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प्रिय महोदय/ Dear Sir,

विषय/ Subject: Press Release on the Working Results of the Bank - 31.12.2015

WE enclose a copy of the Press Release issued by the Bank on its Working Results for the Third Quarter ended on 31.12.2015.

This is for your information.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,


बी नगेशबाबू / B NAGESH BABU
कंपनी सचिव/ COMPANY SECRETARY

सचिबीय विभाग

प्रबंध निदेशक व मुख्य कार्यकारी अधिकारी सचिवालय

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PRESS RELEASE

**Operating Profit for Q3 at ₹1552crore
Global Business at ₹8.23lakh crore**

Major Highlights - Q3FY16

- Total Business at ₹8.23 lakh crore, up by 6.2% y.o.y.
- Total Deposits at ₹4.91 lakh crore, up by 6.1% y.o.y.
- CASA deposits grew by 12.5% y.o.y to ₹1.18 lakh crore and CASA ratio (domestic) improved to 25.71% from 24.05% last year.
- Advances (net) at ₹3.32 lakh crore, up by 6.3% y.o.y.
- Sustained good growth in retail business (y.o.y) -Total Priority (26.6%), Agriculture (15.2%), MSME (16.3%), MSE (16.4%), Retail (20.6%) including Housing (direct) (26.8%), Vehicle (13.8%), Education (19.2%) and Other Personal loans (14.6%).
- Total Expenditure increase was contained at 0.65% y.o.y.
- Interest expenses, including interest paid on deposits, decreased by 0.18% y.o.y. Operating expenses increase was moderate at 4.74% y.o.y.
- Non Interest Income stood at ₹1169 crore.
- Operating (Gross) profit stood at ₹1552 crore.
- Total provisions increased to ₹1467 crore compared to ₹1141 crore last year.
- Provisions on NPAs increased to ₹1432 crore, up from ₹952 crore last year.
- On account of higher provisions set aside, net profit for the quarter came down to ₹85 crore compared to ₹656 crore reported last year.
- Net Interest Margin (NIM) (Domestic) was at 2.29% and NIM (Global) at 2.16%.
- Cost-income ratio marginally improved to 49.46% from 49.84% last year.
- Gross NPA increased to ₹19813 crore vis-à-vis ₹14021 crore at September 2015.
- Gross NPA Ratio increased to 5.84% compared to 4.27% previous quarter.
- Net NPA Ratio increased to 3.90% from 2.90% previous quarter.
- Cash Recovery was at ₹1117 crore and Provision Coverage ratio was at 53.96%.
- Capital Adequacy Ratio under Basel III norm improved to 11.54% vis-à-vis 9% norms.
- 5794 branches and 9144 ATMs as at December 2015.
- Enhanced E-transactions at 55.97% from 45.35% last year.

Income and Expenses - Q3 FY16

- Total expenses increased moderately by 0.65% y.o.y to ₹10498crore. The increase in Operating Expenses was at 4.74% y.o.y.
- While total income for the quarter was ₹12051crore, including ₹7629 crore income from loans/advances.
- Non-interest income stood at ₹1169 crore.

Profits and Profitability - Q3 FY16

- **Operating Profit** for the quarter stood at ₹1552 crore.
- **Total provisions** increased to ₹1467 crore compared to ₹1141 crore last year, including provisions for NPAs at ₹1432 crore vis-à-vis Rs.952 crore last year.
- Due to increased provisions, **net profit** for the quarter came down to ₹85 crore compared to ₹656 crore last year.
- **Net Interest Margin (NIM) (Domestic)** was at 2.29% and **NIM (Global)** at 2.16%.
- **Cost-income ratio** marginally improved to 49.46% from 49.84% last year.

Nine Months (9M) Performance

- **Operating profit** rose to ₹5500 crore as against ₹5218 crore a year ago, recording a y.o.y growth of 5.41%.
- **Total provisions** increased to ₹4407 crore compared to ₹3128 crore last year, including provisions for NPAs at ₹3725 crore vis-à-vis Rs.2989 crore last year.
- Due to higher provisions, **net profit** for 9MFY16 aggregated to ₹1093 crore compared to ₹2090 crore last year.
- **Total expenses** increased moderately by 2.05% y.o.y to ₹31281 crore. The increase in **Operating Expenses** was moderate at 3.81% y.o.y.
- **Total income** rose by 2.54% y.o.y to ₹36781 crore, including ₹23856 crore income from loans/advances.
- **Net Interest Income** increased to ₹7390 crore, with a y-o-y growth of 2.95%.
- **Non-interest income** increased to ₹3492 crore, with a y.o.y growth of 8.30%.

Business Performance

- **Global Business** of the Bank increased to ₹822514 crore compared to ₹774718 crore as at December 2014, with a y-o-y growth of 6.2%.
- **Global Deposits** of the Bank increased to ₹490599 crore compared to ₹462450 crore as at December 2014, with a growth of 6.1%.
- **Global Advances (Net)** reached a level of ₹331915 crore compared to ₹312269 crore as at December 2014, with a growth of 6.3%.
- The Bank's **domestic business** constituted 93% of the total business. Total business of the foreign branches increased to ₹58319 crore from ₹46037 crore last year.
- The Bank's **CASA deposits** increased to ₹118125 crore as at December 2015 compared to ₹105019 crore as at December 2014, registering a y-o-y growth of 12.5%.
- The Bank's **CASA deposits to domestic deposits** increased to 25.71% from 24.05% last year.
- The Bank's **clientele accounts** increased to 7.10 crore, comprising 6.31 crore under deposit and 79 lakh under borrowal accounts. About 78 lakh clientele added during the year.
- While **Business per Employee** stood at ₹14.50 crore, **Business per Branch** was at ₹142 crore.

Capital Adequacy under New Basel III norms

- **Capital Adequacy Ratio as per Basel III norms** improved to 11.54% (as against mandatory requirement of 9%). CET ratio was at 8.03% (against mandatory requirement of 5.5%) and Tier I ratio was at 8.68% (as against mandatory requirement of 7%).
- Adequate headroom available to raise capital to support business growth momentum. Government shareholding is at 66.30%.

Asset Quality

- The Bank's **gross NPA** increased to ₹19813 crore, with a gross NPA ratio of 5.84% compared to 3.35% last year. Increase in Gross NPA is mainly on account of Asset Quality Review (AQR).
- **Net NPA** stood at ₹12940 crore, with a net NPA ratio of 3.9%.
- **Cash Recovery** during Q3FY16 amounted to a record ₹1117crore compared to ₹1213 crore for the same quarter a year ago. Cash Recovery during the nine months aggregated to ₹3383crore compared to ₹4427 crore during the corresponding period last year.
- The Bank's outstanding restructured portfolio at ₹28695crore constituted 8.45% of the gross advances.
- **Provision Coverage Ratio** stood at 53.96% compared to 59.44% last year.

Diversified Credit Portfolio

- Outstanding advances to various **Priority Segments** rose to ₹142652 crore, with a y-o-y growth of 26.58% and achieved 48.78% to ANBC against 40% norm.
- Advances under **Agriculture** portfolio increased by 15.21% y-o-y to ₹65061 crore and achieved 22.25% to ANBC against 18% norm.
- Credit to **Micro, Small and Medium Enterprises (MSMEs)** reached ₹66241 crore, with a y-o-y growth of 16.28%. Under **MUDRA YOJANA**, the disbursement was ₹6121 crore, covering 5.64 lakh borrowers.
- Credit to **M&SE** reached ₹50522 crore, with a y-o-y growth of 16.39%. The number of **micro enterprises accounts** recorded a growth of 25.72% against the 10% norm.
- Credit to **Weaker Sections** increased by 20.56% to ₹42982 crore, accounting for 14.70% to ANBC as against 10% norm.
- Credit to **women beneficiaries** increased to ₹41415 crore (14.16% against 5% norm).
- **Retail lending portfolio** increased to ₹48447 crore, with a y-o-y growth of 20.60%. The share of retail credit in domestic advances increased to 15.72% compared to 13.66% last year.
- Outstanding **housing loan portfolio** increased to ₹26123 crore, with a y.o.y growth 25.10%.
- **Vehicle loans** registered a growth of 13.8% y.o.y to reach ₹4129 crore.
- **Education loan portfolio** rose to ₹6544 crore, with y-o-y growth of 19.16%.

Performance under Pradhan Mantri Jan Dhan Yojana (PMJDY)

- 72.11 lakhs accounts opened under PMJDY, securing CASA deposits of ₹1176 crore.
- A Toll free number (1800 425 11222) is functional for PMJDY grievances redressal.
- So far 187766 PMJDY account holders have been provided with overdraft facility, amounting to ₹33 crore.
- 68 Financial Literacy Centres (FLCs) opened at District/Block levels, educating 9.71 lakh persons.
- 155 lakh residents have been enrolled under Aadhaar. With 117.38 lakh accounts mapped with Aadhaar numbers to NPCI mapper, the Bank is occupying number one position among comity of banks.

Social Security Schemes

- 65.84 lakhs enrolments have been done under both Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY-19.90 lakhs) & Pradhan Mantri Suraksha Bima Yojana (PMSBY-45.94 lakhs). Under Atal Pension Yojana (APY) the Bank has mobilized 80811 applications.

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 827 Brick & Mortar branches and engaging 2459 BC agents.
- Besides FI branches, the Bank has opened 477 Ultra Small Branches.
- Financial Inclusion branches have garnered business of ₹11298 crore (deposits ₹5090 crore, including a CASA deposits of ₹2611 crore and advances of ₹6208 crore).
- 18 Micro Finance branches have garnered a total business of ₹473 crore.
- 1.52 crore BSBD accounts are opened with outstanding CASA deposits of ₹2862 crore.
- The Bank has formed 562 farmers' clubs.
- 35006 Self Help Groups (SHGs) have been formed and 32326 SHGs have been credit linked to the extent of Rs.565 crore. Exposure under SHGs increased to ₹2622 crore under 1.21 lakh SHGs.
- Business Correspondent agents have done 34 lakh transactions, amounting to ₹606 crore.

Enhanced Delivery Channels

- Total number of branches increased to 5794, including 7 overseas branches as at December 2015. Number of ATMs increased to 9144. Besides, there were also 164 e-lounges. Debit card base of the Bank further rose to 3.04 crore and e-transactions ratio improved to 55.97% from 45.35% last year.

Customer Friendly New Products/ InfoTech Initiatives

- Introduced enhanced version of CanMobile, Canara e-InfoBook and Canara m-Wallet to provide more convenience and facilities to customers. Customers can now download, register and activate CanMobile without visiting a Branch or ATM.

- Canara Galaxy, a combo product launched, comprising SB, Demat, OLT, Internet & Mobile Banking, Insurance, card services and other add-ons.
- Introduced instant/ in-principle home/car loan approval system through www.canarabank.com
- Customers can now request personalized cheque book for Galaxy Accounts without visiting branch through ATM / Mobile Banking / Internet banking.
- Under education loan interest subsidy, web portals released for Central Scheme for Interest Subsidy (CSIS), Ministry of Human Resource Development, GOI, Dr. Ambedkar Central Sector Scheme of Interest Subsidy (ACSIS), Ministry of Social Justice & Empowerment, GOI and Padho Pardesh, Ministry of Minority Affairs, GOI.

Awards and Accolades

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

- **Agricultural and Best Social Banking Excellence Award, 2015, by ASSOCHAM.**
- **5th Annual Greentech CSR Gold Award, 2015.**
- **CSR World Congress Award for overall excellence in CSR.**
- **India's Most Trusted Brand-2015 under India's Best Banks Category, in a survey conducted by IBC Infomedia & Media Research Group (MRG).**
- **SKOCH Smart Technology Award, 2015.**
- **Inspiring Workplace Award 2015 (PSBs)' instituted by Banking Frontiers in partnership with M/s. Deloitte.**
- **Chanakya Award for Excellence in Business Leadership, 2016, by the Public Relations Council of India (PRCI).**

Goals for FY16

- **Thrust on Retail Business & Asset Quality - CASA, Retail Deposits, Retail Credit, Fee Income and NPA Management.**
