

Performance Highlights:

[Rs. in Crore]

Parameter	As at	As at	As at	As at
	31.03.18 (3 Months)	31.03.19 (3 Months)	31.03.18 (12 Months)	31.03.19 (12 Months)
Business	303,185	305,819	303,185	305,819
Deposits	183,316	184,568	183,316	184,568
Advances	119,869	121,251	119,869	121,251
Net Interest Margin [NIM]	2.55%	2.63%	2.32%	3.05%
Interest Spread	1,301	1,184	4,838	5,508
Gross NPA%	17.35%	15.35%	17.35%	15.35%
Net NPA%	11.74%	5.71%	11.74%	5.71%
Gross NPA (Absolute)	22,213	20,724	22,213	20,724
Net NPA (Absolute)	14,077	6,927	14,077	6,927
CASA (%)	29.52%	31.59%	29.52%	31.59%
CASA (Absolute)	54,123	58,306	54,123	58,306
Provision Coverage Ratio (PCR)	63.65%	83.30%	63.65%	83.30%
Operating Profit	989	694	3,950	3,894
Net Profit	-1,838	-6,581	-4,054	-6,333

Major Highlights during the FY 2018-19:

- ❖ Share of CASA to total deposit increased to 31.59% as at 31.03.2019 from 29.52% as at 31.03.2018.
- ❖ Net Interest Margin stood at 3.05% (12M) as on 31.03.2019 increased from 2.32% (12M) as on 31.03.2018. NIM for the quarter is 2.63%.
- ❖ Gross NPA of the Bank has come down to 15.35% as at 31.03.2019 from 17.35% as at 31.03.2018. Net NPA of the Bank has come down to 5.71% as at 31.03.2019 from 11.74% as at 31.03.2018.
- ❖ Bank has incurred loss on account of higher provisioning in the quarter which has taken Provision Coverage Ratio (PCR) of the Bank to 83.30% as at 31.03.2019 as against 63.65% as at 31.03.2018.
- ❖ CRAR of the Bank as on 31st March, 2019 under BASEL III stood at 12.30%.
- ❖ Cost of deposit of the Bank has come down to 5.40% during FY 2018-19 as against 5.74% during FY 2017-18. Cost of deposit for the quarter is 5.35%.
- ❖ Cost of funds of the Bank has come down to 5.01% as on 31.03.2019 as against 5.26% as on 31.03.2018.
- ❖ Recovery in written off Accounts has increased to Rs.707 crore in FY 2018-19 as against Rs.318 crore in FY 2017-18.

- ❖ Risk Weighted Assets (RWA) of the Bank has come down to Rs.112,957 crore as at 31.03.2019 from Rs.131,509 crore as on 31.03.2018.
- ❖ Bank has not sold any asset to ARCs during the year.
- ❖ Bank is focusing more on retail business and gradually reducing share of bulk in its business.
- ❖ In respect of borrowal accounts referred to NCLT, the Bank is having exposure to 11 accounts under NCLT first list amounting to Rs.4,211 crore and is holding provision of Rs.4,211 crore (100%) on these accounts. Bank is also having exposure to 20 accounts amounting to Rs. 4,869 crore under NCLT 2nd List where bank is holding provision of Rs.4,869 crore (100%).

PRIORITY SECTOR

- ❖ As at 31st March 2019, Priority Sector advances of the Bank stood at 43.82 % of ANBC as against the regulatory target of 40%.
- ❖ Share of total agricultural advances as percentage of ANBC has reached a level of 18.55%, as against the regulatory target of 18%.
- ❖ Lending to Small and Marginal farmers (SF/MF) as at March 2019 reached a level of 9.87% of ANBC, surpassing the stipulated regulatory target of 8.00 % (of ANBC).
- ❖ Lending to Micro enterprises maintained at a level of 6.98% of ANBC as against the stipulated target of 7.50% (of ANBC) level for March 2019.
- ❖ Advances to Weaker sections stood at Rs.17,058 crore forming 12.60% of ANBC as at March 2019 as against the target of 10.00% of ANBC.

DELIVERY CHANNELS

Digital Initiatives taken by Bank:

- ❖ **ISO 27001:2013 CERTIFICATION FOR IT INFRASTRUCTURE OF THE BANK:**
 - Sustainance Audit for ISO 27001:2013 Certification under Information Security & Management System [ISMS] Framework by British Standards Institution [BSI] conferred on the IT Infrastructure of the Bank, comprising ITD & DR setup at Mangalore and Data Centre & NLS at Bangalore, was successfully carried out during January 2019.
- ❖ **NETWORK RELATED INITIATIVES:**
 - Network Monitoring & Management Service for the Bank's infra was taken over by IBM from HCL Comnet through a tender process. The number of dedicated resources for the Bank has been suitably augmented to derive better and faster support.
 - MPLS connectivity for all the branches have been upgraded to minimum throughput of 2Mbps wherever feasible for better user experience for branch staff. Process is on

for providing secondary path for all branches from an alternate service provider for business continuity. Secondary connectivity has already been provided to all critical locations and service branches.

❖ **OTHER DIGITAL INITIATIVES:**

- Bank's fully revamped Mobile Banking Solution CorpEASE was rolled out for both Android and iOS platforms. CorpEASE collaborates a host of banking operations like funds transfer, bill payment, deposit opening & closure cheque book request, passbook management, holiday information etc., enabling the customer to do banking transactions at the time and location of his convenience. The application is available in English, Hindi and other eight Indian languages- Kannada, Tamil, Telugu, Malayalam, Marathi, Gujarati, Punjabi and Oriya. The Bank has also introduced the features of Green Pin [online debit card pin generation], and a facility for customers to block/ unblock their debit cards as per their needs.
- To enhance customer experience and convenience, the Bank went live on "TABLET Banking for Domestic customers for opening running accounts. Customer authentication is done through eKYC and the details are parsed and updated in Core Banking Solution automatically.
- Bank has replaced the existing Internet Banking with a contemporary New Internet Banking viz., "FEBA"- Finacle e-Banking Application with a host of added features and facilities. FEBA has been made available to customers with effect from 10.09.2018. Customizable desk-top transaction limit, self-registration, Mobile Token for quick access of the application are some of the key features of FEBA.

SECURITY SOLUTIONS:

- To fortify the network and data security posture of the Bank, various security solutions were implemented in line with the recommendations of the Cyber Security Framework of RBI. Major implementations are:
 - DATA CENTER SECURITY SOLUTION for policy-based security of Critical Servers which provides Intrusion Detection and Prevention capabilities across a broad range of platforms and applications.
 - NETWORK POLICY MANAGEMENT SOLUTION for securing firewalls and routers

❖ **PRODUCTIVITY ENHANCEMENT INITIATIVES:**

- As part of Enterprise Agreement (EA) with Microsoft, various productivity tools of cloud-based Office Suite O-365 were implemented:
 - **EXCHANGE ONLINE:** Cloud based mailing service with robust backup capabilities and enhanced storage limit of 100 GB per mailbox.
 - **KAIZALA:** Enterprise level messaging solution for business communication
 - **POWER BI:** Data analytic tool embedded with Business Intelligence, that helps in comprehensive analysis of data and converts it to an intelligent dashboard
 - **E-LEARNING:** Cloud-based knowledge enhancement and evaluation solution developed on SharePoint platform.

INITIATIVES

- ❖ Bank has created Stressed Assets Management Vertical (SAMV) headed by a GM to handle the SMAs & NPA accounts of more than Rs. 25 Cr.
- ❖ Bank has created separate verticals headed by GMs to give specific focus on Retail & MSME sector.
- ❖ **2019-20 : Year of Recovery & Growth with focus on CRAR:**

C: CASA

R: Retail Deposits/Advances

A: Asset Quality

R: Recovery

Financial Indicators

(Rs. In crore)

As at :	31 st Dec. 2018	31 st Mar. 2018	31 st Mar. 2019
Total Business	2,95,007	3,03,185	3,05,819
Deposits	1,77,101	1,83,316	1,84,568
Net Advances	1,17,905	1,19,869	1,21,251
CRAR	11.12%	9.23%	12.30%
Gross NPAs	17.36%	17.35%	15.35%
Net NPAs	11.47%	11.74%	5.71%



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