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May 08, 2017

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प्रिय महोदय/ Dear Sir,

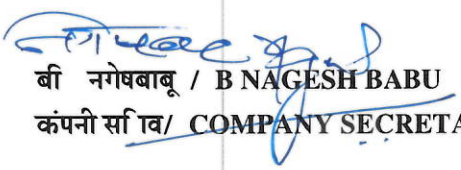
विषय/ Subject: Press Release on the Working Results of the Bank - 31.03.2017

WE enclose a copy of the Press Release issued by the Bank on its Working Results for the Quarter and Year ended on 31.03.2017

This is for your information.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,


बी नगेषबाबू / B NAGESH BABU
कंपनी सचिव/ COMPANY SECRETARY

PRESS RELEASE- FINANCIAL RESULTS- MARCH 2017
HEAD OFFICE, BENGALURU
8th May, 2017

Major Highlights Q4 FY17

- Gross profit increased to ₹2973 crore, up by 80.51% y.o.y.
- Net profit for Q4 FY17 at ₹214 crore as against loss of ₹3905 crore a year ago.
- Total expenditure declined by 5.29% y.o.y. Increase in operating expenses contained at 1% y.o.y.
- Interest expenses, including interest paid on deposits declined by 6.87% y.o.y.
- Cost of deposits came down to 6.25% from 6.94% last year.
- CASA Deposits increased to ₹1.50 lakh crore, up by 21.21% y.o.y.
- CASA share (domestic) improved to 32.85% from 27.38% last year.
- Non-Interest Income grew by 73.25% to ₹2396 crore.
- % share of non-interest income in total income improved to 18.59%, up from 11.41% a year ago.
- Gross NPA Ratio declined to 9.63% from 9.97% at December 2016.
- Net NPA declined to 6.33% compared to 6.72% as at December 2016.
- Cash Recovery during the quarter at ₹1183 crore, taking the cumulative figure to ₹4162 crore for FY17.
- Provision Coverage ratio at 55.62%, up from 52.52% in December 2016.
- Net Interest Margin (NIM) (Domestic) at 2.39% and NIM (Global) at 2.23%.
- ROA at 0.20% and ROE at 4.15%, improved over a year ago.
- Capital adequacy ratio improved to 12.86%, up from 11.08% a year ago.
- Global Business reached ₹8.37 lakh crore comprising global deposits of ₹4.95 lakh crore and net advances of ₹3.42 lakh crore.
- Sustained growth in retail assets (Y.o.Y) - Agriculture (10.28%), MSME (11.42%), Retail Lending (8.95%), Direct Housing (18.86%), Vehicle (19.34%), Education (13.55%) and Other Personal loans (14.82%).
- Branch network has crossed 6000 milestone to reach 6083 and number of ATMs at 10519.
- E- transactions ratio at 64.70%, up from 54.21% a year ago. 51.59 lakhs Mobile Banking and 30.40 lakhs Net Banking users.

Income, Expenditure & Profit- Q4 FY17

- Total income stood at ₹12889 crore, increased by 6.38% y.o.y.
- Non-interest income increased to ₹2396 crore, with robust growth of 73.24% y.o.y.
- Total expenditure declined by 5.29% y.o.y to ₹9916 crore.
- Net Interest Income increased by 14.08% y.o.y to ₹2708 crore.
- Increase in Operating expenses contained at 1% y.o.y to ₹2132 crore.
- Gross profit at ₹2973 crore, increased by 80.51% y.o.y
- Net profit at ₹214 crore as against loss of ₹3905 crore a year ago.
- Total provision made in Q4 FY17 at ₹2759 crore compared to ₹5552 crore in Q4 FY16.
- The provision for NPAs at ₹2924 crore against ₹5883 crore in Q4FY16.

FY17 Performance

- Operating profit increased to ₹8914 crore with a y.o.y growth of 24.72%.
- Net Profit for FY17 aggregated to ₹1122 crore compared to a net loss of Rs. 2813 crore in FY16.
- Total income stood at ₹48942 crore, including ₹29586 crore income from loans/advances.
- Total Expenses declined by 4.13 % to ₹40028 crore.
- Non-interest income for FY17 increased by 54.95% to ₹7554 crore.

Business Performance

- Global Business reached ₹ 837284 crore with a y.o.y growth of 4.07%.
- Global Deposits reached ₹ 495275 crore with a y.o.y growth of 3.23%.
- Global Advances (Net) stood at ₹342009 crore with a y.o.y growth of 5.33%.
- Overseas business constituted 8.09% of the total business. Total business of 8 overseas branches stood at ₹67716 crore.
- Clientele accounts increased to 7.79 crore from 7.25 crore last year.

Deposit Portfolio- Thrust on CASA & Retail Deposits

- CASA deposits increased to ₹149749 crore, with a y.o.y growth of 21.21%.
- CASA share (domestic) improved to 32.85% from 27.38% a year ago.
- Retail term deposits increased to ₹201173 crore with a y.o.y growth of 16.76%.
- Share of retail term deposits in term deposits increased to 65.9% compared to 56.5% last year.

Credit Portfolio- Thrust on Retail Assets

- Retail Assets (Agriculture, MSMEs, Housing & Other Retail Schemes) constitutes 60.61% of the Bank's total credit portfolio, increased from 57.88% a year ago.
- Advances to Priority Sector increased to ₹160269 crore, with 10.11% y.o.y growth.
- Advances to Agriculture grew by 10.28% y.o.y to ₹74079 crore.
- Credit to Micro, Small and Medium Enterprises (MSMEs) recorded a y.o.y growth of 11.42% to ₹74302 crore.
- Credit to M&SE segments reached ₹53818 crore. The number of Micro Enterprises Accounts recorded a growth of 16.46%.
- 24.74 lakh women beneficiaries assisted to the tune of ₹44766 crore.
- Achieved the mandated targets in respect of Total Priority (46.05% against 40% ANBC norm), Agriculture (19.45% against 18% ANBC norm), credit to specified minority communities (17.28% against 15% norm) and weaker sections (11.07% against 10% ANBC norm). Credit to women beneficiaries (13.59% against 5% norm).
- Retail Lending Portfolio increased to ₹58910 crore, with a y-o-y growth of 8.95%.
- Housing Loan (Direct) Portfolio increased to ₹24337 crore, with a y-o-y growth of 18.86%.

- Vehicle loans and other personal loans recorded good growth of 19.34% (₹5140 crore) and 14.82% (₹13835 crore) respectively.
- Education Loan Portfolio increased to ₹7651 crore, with a y.o.y growth of 13.55%, covering over 2.99 lakh students.

Capital Adequacy

- Capital Adequacy Ratio as per Basel III norms improved to 12.86%, up from 11.08% a year ago, with CET 1 ratio at 8.92% & Tier I ratio at 9.77%.
- Government shareholding is at 66.3%.
- During FY17 the Bank raised ₹5124 crore total capital (comprising equity capital ₹1124 crore from Rights Issue, Tier I capital Rs. 1000 crore and Tier II capital Rs. 3000 crore).
- Comfortable capital position for assets growth.

Asset Quality

- Gross NPA ratio declined to 9.63% from 9.97% as on December 2016.
- Net NPA ratio declined to 6.33% compared to 6.72% as at December 2016.
- Cash Recovery during the quarter at ₹1183 crore, taking the cumulative figure to ₹4162 crore for FY17.
- Outstanding restructured portfolio at ₹21562 crore, constituted 6.07% of gross advances.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

- 64.66 lakhs accounts opened under PMJDY, securing CASA deposits of ₹1858.32 crore.
- 4.48 lakh PMJDY account holders have been provided with overdraft facility, amounting to ₹74.26 crore so far.
- 71 Financial Literacy Centres (FLCs) opened at District/Block levels, educating 14.93 lakh persons.
- 242.74 lakh accounts were Aadhaar seeded, of which 37.84 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

- 50.83 lakhs enrolments have been done under both Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY-13.65 lakhs) & Pradhan Mantri Suraksha Bima Yojana (PMSBY- 37.18 lakhs) as at March 2017.
- Under Atal Pension Yojana (APY) the Bank has cumulatively mobilized 1.05 lakhs accounts.
- Under Sukanya Samriddhi Yojana, 11419 accounts have been mobilized.

Pradhan Mantri Mudra Yojana (PMMY)

- Under Mudra Yojana, the Bank disbursed ₹5182.07crore, covering 410299 accounts during FY17.

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 878 Brick & Mortar branches and engaging Business Correspondent agents.
- Besides FI branches, the Bank has opened 473 Ultra Small Branches.
- Financial Inclusion branches have garnered business of ₹15201 crore. The CASA component of FI branches stood at 57.13%, amounting to ₹4137 crore.
- 18 Micro Finance branches have garnered a total business of ₹519.09 crore under Urban Financial Inclusion.
- 12.32 lakh Basic Savings Bank Deposit Account (BSBD) accounts opened with outstanding CASA deposits of ₹4678 crore.
- The Bank has formed 705 farmers' clubs.
- 31754 Self Help Groups (SHGs) have been formed and 40070 SHGs have been credit linked to the extent of ₹1239 crore. Exposure under SHGs increased to ₹2500 crore under 1.21 lakh SHGs.

- **Business Correspondent Agents** have done 83.39 lakh transactions, amounting to ₹1324 crore during the year.

Enhanced Delivery Channels & Digital Footprints

- Branch network has crossed 6000 milestones to reach 6083, including 8 overseas branches (London, Leicester, Johannesburg, New York, Hong Kong, Manama, Shanghai and Dubai).
- Total number of ATMs further expanded to 10519. 182 e-lounges were functional across major cities.
- **Debit card base** rose to 3.31 crore.
- 51.59 lakhs **Mobile Banking** and 30.40 lakhs **Net Banking** users.
- **Ratio of e-transactions** stood at 64.7%.
- Major branch transformation with 1211 **Shikhar Branches** for better customer service to drive business.

New Products & Important Customer-friendly Technology Initiatives

- **Canara Empower**, Unified Payment Interface (UPI) a single platform to access multiple bank accounts.
- **Canara mserve** that enables customer to hot list and Block/Unblock Cards.
- **Canara Cart**, an umbrella app containing all mobile based solutions.
- **Canara Swipe** all missed call solution in single Application.
- **Canara GeoLocate Mobile App** for locating Branch and ATMs
- **Green Pin** to generate Debit Card PIN at the time of fresh issuance of Card and also when the customer forgets the PIN.
- **CANARA TECH Support** for structured resolution of queries related to Tech products.
- **On-boarding of merchants on alternative digital payment platforms** like Canara empower- UPI/BHIM App & Aadhaar payment app for merchants.

Awards & Accolades

The Bank was conferred with the following Major Awards/ Accolades in Q4FY17:

- **Golden Peacock Award 2016** under CSR activities
- **SKOCH Award 2016** for SME Enablement
- **SME Excellence Award** for Best SME lending during 2015-16 by ASSOCHAM
- **MSME Excellence Award 2017** by Federation of Industrial Trade and Services (FITS)
- **SKOCH Order of Merit and Silver Awards 2016** for Bancassurance during 46th SKOCH Summit
- **ASSOCHAM Social Banking Excellence Awards 2016**
- **CSR Leadership Awards 2016** for Best CSR Practices by World CSR Congress
- **Corporate Vigilance Excellence Award 2016-17** in Banking Sector, consecutively for the 4th year, instituted by M/s Institute of Public Enterprise.

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 are happy to announce the Q4 financial results. It was a satisfactory quarter and a fulfilling year for us, with achieved targets and profitable figures. Last quarter marked milestone announcements by the Government of India especially to deal with parallel economy menace. Banking industry per se is going through a turnaround period with steps and measures from the regulator and the Government. We are well cushioned against all odds and alterations and motivated to work objectively towards the goals in the year ahead. Our ultimate goal is to serve our customers better with digital technologies and take the organization to the next level has been further fortified with the present accomplishment