

The Manager
The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street MUMBAI - 400 001
Fax: 022-22722037/39/2041/2061/
3121/1557/1278/3354/3577

The Manager
Listing Department
National Stock Exchange of India Ltd
EXCHANGE PLAZA
Bandra-Kurla Complex
Bandra [E] MUMBAI 400051 Fax : 022 -
26598237 / 238 / 26598347 / 348

प्रिय महोदय/ Dear Sir,

विषय/ Subject: Reviewed Financial Results - 30.06.2015

Ref : Clause No. 41 of the Listing Agreement

The Financial Results of the Bank for the First Quarter ended 30.06.2015 were approved by the Board of Directors at its Meeting of 05.08.2015. A copy of the same is enclosed along with Limited Review Report of the Auditors.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,


बी नगेशबाबू / B NAGESH BABU
कंपनी सचिव/ COMPANY SECRETARY

सचिवीय विभाग

प्रबंध निदेशक व मुख्य कार्यकारी अधिकारी सचिवालय

प्रधान कार्यालय

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MD & CEO's Secretariat

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REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2015

(₹ in Crore)

SL. No.	PARTICULARS	QUARTER ENDED		YEAR ENDED	
		30.06.2015 (REVIEWED)	31.03.2015 (AUDITED)	30.06.2014 (REVIEWED)	31.03.2015 (AUDITED)
1	INTEREST EARNED (a)+(b)+(c)+(d)	11139.65	11103.40	10701.11	43750.04
	(a) Interest/discount on advances/bills	8100.70	8093.19	7904.96	32066.12
	(b) Income on Investments	2850.08	2825.89	2625.01	10923.75
	(c) Interest on balances with Reserve Bank of India & Other Inter-Bank Funds	188.87	183.94	171.14	759.79
	(d) Others	0.00	0.38	0.00	0.38
2	Other Income	1112.99	1325.81	1026.90	4550.25
3	TOTAL INCOME (1+2)	12252.64	12429.21	11728.01	48300.29
4	Interest Expended	8623.15	8617.26	8271.85	34086.37
5	Operating Expenses (i)+(ii)	1625.92	2079.42	1661.16	7263.55
	(i) Employees Cost	1058.75	1162.51	1038.10	4274.25
	(ii) Other Operating Expenses	567.17	916.91	623.06	2989.30
6	TOTAL EXPENSES ((4)+5) excluding Provisions & Contingencies)	10249.07	10696.68	9933.01	41349.92
7	Operating Profit before Provisions and Contingencies (3-6)	2003.57	1732.53	1795.00	6950.37
8	Provisions (Other than Tax) and Contingencies	1359.73	1009.57	788.14	3452.74
9	Exceptional Items	0.00	0.00	0.00	0.00
10	Profit (+) / Loss (-) from Ordinary Activities before tax (7-8-9)	643.84	722.96	1006.86	3497.63
11	Tax expense	165.00	110.00	200.00	795.00
12	Net Profit (+) / Loss (-) from Ordinary Activities after tax (10-11)	478.84	612.96	806.86	2702.63
13	Extraordinary Items (net of tax expense)	0.00	0.00	0.00	0.00
14	Net Profit (+) / Loss (-) for the period (12-13)	478.84	612.96	806.86	2702.63
15	Paid up Equity Share Capital (Face Value of each share-Rs.10/-)	515.20	475.20	461.26	475.20
16	Reserves excluding Revaluation Reserves (As per Balance Sheet of previous accounting year)				25978.18
17	Analytical Ratios				
	(i) Percentage of shares held by Government of India	64.48%	69.91%	69.00%	69.91%
	(ii) Capital Adequacy Ratio - Basel II	11.16%	10.98%	10.68%	10.98%
	(iii) Capital Adequacy Ratio - Basel III	10.75%	10.56%	10.23%	10.56%
	(iv) Earnings per Share (EPS) (Not Annualised)				
	a) Basic and diluted EPS before Extraordinary Items (net of tax expense) for the period, for the year to date and for the previous year	9.63	13.29	17.49	58.59
	b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year	9.63	13.29	17.49	58.59
	(v) NPA Ratios				
	(a) Amount of Gross Non Performing Assets	13080.63	13039.96	8159.54	13039.96
	(b) Amount of Net Non Performing Assets	8888.14	8740.09	6150.13	8740.09
	(c) Percentage of Gross Non Performing Assets	3.98%	3.89%	2.67%	3.89%
	(d) Percentage of Net Non Performing Assets	2.74%	2.65%	2.03%	2.65%
	(vi) Return on Assets (Annualised)	0.36%	0.50%	0.66%	0.55%
18	Public shareholding				
	- Number of Shares	183000000	143000000	143000000	143000000
	- Percentage of shareholding	35.52%	30.09%	31.00%	30.09%
19	Promoters and promoter group shareholding				
	a) Pledged / Encumbered				
	- Number of Shares				
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)				
	- Percentage of shares (as a % of the total share capital of the Company)				
	b) Non-encumbered				
	- Number of Shares	332196971	332196971	318258837	332196971
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	64.48%	69.91%	69.00%	69.91%



SEGMENT REPORTING FOR THE QUARTER ENDED 30.06.2015

Rs. In Crore

BUSINESS SEGMENT		QUARTER ENDED			YEAR ENDED
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
		(REVIEWED)	(AUDITED)	(REVIEWED)	(AUDITED)
(a)	Segment Revenue				
1	Treasury Operations	3126.90	3401.22	2733.44	12201.37
2	Retail Banking Operations	3561.51	3419.25	3014.59	12582.47
3	Wholesale Banking Operations	5542.28	5454.88	5781.52	22818.09
4	Other Banking Operations	0.00	0.00	0.00	0.00
5	Unallocated	21.94	153.86	198.46	698.36
	Total	12252.63	12429.21	11728.01	48300.29
(b)	Segment Results				
1	Treasury Operations	450.30	866.70	108.36	1569.12
2	Retail Banking Operations	643.58	236.84	521.53	1221.35
3	Wholesale Banking Operations	887.74	496.58	993.04	3548.66
4	Other Banking Operations	0.00	0.00	0.00	0.00
	Total	1981.62	1600.12	1622.93	6339.13
(c)	Unallocated Income/Expenses	21.95	132.41	172.07	611.24
(d)	Operating Profit	2003.57	1732.53	1795.00	6950.37
(e)	Provisions and Contingencies	1359.73	1009.57	788.14	3452.74
(f)	Income Tax	165.00	110.00	200.00	795.00
(g)	Net Profit	478.84	612.96	806.86	2702.63
(h)	Segment Assets*				
1	Treasury Operations	194921.45	192632.54	169262.18	192632.54
2	Retail Banking Operations	120134.13	117466.87	103258.35	117466.87
3	Wholesale Banking Operations	207855.99	217195.46	210405.00	217195.46
4	Other Banking Operations	0.00	0.00	0.00	0.00
5	Unallocated Assets	16373.17	15299.84	12367.60	15299.84
	Total	539284.74	542594.71	495293.13	542594.71
(i)	Segment Liabilities				
1	Treasury Operations	29482.06	50848.56	42364.02	50848.56
2	Retail Banking Operations	282485.74	251281.63	187811.37	251281.63
3	Wholesale Banking Operations	170406.52	183254.51	211521.03	183254.51
4	Other Banking Operations	0.00	0.00	0.00	0.00
5	Unallocated Liabilities	28401.54	30756.63	28919.64	30756.63
6	Capital and Reserves *	28508.88	26453.38	24677.07	26453.38
	Total	539284.74	542594.71	495293.13	542594.71

(* Excluding Revaluation Reserve)

GEOGRAPHICAL SEGMENT		QUARTER ENDED			YEAR ENDED
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
		(REVIEWED)	(AUDITED)	(REVIEWED)	(AUDITED)
a	Domestic Operations				
	Revenue	11957.31	12147.17	11419.01	47101.13
	Assets	492497.09	494678.72	457863.29	494678.72
b	International Operations				
	Revenue	295.32	282.04	309.00	1199.16
	Assets	46787.65	47915.99	37429.84	47915.99
c	Total				
	Revenue	12252.63	12429.21	11728.01	48300.29
	Assets*	539284.74	542594.71	495293.13	542594.71

(* Excluding Revaluation Reserve)



(₹ in Crore)

PARTICULARS	As on 30.06.2015	As on 30.06.2014	As on 31.03.2015
	(REVIEWED)	(REVIEWED)	(AUDITED)
CAPITAL AND LIABILITIES			
CAPITAL	515.20	461.26	475.20
RESERVES AND SURPLUS	33377.59	29691.40	31384.03
DEPOSITS	471876.73	428976.16	473840.10
BORROWINGS	23904.81	25735.25	25671.57
OTHER LIABILITIES AND PROVISIONS	14994.32	15904.65	16629.66
TOTAL	544668.65	500768.72	548000.56
ASSETS			
CASH & BALANCES WITH RESERVE BANK OF INDIA	20446.36	19259.88	21971.95
BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	25717.53	26799.75	26669.14
INVESTMENTS	149576.93	130305.02	145346.18
ADVANCES	324062.92	302964.06	330035.51
FIXED ASSETS	7089.90	6688.80	6949.45
OTHER ASSETS	17775.01	14751.21	17028.33
TOTAL	544668.65	500768.72	548000.56

Notes:

- 1 The above Financial Results were reviewed by the Audit Committee and approved by the Board of Directors in the meeting held on 05 August 2015. The results have been subjected to a 'Limited Review' by the Statutory Central Auditors of the Bank.
- 2 There has been no change in the accounting policies followed during the quarter ended 30th June 2015 as compared to those followed in the preceding financial year ended 31st March 2015 except the following:

The useful lives of various Fixed Assets (except Buildings and Computers) have been changed by the Bank. These changes are based on the management's assessment of the useful lives of such Fixed Assets. The useful lives of Server Hardware, Network Equipment and Automated Teller Machines (ATMs) have been changed to five years (as against three years determined earlier) because these are no longer considered to be part of Computers. In respect of Computers, RBI guidelines have been followed for amortizing them over a period of three years.

The Bank has also adopted a policy of charging depreciation during the initial year at 100% of the normal rate for assets ready for use for 180 days or more and at 50% of the normal rate for assets ready for use for less than 180 days during the year. The earlier policy of the Bank was to charge depreciation at 100% of the normal rate during the initial year irrespective of the number of days the asset was ready for use.

Depreciation in respect of those Fixed Assets for which the useful lives were changed except Server Hardware, Network Equipment and ATM is now provided on Straight Line Method as against the Written Down Value Method adopted in earlier years. This is done to make the more appropriate presentation of the Financial Statements.

The unamortized depreciable amounts of the assets under the Straight Line Method will be charged over the revised remaining useful lives of those assets.

The aforesaid changes have resulted in a surplus, which has been credited to the Profit & Loss Account, thereby increasing the Profit and the Written Down Values of certain Fixed Assets by an aggregate of Rs. 142.35 crores. Out of the total surplus, Rs. 126.30 crores relates to the year ended on 31st March 2015 and the balance Rs. 16.05 crores to the quarter ended 30th June 2015.

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- 3 The working results for the quarter ended 30th June 2015 have been arrived at after considering provision for Loan Losses in accordance with the extant guidelines and directions of RBI on Prudential Norms for 'Income Recognition, Asset Classification and Provisioning' and Provision for Income Tax and Deferred Tax, Depreciation on Investments and Fixed Assets and other necessary provisions.
- 4 Based on the available data, available financial statements and the declaration from borrowers wherever received, the Bank has estimated the liability of Rs.85.34 Crore on Unhedged Foreign Currency Exposure to their constituents in terms of RBI Circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014. The entire estimated amount is fully provided for.
- 5 In terms of RBI Circular DBOD.BP.BC.2/21.06.201/2013-14 dated 01.07.2013 Banks are required to make Pillar 3 disclosures under Basel III Capital Regulations. These details are being made available on our website "www.canarabank.com". These disclosures have not been subjected to a Limited Review by the auditors.
- 6 The Bank has allotted 4,00,00,000 equity shares of face value of Rs.10 each at a premium of Rs. 370.08 per equity share to Life Insurance Corporation of India on preferential basis on 12.05.2015 for a total consideration of Rs. 1520.32 crores.
- 7 Pursuant to wage revision from 1st November 2012, the Bank is holding Rs. 461 crores as on 30.06.2015 towards arrear requirement for officer employees, which was settled during July 2015. The above amount of Rs.461 crores includes an amount of Rs.151.47 crores provided during the current quarter. Amount of Rs.365.47 crores has already been paid to workmen employees towards wage revision arrears.
- 8 In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16.07.2015, the Bank has classified deposits placed with NABARD/SIDBI/NHB during the period commencing from April 1, 2015 for meeting shortfall in Priority Sector Lending under 'Other Assets', which were hitherto included under 'Investments'. Similarly, interest income from such deposits has been classified under the head 'Interest Income-Others', which was hitherto included under 'Interest Income-Investments'.
- 9 In accordance with RBI guidelines, the bank has shifted the securities from HTM to AFS category amounting to Rs. 5,020.47 Crores during the quarter and the resultant depreciation of Rs. 3.91 crores has been accounted.
- 10 In case of securities acquired by way of conversion of outstanding principal and / or interest, depreciation on the instruments so acquired has been set off against the appreciation of such instruments taken together and net depreciation of Rs.41.52 crores has been provided in the books of account as per paragraph 3.9.5 of RBI circular DBR No. BP.BC.6/21.04.141/2015-16 dated July 1, 2015 on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated 1st July, 2015.
- 11 RBI has permitted the Bank to spread the provision in respect of certain non performing advances in three quarters commencing 30th June 2015. In respect of these NPA accounts, the bank has made the required provision in the current quarter itself. In respect of one Standard Asset, the Bank has provided for two quarters a sum of Rs.84.84 Crore and balance of Rs.42.43 Crore will be provided in the next quarter as permitted by RBI.
- 12 Provision Coverage Ratio as on 30th June 2015 is 59.02%

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13 Number of Investors Complaints received and disposed off during the quarter ended 30.06.2015

- i) Pending at the beginning of the quarter - Nil
- ii) Received during the quarter - 223
- iii) Disposed off during the quarter - 223
- iv) Lying unresolved at the end of the quarter - Nil

14 Figures of the corresponding previous period have been regrouped/restated wherever considered necessary.


HARIDEESH KUMAR B
EXECUTIVE DIRECTOR


P S RAWAT
EXECUTIVE DIRECTOR

PLACE : MUMBAI
DATE : 05.08.2015

<i>P. Chopra & Co.</i> <i>Chartered Accountants</i> <i>FRN : 004957N</i>	<i>A. R. Das & Associates</i> <i>Chartered Accountants</i> <i>FRN : 306109E</i>	<i>S. C. Vasudeva & Co.</i> <i>Chartered Accountants</i> <i>FRN : 000235N</i>
<i>Vinay Kumar & Co.</i> <i>Chartered Accountants</i> <i>FRN : 000719C</i>	<i>Ram Raj & Co.</i> <i>Chartered Accountants</i> <i>FRN : 002839S</i>	<i>V. K. Niranjan & Co.</i> <i>Chartered Accountants</i> <i>FRN : 002468S</i>

**Limited Review Report
(in respect of Canara Bank)
for the quarter ended June 30, 2015**

To
The Board of Directors
Canara Bank
Bangalore

Introduction:

We have reviewed the accompanying statement of unaudited financial results of **CANARA BANK** for the quarter ended June 30, 2015 which has been approved by the Board of Directors; except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. Management of the Bank is responsible for preparation and presentation of this statement of unaudited financial results in accordance with applicable Accounting Standards and other recognized accounting practices and policies and relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, and provisioning. Our responsibility is to express a conclusion on this statement based on our review.

Scope of Review:

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conduct of our review, we have relied upon the review reports in respect of non-performing asset reviewed by the Bank's Inspection teams of 184 branches and the review reports of 2 Foreign branches reviewed by the external auditor of those branches, besides carrying out the review of 20 branches by us and the Treasury Operations. These review reports cover 56.11% of the advances portfolio of the Bank (excluding ARM Branches and Food Credit); 69.75% of Non Performing Assets of the Bank. Apart from these review reports, in conduct of our review, we have also relied upon various returns received from the branches of the Bank.

Conclusion:

Based on our review nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results together with the Notes thereon prepared in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and other



recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.

Emphasis of Matter:

We draw attention to Notes in the unaudited financial results:

Note No. 11 regarding staggering of provision w.r.t. performing advance as permitted by Reserve Bank of India vide their letter dated May 15, 2015,

Note No. 2 regarding the change in accounting policy w.r.t. change in the method charging depreciation, change in the useful life of certain fixed assets and the consequential effect on financial statements.

Based on information provided to us by management, as per requirement of paragraph 3.9.5 of RBI Master Circular No. DBR No.BP.BC.6/21.04.141/2015-16 dt. July 1, 2015 on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dt. 1st July, 2015, in case of Equity, debentures and other financial instruments acquired by way of conversion of outstanding principal and / or interest, depreciation and appreciation on such instruments taken together has been set off against each other and net depreciation of Rs. 41.52 Crore has been provided in books of account as explained in note no. 10. This is on account of variance in the language of paragraph 3.2 of the said master circular and paragraph 3.9.5 thereof, which seems to permit such set off.

Our conclusion is not qualified in respect of above matters.

For P. Chopra & Co.
Chartered Accountants
FRN : 004957N

(Rakesh Jain)
Partner
M. No.087925



For A.R. Das & Associates
Chartered Accountants
FRN : 306109E

(Syamal Kumar Nayak)
Partner
M. No.051353



For S. C. Vasudeva & Co.
Chartered Accountants
FRN : 000235N

(Ashish Agarwal)
Partner
M. No. 093790



For Vinay Kumar & Co.
Chartered Accountants
FRN : 000719C

(V. K. Agrawal)
Partner
M. No. 013795



For Ram Raj & Co.
Chartered Accountants
FRN : 002839S

(K Siva Subramanya Prasad)
Partner
M. No. 024456



For V. K. Niranjan & Co.
Chartered Accountants
FRN: 002468S

(Jayarajan M)
Partner
M. No. 011105



Place: Mumbai
Date: August 5, 2015