कॆनरा बैंक Canara Bank

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PRESS RELEASE

Major Highlights- FY14

- Net profit for Q4FY14 at ₹611 crore up by 49.4% over previous quarter (Q3FY14) net profit level of ₹409 crore.
- Gross NPA Ratio down to 2.49% from 2.57% as at March 2013 and from 2.79% at Dec'13.
- Net NPA ratio down to 1.98% from 2.18% as at March 2013 and from 2.39% at Dec'13.
- Record Cash Recovery at ₹5494 crore compared to ₹4006 crore last year.
- Recovery from technically written off accounts at ₹1247 crore (16.8% of outstanding amount).
- Upgradation at ₹2853 crore compared to ₹852 crore last year.
- Provision Coverage ratio increased to 60.11% from 57.39% at Dec'13.
- Increase in CASA ratio (domestic) to 25.9% from 25.1% last year. Savings deposits increased to ₹85536 crore, with a y-o-y growth of 20.2%.
- Robust growth in retail business- MSME (35%), MSE (38%), Retail Lending (45%), Housing Loans (50%), Vehicle Loans (62%) and other personal loans (58%).
- Mandatory norms complied under Priority Credit, Agriculture, MSE (Accounts and Amount), Minority Communities and Weaker Section.
- Core fee income (excluding treasury trading profit) up by ₹792 crore to₹3269 crore (32% y.o.y) from ₹2477 crore last year.
- Total Business up by ₹1.24 lakh crore (20.7% y.o.y) to ₹7.22 lakh crore.
- Total Deposits up by 18.2% y-o-y to ₹4.21 lakh crore.
- Advances (net) up by 24.3% y-o-y to ₹3.01 lakh crore.
- Record addition of 1027 branches, taking the total to 4755
- Record addition of 2786 ATMs, taking number to 6312.
- 100% onsite ATMs for all 3728 branches opened upto March 2013.
- Record increase in E-transactions to 44% from 27% last year.
- Total income for the full year increased by 16.8% y.o.y to ₹43480 crore.
- Income from loans/advances increased by 16.7% to ₹28457 crore.
- Net Int. Income for the FY14 at ₹8944 crore increased by 13.5% y.o.y and 39.6% Q.o.Q.
- Operating Profit for the full year at ₹6796 crore, recorded an increase of 15.4% y.o.y and 38.3% Q.o.Q.

- ➔ **Total provision increased to ₹4358 crore in FY14 compared to ₹3018 crore in FY13 with a growth of 44.4%.**
- ➔ **Net profit for the full year ₹2438 crore.**
- ➔ **The Board has recommended a dividend of 110% for the full year, including an interim dividend of 65% declared in January 2014.**
- ➔ **Thrust on Asset Quality/NPA reduction, Recovery, CASA, Retail Business & Fee Income.**

FY14: Business Performance

- **Global Deposits** of the Bank reached **₹420723 crore**, with **18.2% y-o-y** growth compared to ₹355856 crore as at March 2013.
- **Global Advances (Net)** reached **₹301067 crore**, with **24.3% y-o-y** growth compared to ₹242177 crore as at March 2013.
- **Global Business** of the Bank reached **₹721790 crore,** with **20.7% y-o-y** growth compared to ₹598033 crore as at March 2013.
- **CD ratio** of the Bank improved to **71.56%** from 68.05% a year before.
- **Overseas business** constituted 5.7% of the total business. Total business of the 5 overseas branches increased to **₹41094 crore** from ₹28786 crore a year ago.
- **CASA ratio** (domestic) **improved to 25.9%** from 25.1% last year.
- **Savings deposits** increased to **₹85536 crore**, with a **y-o-y** growth of **20.2%.**
- **Clientele base** increased to 5.55 crore from 4.70 crore last year. Over 85 lakh clientele added during the year.
- **Business per Employee** increased to ₹14.42 crore from ₹14.20 crore.

Profits and Profitability – Q4 FY14

- **Operating profit** for the quarter at ₹1882 crore was higher by 10.9% over Q4FY13 (₹1698 crore).
- **Total provision** made for the quarter was at ₹1271 crore compared to ₹972 crore provision made in Q4FY13. **The provision for NPAs** during the quarter was ₹802 crore as against ₹346 crore in Q4FY13.
- **Net profit** for Q4FY14 at ₹611 crore was higher compared to ₹409 crore for Q3FY14.
- **Return on Assets** for the quarter stood at 0.54%.
- **Book Value** rose to ₹520.04 compared to ₹490.56 as at March 2013.

Income and Expenses- Q4 FY14

- The Bank's **total income** for Q4FY14 reached ₹11610 crore with a y.o.y growth of 22.6% over Q4 FY13 (₹9472 crore).
- **Income from loans/advances** reached ₹7683 crore, with a y.o.y growth of 26.5% compared to ₹6073 crore in Q4FY13.
- **Non-interest income** for the quarter was ₹1070 crore.
- **Total expenses** for the quarter was at ₹9728 crore compared to ₹7774 crore in Q4FY13.
- **Operating expenses** for the quarter was at ₹1723 crore compared to ₹1399 crore in Q4FY13.
- **Net interest income** for the quarter was ₹2535 crore improved by 21.3% over Q4FY13 (₹2091 crore).
- **Net Interest Margin (NIM)** improved to 2.27% sequentially compared to 2.21% as at Dec'13.

FY14: Income, Expenditure & Profit

- **Operating Profit** for FY14 increased by 15.4% to ₹6796 crore compared to ₹5890 crore last year.
- **Total provision** made for the FY14 was at ₹4358 crore compared to ₹3018 crore provision made last year. **The provision for NPAs** for FY14 was at ₹2135 crore against ₹1861 crore in FY13.
- Due to increased total provisioning, **Net profit** for the full year stood at ₹2438 crore.
- **Total income** for the full year increased by 16.8% to ₹43480 crore compared to ₹37231 crore in FY13.
- **Income from loans/advances** increased by 16.7% to ₹28457 crore compared to ₹24380 crore in FY13.
- The Bank's **non-interest income** (including treasury trading profit) for the whole year increased by 24.7% to ₹3933 crore compared to ₹3153 crore in FY13.
- **Total expenses** for FY14 increased to ₹ 36684 crore compared to ₹31341 crore in FY13.
- **Operating expenses** was at ₹6081 crore compared to ₹5142 crore in FY13.
- **Net Interest Income** at ₹8944 crore increased by 13.5% compared to ₹7879 crore in FY13.

Capital Adequacy

- **Capital Adequacy Ratio as per Basel III norms** stood at 10.63% (as against mandatory requirement of 9%). CET ratio at 7.41% (against mandatory requirement of 5%) and Tier I ratio of 7.68% (as against mandatory requirement of 6.5%).
- Adequate headroom available to raise capital to support business growth momentum. Government shareholding is at 69%.
- The Bank proposes to raise additional equity capital amounting to ₹1500 crore by way of Qualified Institutional Placement (QIP) or through preferential allotment during the current financial year.

Asset Quality

- The Bank has performed well in containing NPAs and making higher cash recoveries, despite continuing stress in the asset quality at the industry level.
- **Gross NPA ratio at 2.49%** came down from 2.57% as at March 2013.
- **Net NPA ratio** came down to **1.98%** from 2.18% as at March 2013.
- **Cash Recovery** aggregated to a record level of **₹5494 crore** compared to ₹4006 crore for FY13.
- **Upgradation** was ₹2853 crore compared to ₹852 crore last year.
- **Recovery from technically written off accounts** at ₹1247 crore accounted for 16.8% to outstanding amount. Recovery from loss assets amounts to ₹651 crore.
- The Bank's **outstanding restructured portfolio** at ₹23205 crore constituted 7.64% of gross advances.

Diversified Credit Portfolio

- Outstanding advances to various **priority segments** reached ₹97762 crore, recording a y.o.y growth of 23.8%.
- Advances under **agriculture** portfolio increased by 19.6% to ₹48797 crore, covering over 48 lakh farmers. Credit to direct agriculture reached a level of ₹44268 crore with a y.o.y growth

17%. Credit outstanding under Kisan Credit Cards (KCCs) stood at ₹8031 crore covering 7.09 lakhs KCCs.

- Assisted 20.68 lakh **women beneficiaries** to the tune of ₹36669 crore, constituting 15.79% of ANBC as against the RBI norm of 5%.
- Credit to **Micro, Small and Medium Enterprises** (MSMEs) recorded a y.o.y growth of 35.2% to ₹50040 crore compared to ₹37016 crore last year.
- Credit to **M&SE segments** reached ₹36703 crore, with a growth of 37.9% y-o-y (against mandated 20% norm). Share of **Micro credit** in **M&SE** improved to **55.84%** from 32.88% last year. The number of **Micro Enterprises Accounts** recorded a growth of 99.9% against mandated norm of 10%.
- Advances to **Weaker Sections** reached ₹29871 crore, with a y-o-y growth of 14%.
- Lending to **Specified Minority Communities** reached ₹17785 crore, with a y-o-y growth of 24%.
- Achieved the **mandated targets** in respect of **Total Priority** (42.52% against 40% norm), **Agriculture** (21.22% against 18% norm), **Direct Agriculture** (19.25% against 13.5% norm), **credit to specified minority communities** (18.19% against 15% norm) and **weaker section** (12.99% against 10% norm).
- **Retail Lending Portfolio** increased to ₹33529 crore, with a y-o-y growth of 45.2%.
- Outstanding **Housing Loan Portfolio** increased to ₹19684 crore, with a y-o-y growth of 49.8%. **Vehicle and other personal loans** recorded good growth of 62% and 58.2% respectively.
- **Education Loan Portfolio** increased to ₹4901 crore, with a y.o.y growth of 12.8% and covering over 2.50 lakh students.

A Holistic Approach to Financial Inclusion

- During the year, the Bank opened 257 branches in **financial inclusion/ unbanked villages** taking the total tally of FI branches to 532. Apart from branches, the Bank also has 514 **Ultra Small Branches** and engaged 2402 Business Correspondent Agents for financial inclusion activities.
- Under **more than 2000 population category**, the Bank covered all the allotted 1624 villages in 23 States.
- **Basic Savings Bank Deposits (BSBD)** accounts increased to 85.46 lakh, with outstanding deposit balance of ₹1647 crore.
- **In built OD facility** provided to 3.22 lakh beneficiaries, amounting to ₹114 crore. Provided life insurance coverage to 61247 group/BSBD account holders.
- **Exposure under Self-Help Groups (SHGs)** increased to ₹1902 crore under 92117 SHG accounts.
- **Exposure under General Credit Cards** increased to ₹832 crore under 3.89 lakh accounts.
- 60 **Financial Literacy Centres** have been set up to provide financial education to the poor and the common man.
- 20 **Micro Finance Branches** in urban areas are operational to cater to the needs of the urban poor. These branches have garnered a business of Rs.344 crore.
- 1500 **Farmers Clubs** opened by the Bank.
- Participating in the **Direct Benefit Transfer** system in 48 districts in first phase and opened 69232 accounts of DBT beneficiaries & Aadhaar seeded and mapped in 58931 accounts.
- Participated in DBT implementation in 78 districts (Phase II) and opened 60370 accounts DBT beneficiaries and Aadhaar seeded and mapped in 44419 accounts.
- Under **DBTLPG**, 40.38 lakh transactions done with a total credit of ₹250 crore received.
- **Aadhaar seeding** increased from 5.60 lakh as on 31.03.2013 to 39.92 lakh as on 31.03.2014.

Enhanced Delivery Channels

- The Bank has opened record **1027 branches** during the year, taking total branch network to 4755, including 5 overseas branches.
- The Bank **added 2786 ATMs** y-o-y, taking the total number to 6312 as at March 2014. **100% onsite ATMs** for all 3728 branches opened upto March 2013. The Bank's debit card base rose to 1.51 crore compared to 95.53 lakhs as at March 2013. Apart from these, **102 e-lounges** were established across major cities.
- Ratio of **E-transactions** increased to **44%** compared to 27% as at March 2013.

New Products

- Loans against Property, Home Loan Plus, Housing Loan to High Networth Individuals, Special Housing Loan Scheme to NRIs and Housing loans to agriculturalists launched.
- CANARA MSE PRAGATI, CANARA MSE UNNATI, CANARA MSE SATKAR and FLAVOUR were launched for financing Micro and Small Enterprises with attractive lending terms.
- Vidya Turant – An online instant loan sanction facility to students and Vidya Sahay Scheme-bridge loan Scheme launched.
- Canara SB Gen-Y, Canara Jeevandhara, Canara Savings Defence Product, Canara Power Plus, Canara Privilege, Canara Payroll Package Scheme, Canara Dhanvarsha RD–Flex launched under deposit products.

Important Customer-friendly Technology Initiatives

- Canara Bank **RuPay Debit Card**, **Canara Club Card -Debit**, **Canara Secured Credit Card**, **Canara Elite Debit Card** and **EMV Chip Cards** under debit and credit cards launched.
- **Canara e-infobook**–an electronic passbook in English, Hindi and 4 Regional Languages – Kannada, Telugu, Tamil and Malayalam launched on mobile platforms-Android, Windows8 & iOS.
- **Missed call to 092892 92892** to know account balance for domestic customers and **9192892 92892** for NRI customers and **missed call to 092891 92891** to know last 3 transactions.
- Launched **e-KYC service** to reduce risk of identity fraud, documentary forgery and paperless KYC verification.
- Online Savings Bank and PPF account opening launched.
- Net Banking online User Creation and Login Password by Retail Customers.
- **E-Hundi Collection** through IMPS facility of NPCI and Institutional Fee Payment through ATM.
- **Acceptance of donations** through ATM, Net Banking and Mobile Banking for Religious & Philanthropic Trusts/Institutions.
- Enlarged **Online payment facility** through Aggregators for 17 Institutions.
- Implemented **New Generation RTGS** and continuous release of NEFT messages as per the directives of RBI.

Subsidiaries/Joint Ventures/Sponsored Entities and Foreign Branches

- Total business of 2 **Regional Rural Banks** (RRBs) sponsored by the Bank reached ₹34331 crore, comprising ₹17304 crore under deposits and ₹17027 crore under advances. 2 RRBs are profit making.
- All **subsidiaries and sponsored entities** of the Bank performed better in FY13.
- The Bank has 5 overseas branches one each at **London, Leicester, Hong Kong, Manama and Shanghai**. All foreign branches recorded improved performance during the year. Total business of the foreign branches reached ₹43050 crore.

Awards and Accolades

In recognition of the varied initiatives, the Bank was conferred with the following major awards during the year:

- **Golden Peacock Award** for **Excellence in Corporate Governance** 2013.
- **Golden Peacock Award** for **excellence in CSR** 2013.
- **'SKOCH AWARD'** under **Corporate Social Responsibility**.
- 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**.
- **'Jury Award for New Initiatives under MSME'** instituted by Chamber of Indian MSME under Banking Excellence Awards 2013.
- **Best Bank Award** for implementation of Rural Self Employment Training Institutes by the Ministry of Rural Development, Govt. of India.
- **Life Time Achievement Awards, Global HR Excellence Awards (**Award for Best Strategy in Line with Business) and **8th Employer Branding Awards 2014 (**Award for Excellence in Training) instituted by World HRD Congress during February 2014.
- **Global CSR Excellence and Leadership Awards 2014** from CSR World Congress.
- **Best Home Loan Provider Award** from Outlook Money for 2013.
- **"Finger Print based Biometric Authorization for CBS"** declared as winner for secure IT 2014 award.
- '**Corporate Collateral Awards**' under various categories by Public Relations Council of India.

Goals: March 2015

- Aims to reach an **aggregate business** figure of ₹8.5 lakh crore, with a deposit growth of 16-17% and advances growth of 19-20% as at March 2015.
- Plans to take the **number of branches** from 4755 to **6000** and **number of ATMs** from 6312 to **10,000** by Mar'2015.
- Opening a branch at Johannesburg (South Africa) in May'14 and plans to open New York (USA) branch by June'14 and 8 other international centres by March 2015, such as, DIFC (Dubai), Qatar Financial Centre (Qatar), Frankfurt (Germany), Sao Paulo (Brazil), Dar-es-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria) and Jeddah (Saudi Arabia).
- The Bank has identified 11 other centres, such as, Kingsbury, East Ham & Birmingham (U.K), Mexico City (Mexico), Istanbul (Turkey), Jakarta (Indonesia) Kigili (Rwanda), Singapore, Auckland (New Zealand), Sydney (Australia), Ontario (Canada) for opening in the medium term.
- Thrust on **CASA, NPA and Recovery, Fee Income, Credit-Priority, SME and Retail** to continue.
- Technology and business process reengineering initiatives.
- **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 is in progress. Global Management Consulting firm viz., M/s Boston Consulting Group (India) Private Limited (BCG) is assisting the Bank in this transformation journey.
- M/s KPMG Advisory Services Ltd appointed for comprehensive assessment and to draw **roadmap for the Bank's Subsidiaries/ Associates**.
- Aiming at Gross NPA ratio approx. 2% and Net NPA ratio approx. 1 -1.25%.
- To improve NIM to 2.50%.

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