.37% compared to ₹721790 crore in the previous year. During the year, the Bank's total clientele accounts increased by over 1 crore to 6.57 crore from 5.55 crore.

vii. Retail Lending Operations

In line with the thrust areas set for the year, the Bank's retail lending operations recorded robust y-o-y growth.

Retail Segments	As at March		Growth	
	2014	2015	Quantum	(%)
Housing Direct	12822	16480	3658	28.53
Vehicle	3099	3770	671	21.65
Other Personal	5845	10540	4695	80.33
Education	4901	5636	735	15.00
Total Retail Loans	33529	42298	8769	26.15

Outstanding retail loans portfolio grew by 26.15% y-o-y to ₹42298 crore as at March 2015. The disbursals during the year under various retail lending schemes amounted to ₹16590 crore. The outstanding total housing loan portfolio rose to ₹22352 crore and accounted for 53% of the total retail lending portfolio. The Bank's Vehicle loans and other personal loans increased by 21.65% and 80.33% y-o-y respectively.

viii. International Operations

The Bank's overseas operations covered 8 countries, with Seven branches at London and Leicester (UK), Hong Kong, Shanghai (China), Manama (Bahrain), Johannesburg (South Africa), New York (USA), one Representative Office at Sharjah (UAE) and a Joint Venture Bank, viz., Commercial Indo Bank LLC in Moscow, in association with State Bank of India.

All overseas branches recorded improved performance during the year 2014-15. Total business of the seven overseas branches aggregated to ₹51831 crore for the financial year ending March 2015. Overseas Business constituted 6.4% of the Bank's total business, up from 5.69% last year.

The Bank opened a branch at Johannesburg (Republic of South Africa) on May 19, 2014 and launched another branch at New York (USA) on June 9, 2014. The Bank has approval from RBI for expansion in other international centres such as, DIFC (Dubai), Frankfurt (Germany), Sao Paulo (Brazil), Dar-e-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria), Istanbul (Turkey), Jakarta (Indonesia) and Jeddah (Saudi Arabia). Bank has plans to open a branch in DIFC Dubai and a banking subsidiary at Dar e Salaam in Tanzania during 2015-16.

The Bank has sought RBI's approval for expansion in 7 more international centres, namely, Mexico City (Mexico), Kigali (Rwanda), Singapore, Auckland (New Zealand), Sydney (Australia), Ontario (Canada) and Durban (South Africa).

The Bank's international operations are well supported by a wide network of 392 Correspondent Banks, spread across 86 countries. Rupee Drawing Arrangements with 35 Exchange Houses and 13 overseas banks are also operational for channelizing the remittances of Non Resident Indians (NRIs). The Bank is also maintaining Vostro Accounts of 14 overseas banks for facilitating remittances (retail/commercial) through Swift MT103 mode. The Bank is managing two Exchange Houses viz., Al Razouki International Exchange Company, Dubai and Eastern Exchange Est., Qatar under Secondment and Management Agreement respectively.

ix. Credit Risk Management

The Bank has various risk management systems for managing Credit Risk with comprehensive policies and procedures in place.

The Credit Risk Management Policy articulates, among others, the guidelines on:

- Lending norms for appraisal and decision making
- Delegation of credit sanctioning powers to various authorities/Credit Approval Committees based on internal risk rating of the borrowers
- Entry barriers based on risk rating
- Risk Based Pricing
- Loan Review Mechanism

An exclusive Credit Monitoring Policy has been put in place. The loan review mechanism articulated in the Credit Monitoring Policy covers the entire gamut of review and monitoring as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration, including Credit Audit/ Pre-release Audit, duly administered by the Credit Administration and Monitoring Wing, as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration including Credit Audit/ Pre-release Audit duly administered by the Credit Administration and Monitoring Wing.

x. National Priorities

The Bank continues to accord importance to varied goals under national priorities, including agriculture, micro and small enterprises, education, housing, microcredit, credit to weaker sections and specified minority communities.

Priority Sector Advances of the Bank as at March 2015 reached ₹118234 crore, recording a y-o-y growth of 20.94% and achieved 40.89% to Adjusted Net Bank Credit (ANBC) against 40% mandated norm.

(Amt. ₹ Crore)

Priority Sector Advances	As at March		Growth	
	2014	2015	Amount	%
Total Priority Sector	97762	118234	20472	20.94
Agriculture	48797	58868	10071	20.64
Direct Agriculture	44268	51437	7169	16.19

With a focus on credit delivery to **Agriculture**, the Bank's advances under agriculture portfolio increased by 20.64% to ₹58868 crore, covering over 53 lakh farmers. Under agriculture lending, the Bank achieved 20.36% to ANBC against 18% mandated norm. During 2014-15, the Bank's agriculture credit disbursal increased to ₹45232 crore, with a growth of 9% over the previous year. Advances under **Direct Agriculture** increased by 16.19% to ₹ 51437 crore and achieved 17.79% to ANBC against 13.5% mandated norm. The Bank undertook special campaigns for extending Crop Loans/General Credit Cards (GCCs) facility to all farmers/non-farmers.

During the year, the Bank issued 5.85 lakh Kisan Credit Cards (KCCs), amounting to ₹8653 crore. The credit outstanding under KCCs was at ₹10330 crore as at March 2015. 5.39 lakh Kisan RuPay Cards were issued against eligible accounts of 5.85 lakh, with an achievement of 92%. During the year, the Bank also extended financial assistance to other priority sectors, such as, State sponsored organization for SCs/STs, housing and micro credit. The Bank actively participated in various **Government Sponsored Schemes**, such as, Prime Minister's Employment Generation Programme (PMEGP), National Rural Livelihood Mission (NRLM) and Differential Rate of Interest (DRI) Scheme. As at March 2015, the outstanding advances under the following Government Schemes aggregated to ₹960 crore, involving around 2.34 lakh beneficiaries.

xi. Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to financially excluded and marginalized sections of society in particular. As per the Government of India and the Reserve Bank of India directions, the Bank has been actively pursuing the agenda of Financial Inclusion (FI), with key interventions in four groups, viz., expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy of Financial Literacy. During the year, the Bank has successfully covered all the allotted 10049 unbanked villages across the country. The Bank opened 270 Financial Inclusion (FI) branches during the year in unbanked villages, taking the total tally of FI branches to 806 under branch model. The Bank has engaged 2459 Business Correspondents Agents (BCAs) under Business Correspondents (BC) model by engaging three Corporate BCs, viz., M/s Integra Micro Systems (P) Ltd, M/s Fino Paytech and M/s CSC e-Governance Services India Ltd. Besides, the Bank had opened 544 Ultra Small Branches (USBs), out of which 65 were

upgraded as FI branches. There were 479 USBs operational as at March 2015.

xii. Credit Linkage

Financial deepening is yet another endeavor by the Bank in providing various other facilities, like, In-Built Overdrafts (IODs), Kisan Credit Cards (KCCs), General Credit Cards (GCCs), Differential Rate of Interest Scheme (DRI), Self Help Groups (SHGs), Micro Credit Groups (MCGs), Micro Insurance and Micro Pension under Canara Nayee Disha Scheme. Improvement in the above credit linkages during the year is as under.

- **IODs** - In built OD facility permitted to 3.30 lakh beneficiaries, amounting to ₹66 crore.
- **KCCs** - During the year, the Bank issued 5.85 lakh KCCs, amounting to ₹8653 crore. As at March 2015, the credit outstanding under KCCs was at ₹10330 crore.
- **DRIs**- During the year, the Bank financed 70332 persons under DRI Scheme, with total assistance of ₹99 crore. DRI outstanding at the end of year was 1.71 lakh accounts, with a balance of ₹172 crore.
- **SHGs** - 41319 SHGs were formed during the year and credit linked 42066 SHGs, with credit of ₹903 crore. The outstanding SHGs at the end of the year stood at 114698 accounts, with a balance of ₹2456 crore.

xiii. Corporate Social Responsibility

Following founding principles and century old tradition, the Bank is engaged in varied Corporate Social Responsibility (CSR) activities. CSR initiatives of the Bank are multifarious, covering activities like training unemployed rural youth, providing primary health care, drinking water, community development, empowerment of women and other social initiatives.

xiv. Rural Development

The Bank, through its Canara Bank Centenary Rural Development Trust (CBCRDT), has established 34 exclusive training institutes, including 26 Rural Self Employment Training Institutes, 5 Institutes of Information Technology and 3 Artisan Training Institutes to promote entrepreneurship development among rural youth and encourage them taking up self-employment activities. During 2014-15, these Institutes trained 27960 candidates, taking the tally to 2.41 lakh unemployed youth since inception, with an impressive settlement rate of 73%.

xv. Infotech Progress

During 2014-15, the Bank added a record 2221 ATMs, taking the total number of ATMs to 8533, spread across 4021 centres. The Bank's ATMs strength was the highest among nationalized banks. The debit card base of the Bank rose to 2.55 crore compared to 1.51 crore as at March 2014.

132 hi-tech e-lounges were functional in select branches with facilities, like, ATM, Cash Deposit Kiosk with voice guided system, Cheque Deposit Kiosk, Self Printing Passbook Kiosk, Internet Banking Terminal, Online Trading Terminal and Corporate Website Access. Interactive Video Conference System was also made available at select e-lounges. As a result of various alternate delivery measures adopted by the Bank, e-transaction ratio increased to 50.21% as at March 2015 compared to 43.84% last year.

xvi. Manpower Profile

As at March 2015, the Bank had 53894 employees on its rolls.

	March 2014	March 2015
Total No. of Employees	48794	53984
Officers	20878	23372
Clerks	18770	20268
Sub-Staff*	9146	10344

* includes part-time employees (PTEs)

The Bank's staff comprised 43% Officers, 38% Clerks and 19% Sub-Staff. Women employees comprising 15303 constituted 28% of the Bank's total staff. The total number of ex-servicemen staff as at March 2015 stood at 546. There were 1123 Physically Challenged Employees on the rolls of the Bank.

During the year, the Bank recruited 8296 persons in various cadres, out of which, 1762 belonged to Scheduled Castes (SCs) and 571 to Scheduled Tribes (STs) categories. This includes 546 ex-servicemen recruited in various cadres during the year. 2544 women employees were recruited and 503 women employees were promoted under various cadres during the year.

xvii. Financial Super Market:

Canara Bank, with an objective of offering 'One Stop Banking' facilities for the customers, forayed into diversified business activities by opening subsidiaries during late 1980s. Today, the Bank functions as a 'Financial Supermarket' with as many as nine subsidiaries/ sponsored entities/ joint ventures in diversified fields. To unlock the potential in Subsidiaries, Bank had appointed M/s KPMG Advisory Services Private Limited as consultant for comprehensive assessment and to draw a road map for Subsidiaries/Associates. The accepted recommendations have since been implemented. All the subsidiaries/sponsored entities/ joint ventures of the Bank recorded satisfactory performance during the year.

CANFIN HOMES LIMITED (CFHL)

Canfin Homes Limited, a Sponsored Entity of Canara Bank is one of the premier housing finance entities in the country, with a stake of 43.45%. The Company sanctioned loans amounting to ₹3670 crore and disbursed loans amounting to ₹3346 crore during the year. The loan outstanding as at March 2015 was ₹8238 crore. The Company earned a profit after

tax of ₹86.24 crore for the year ended March 2015 and proposed a 70% dividend for the year 2014-15.

CANARA BANK SECURITIES LIMITED (CBSL)

Canara Bank Securities Limited, (formerly Gilt Securities Trading Corporation Limited) has diversified into Capital Market related activities, mainly stock broking since 2007. The Company offers stock broking services to both institutional and retail clients. Online Trading Counter for retail customers is its flagship product and has diversified into Currency Derivatives and has a clientele base of 35172. The Company has posted a Profit after tax of ₹6.90 crore for the year ended March 2015 and paid a dividend of 12.50%.

CANARA ROBECO ASSET MANAGEMENT CO LIMITED (CRAMC)

To manage assets of Canbank Mutual Fund M/s Canbank Investment Management Services Limited was established in 1993. In the year 2007, Canara Bank divested 49% stake of Asset Management Company in favour of M/s Robeco Groep N V forming a joint venture for managing the assets of Canbank Mutual Fund. The Company has since renamed as Canara Robeco Asset Management Company Limited with a majority share of 51% held by the Bank. Assets under Management of the Company was ₹6421 crore with investor base of 5.27 lakhs. The Company is currently managing 29 Mutual Fund Schemes, including Gold EFT. The Company posted a net profit of ₹19.42 crore for the year 2014-15

CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LIMITED

An Insurance Joint Venture floated by the Bank in association with internationally reputed HSBC Insurance (Asia Pacific) Holding Limited and Oriental Bank Commerce. The Company was incorporated during September 2007 and commenced business operation from 16.06.2008. The Bank has a majority shareholding of 51% in the Company. During the year, the Company reached total business premium of ₹1642 crore and recorded statutory profit of ₹102.90 crore.

CANBANK VENTURE CAPITAL FUND LIMITED (CVCFL)

Canbank Venture Capital Fund Limited is the Trustee and Manager of Canbank Venture Capital Fund and a wholly owned Subsidiary of the Bank. The Company recorded a profit after tax of ₹6.92 crore for the year 2014-15 and paid a dividend of 1000%.

CANBANK FACTORS LIMITED (CFL)

Canbank Factors Limited is a factoring Subsidiary of the Bank. During 2014-15, the Company achieved a total business turnover of ₹3072.50 crore and earned a profit after tax of ₹14.80 crore. The Company has proposed a 10% dividend for 2014-15. The Credit Rating Information Services of India Limited (CRISIL) has rated its Short Term Debt Programme, the highest 'A1+'.

CANBANK COMPUTER SERVICES LIMITED (CCSL)

Canbank Computer Services Limited is the only Software Company promoted by a Public Sector Bank in the country. Canbank Computer Services Limited is primarily engaged in IT and Software development services, training / consultancy and registrar and share transfer agency. The Company has achieved a profit after tax of ₹6.51crore for the year.

CANBANK FINANCIAL SERVICES LIMITED (CANFINA)

Canbank Financial Services Limited is confining its activities to legal matter arising out of past transactions in securities, besides concentrating on collection of lease rentals and recovery of dues under decreed accounts.

COMMERCIAL INDO BANK LLC (CIBL)

CIBL, a joint venture of Canara Bank and State Bank of India, has been operational since April 2004 in Moscow, Russia. The Company earned a profit after tax of US\$1.05 million as on 31st March, 2015.

REGIONAL RURAL BANKS (RRBS)

The Bank has two sponsored RRBs viz., Kerala Gramin Bank, which covers entire 14 districts of Kerala with 565 branches and Pragathi Krishna Gramin Bank with 11 districts of eastern Karnataka and 645 branches. RRBs together have a branch network of 1210 and 412 ATMs. During the year, both RRBs have opened 73 branches and 135 ATMs. The aggregate business of the RRBs as at March 2015 stood at ₹40402 crore, comprising ₹20578 crore under deposits and ₹19824 crore under advances. Kerala Gramin Bank with a total business of ₹20940 crore ranked 1st amongst RRBs, followed by Pragathi Krishna Gramin Bank with ₹19462 crore. Both RRBs achieved the mandated target of 60% of total advances under priority sector lending. Gross NPA and Net NPA levels were below the tolerable level of 5% of total advances. Both RRBs registered a gross profit of ₹284.89 crore and net profit of ₹101.60 crore during the year. Their capital adequacy ratio is above the mandatory norm of 9%. RRBs are 100% CBS compliant and are ahead of their peer RRBs under technology front. They are extending IT based products, like, Mobile Banking, RuPay Debit Card services, Cheque Truncation System, e-KYC technology, Aadhaar enabled services and remittance facilities through NEFT/NGRTGS/AEPS to their customers. Kerala Gramin Bank has received 'Inclusive Finance India Award-2014' for adaptation and implementation of information technology and Pragathi Krishna Gramin Bank as 2nd runner-up, instituted by M/s Access in partnership with National Bank for Agriculture and Rural Development (NABARD) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

xviii. Implementation of Financial Inclusion and Pradhan Mantri Jan Dhan Yojana (PMJDY) in the sponsored Regional Rural Banks

The sponsored RRBs, in addition to branches, are extending basic banking services to villages through 884 Business Correspondents (BCs) and 157 Kiosks. They have established