

IRC:F48:153:363:2023

July 28, 2023

The Manager,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C-1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400051.

The Manager,
BSE Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.

Scrip Code: KARURVYSYA

Scrip Code: 590003

Dear Sir/Madam,

Sub : Intimation under Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Clarification on News article / information reported in Mainstream media

Pursuant to Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we refer to the recent news article / information reported in Mainstream media regarding the likely sale of our Bank's stake in Canbank Computer Services. We also cite reference to the statement, said to have made by Shri Satyanarayana Raju, MD & CEO of Canara Bank, as appearing in the said article enclosed herewith, about the in-principle approval accorded for the sale of Bank's stake.

We categorically deny that Bank has not accorded any in-principle approval for sale of its stake in Canbank Computer Services.

This is for your information and records.

Yours faithfully,

Srinivasarao M
Company Secretary &
Deputy General Manager

Enclosure: As Above

PURCHASE OF 30% HOLDING to make firm wholly-owned by lender for housing credit card unit

BoB, DBS, Karur Vysya may Sell Stakes in Canbank Computer to Canara Bank

Atmadip.Ray@timesgroup.com

Kolkata: Bank of Baroda, DBS Bank and Karur Vysya Bank are likely to sell their cumulative stake of just over 30% in Canbank Computer Services to Canara Bank, its majority owner.

This will make Canbank Computer, a software-enabled services and ATM management company, a fully owned subsidiary of Canara Bank.

The state-run lender, which now holds a 69.14% stake in the subsidiary, has initiated this exercise as it plans to convert the unit into a credit card company. The bank has decided to hive off its credit card division for more focused business expansion.

"These banks have in principle agreed to our proposal to buy out the remaining stake in the company. The valuation exercise is being done now," Canara Bank managing director Satyanarayana Raju told ET.

Bank of Baroda owns an 18.52%

Big Push
Canara Bank is planning a separate subsidiary for its credit card business

620,000: Number of credit card holders at the end of March

₹1,100 cr
Credit card outstanding loans

Focused expansion main aim for hiving off card vertical from the bank

stake in the computer services company while DBS and Karur Vysya hold 6.17% each. These banks did not respond to ET's queries till press time Wednesday.

The Reserve Bank of India allows banks operating in India to do credit card business either departmentally or through a subsidiary. Setting up a subsidiary, however, would need the regulator's prior approval.

Canbank Computer at present is mainly engaged in IT and software

development services, BPO services, ATM / Any Time Payment services and consultancy. It had made a net profit of ₹16.25 crore in the last fiscal year.

Bengaluru-based Canara Bank had about 620,000 credit card holders at the end of March, with an outstanding amount of around ₹1,100 crore. The bank believes the credit card business can grow exponentially, through cross-selling and leveraging the strength of its existing customer base of 80 million. Its

overall gross loan portfolio was ₹8.88 lakh crore.

"With the emergence of e-commerce, adoption of contactless payments and changes in the value proposition, the post-pandemic credit card space has undergone a considerable change and is evolving constantly," PwC said in a report in July last year.

According to data from the RBI, credit card outstanding in the entire banking sector jumped nearly 30% year-on-year in the middle of May to ₹2 lakh crore.

The credit card market is highly underpenetrated in India with merely 3% of the population having a formal credit card. Card-based transactions are expected to grow 16% year-on-year between 2022 and 2026, PwC said.

The RBI Payments Vision 2025 indicated that card acceptance infrastructure would grow to 25 million touchpoints, which would further boost transactions in the world's fifth-largest economy.