

CANARA BANK Q2 FY26 EARNINGS CONFERENCE CALL

HELD ON 30TH OCTOBER 2025

- **Moderator:**
- Good evening, everyone. Welcome to Canara Bank Q2 FY26 Earnings Conference Call hosted by Antique Stock Broking. I would like to thank Canara Bank's management team for giving us the opportunity to hold this call.
- From the management side, we have with us –
 - Shri. Satyanarayana Raju, MD and CEO.
 - Shri. Bhavendra Kumar, Executive Director.
 - Shri. S.K. Majumdar, Executive Director.
- I handover the call to MD Sir for his opening remarks. Thank you and over to you, Sir.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Good evening all the Investor community. We are presenting before you the September quarter results.
 - Our Global business has year-on-year growth as recorded at 13.55% and stood at ₹26,78,963 crores.
 - Our Global Deposits also have grown at 13.4% year-on-year, stood at ₹15.27 lakh crore.
 - Our Global Advances have grown at 13.74% year-on-year and stood at ₹11.51 lakhs crore.
 - Our Operating Profit has increased year-on-year at 12.20% at ₹8,588 crore, all-time high of Operating Profit.
 - And the Net Profit also has increased at 18.93% year-on-year, stood at ₹4,774 crore.
 - Our Return on Asset has increased 7 basis points from year-on-year and stood at 1.12%.
 - Our PCR further improved year-on-year at 270 basis points and stood at 93.59%.
 - Our Credit Cost has further come down at 0.68% with year-on-year decrease of 29 basis points
 - Our Gross NPA has come down to 2.35%, year-on-year decline is 138 basis points.
 - Our Net NPA also has come down at 0.54%, year-on-year decline of 45 basis points.
 - This entire business has grown at 13% is led by our RAM credit at almost 17% and stood at ₹6.71 lakh crore

- Among this RAM credit, Retail credit has grown at 29.11%, stood at ₹2.51 lakh crore. And within the retail, the Housing Loan has grown at 15.25% and stood at ₹1.14 lakh crore. Vehicle Loan grown at 25.58% year-on-year and stood at ₹23,367 crore.
 - First time during the last 5-6 years our MSME has grown more than 12%, almost 13%, and year-on-year growth of 12.70% and stood at ₹1.54 lakh crore.
 - Our Earning Per Share continues to be above 20, that's at 21.01% with a 20.68% year-on-year growth.
 - And our Slippage Ratio has furthered down to almost 24 basis points year-on-year and stood at 0.76%.
- These are all the few of the highlights we have given. In the year starting we have given some 13 parameters or guidance for this financial year. Out of those 13, 11 parameters we already achieved and 2 parameters, CASA and NIM, we are working hard to see that it is also achieved. Of course, NIM we are finding it little difficulty. But CASA, there is a positive growth from June quarter to this. We are at now 30.69% as against a guidance of 32% for March. And in CASA it is the first time that there is a year-on-year growth more than 10%.
 - These are all the few highlights of the presentation, Sir. Now, we are open for any of your questions or the queries so that we can answer you and satisfy you. Over to you, Sir.
 - **Moderator:**
 - Thank you, Sir. This will commence the question and answer session. Participants who wish to ask questions are requested to raise hands.
 - The first question that we have is from Mr. Maru.
 - **Ms. Maru – Participant:**
 - Hello, Sir.
 - **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
 - Hello.
 - **Ms. Maru – Participant:**
 - Good evening and congratulations, Sir.
 - **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
 - Thank you very much, Madam.

- **Ms. Maru – Participant:**

- Sir, I have a couple of questions. Firstly, on your margins, it has panned out exactly the way you had put it, right. Like last time you had said that 'I don't see more than 5 basis points' and that is exactly how it has turned out. So, from now on do we expect margins to stay stable or improve if there are no further cuts?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- So, one more quarter it may continue to be stable, Madam. There afterwards, you can say there is some improvement may happen.

- **Ms. Maru – Participant:**

- Oh! Okay. And, Sir, what is your outlook on CASA now? I know that traditionally your bank's CASA has been low but the system environment for CASA, how do you view it and how do you view your own CASA in that context?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- See, when the total balance sheet is growing at 14%, near to 14%, it is a big challenge for us to grow even CASA to match with that, to maintain that percentage, Madam. But, however, whatever the initiatives we have taken by introducing the new products, new initiatives, introducing the Customer Relationship Manager concept, feedback mechanism, so many initiatives we have taken Business Around App, several initiatives we have taken. Because of these several initiatives first time we are seeing almost above 10% growth in the CASA. And especially as we individuals, in year-on-year absolute numbers we have increased. There is an incremental growth of ₹20,000 crores. And our Retail Term Deposits also in just half year we have grown more than ₹30,000 crores. Actually, for last several years it is a record growth in the last maybe 7-8 years.
- So, it is giving the results but, again, I am telling you that we have given a guidance of 32%, we work hard to see that we achieve our guidance, 32%. But definitely when we are growing this guidance we are giving 32% keeping in mind that our business grows at 10.5%. But now we are growing at 14%, so we have to work harder to maintain that 32%, Madam.

- **Ms. Maru – Participant:**

- Got it, Sir. Sir, my other question is on the new ECL guidelines. So, once they are implemented, what do you see as your run rate of Credit Cost? Will it be higher than what it is now? How does it work?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- No, see, I do not think that it will have impact so much on that Credit Cost, Madam. That much I can tell that that is internally something we have assessed but already we are working for last 2 years, wherever the scope is there we are additionally providing. Even standard assets itself when the SMAs are there, so in all big accounts we are providing in the standard assets provisioning itself.

- So, that itself is nothing but that itself is actually the expected Credit loss, whatever the ultimate the meaning of that. Only the small, small accounts anything is there, if you see that our SMA position at ₹5 crore and above, there is a ₹7,500 crore. Out of this, ₹5,000 crores already we have provided, the left out is only ₹2500 crores. So, I do not think that will have so much impact on our either CRAR or on our Credit Cost. Because Credit Cost if you see, that quarter-on-quarter there is a reduction. For implementation, it is effective from 1st March'2027, that means still we have 15 months' time. This 15 months' time, Credit Cost may come down maybe around 5.50 or point below 5.50. So, I do not think that, again, it may go beyond 1% and all. It will be well within less than 1% only.

- **Ms. Maru – Participant:**

- Okay. Got it, Sir. Because there will be many accounts below ₹5 crores, right, and that is the problem, that is where you will have to make Stage 2 provisions because below ₹5 crore accounts usually have early delinquency.

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- No, let me tell you, Madam, earlier even entire below ₹5 crore and above ₹5 crore entire combined entity we used to have around 5% of SMA. Now, it has come down below 3%, Now, only less than 3% is there, the total SMA position. And in SMA 0 there is no such issue, only 1 and 2. 1 and 2 drastically has come down.

- **Ms. Maru – Participant:**

- Okay. Got it, Sir.

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- And you should look at that our profits also know. Our profits are growing very comfortably and even current quarter we have grown more than 18% year-on-year growth in the Net Profit. This year we are expecting that our Net Profits may cross ₹20,000 crores. Last year we were at ₹17,027 crores. So, these additional profits whatever we are earning, all these things will give us a comfort.

- **Ms. Maru – Participant:**

- Got it, Sir. Got it. And, Sir, I just have one last question. In terms of growth, your growth has been good. Going ahead do you see it accelerating? I mean, are there any green shoots in October which makes you more confident about growth, say corporate growth or even SME growth?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- And, actually, MSME we are expecting that definitely by the end of the year we may end up at above 15% growth. As on date it is 12.70% growth. Corporate already we are growing at 10%, we want to grow around the 10%-11% only, we do not want to compromise on our bottom lines. The green shoots whatever is there, just 2 days back our Board meeting, the Credit Sanction Committee has cleared ₹26,000 crores worth of loans only in one meeting. That gives you an idea that how the proposals are there in our bank.

- But, again, let me say that our RAM sector will grow much faster than our corporate sector because it is a strategy that we should reach our RAM sector to 60% and corporate sector to 40%. 60-40, that is the ratio we want to reach in the next 1-1.5-year time. So, our thrust will continue to be in the RAM sector to grow faster than the corporate credit.

- **Ms. Maru – Participant:**

- Got it, Sir. Thank you so much, thanks a lot.

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- Thank you. Thank you, Madam.

- **Moderator:**

- The next question we have is from Mr. Ashok Ajmera. Sir, please unmute yourself.

- **Mr. Ashok Ajmera – Participant:**

- Good evening, Sir. How are you? Hope all is well.

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- Yes, Sir. Yes, Sir. Good evening, Sir.

- **Mr. Ashok Ajmera – Participant:**

- Wish you a very Happy Diwali and Happy New Year.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you, Sir.
- **Mr. Ashok Ajmera – Participant:**
- We celebrated the festival just a week back. And compliments to you, Sir, for another good quarter, for very good set of numbers.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you, Sir.
- **Mr. Ashok Ajmera – Participant:**
- Especially your business growth, I mean, which includes Credit and Deposit growth, you are little above than some of the other peer banks, which is very heartening to note, which you always have been. And mostly it is all organic credit, organic growth, so which is also very nice.
- Sir, you addressed those 2 concerns, which are my concerns also. One is that, Sir, our CASA, which was 6 quarters back was 30.98%, still today it is 30.69%. So, something has to be worked on that little more seriously so as to make our CASA a little higher than...because it is a perennial problem in our bank as compared to some of the other banks where they have anything from 37%-45% and some small banks even 50%. So, one thing, on CASA our strategy.
- And second one, Sir, if you observe, this NIM is also going down from 2.9% 6 quarters back to now 2.50%. I understand that because of the rate cuts and this thing and the lag effect in the deposit and the corporate credit, I mean, credit rates, but then still where are we heading? And how are we controlling this continuous fall in the NIM?
- So, these are the two things which I can seek your comments on that.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes, Sir, definitely I appreciate your concern in these things and I am sure that you will appreciate our efforts in the CASA. Actually, just 2-3 years back the balance sheet used to grow at 5%, 4%, 6% per annum. In those days maintaining the percentage of the CASA at the same level was a little easy task for the banking but now because of the credit demand the balance sheets are growing at 13%-14% and in the current scenario

14% garnering, maintaining the growth in the CASA also is a big task for any bank, not only the Canara bank but any bank, Sir. But still since we do not want to lose that control on the CASA, whatever it is there, if you see that the first-time year-on-year growth is more than 10% in the CASA and I am sure that our savings bank individually has started giving the results for us.

- Reason why we are getting the results is, we have introduced a several segment wise targeted products and those products became grand success in the market and we got very good business out of those special products and special initiatives also we have taken like a Customer Feedback mechanism, Relationship Manager concept, Business Around App. Several initiatives we have taken and these initiatives will continue to focus on that. Now, we are working on some other untouched segments in the society like farmers. We want to come out with a new product favoring that farmer. Then we also want to come out with the Gig workers, to target them also to bring it our fold. We do not want to lose any opportunity which gives us a CASA. So, we are touching every opportunity, we are trying to exploring that possibility to get those things.
- I can share with you the absolute numbers because of these initiatives. In just one financial year in savings bank individuals, we got ₹20,000 crores incremental growth in the SB individuals, which we never have seen in the last almost 8-9 years period in the Canara Bank. That means, whatever the initiatives we have taken it has started giving the results and we are confident that we want to work furthermore and build and strengthen our field functionaries hands to canvas more and more CASA deposits. We continue to do that. And we allowed recently the opening of Current accounts through Tab. That also will help them to maintain the TAT immediately. We are also working some more Digital initiatives also and especially in the society side and all. Recently also we have introduced two H1 CASA product both in SB and Current account, targeting for the NGOs, societies or pilgrim centers so that we can garner that CASA. That also has attracted and very excellent response we have received for that product.
- So, we'll keep continuing, that's our strategy. We want to maintain that at least the guidance given this year is 32%, our efforts will continue to meet that requirement, that target what are the guidance given to that.
- The second one is NIM, Sir. Yes, you are all aware that in the first quarter itself when the RBI regulator has reduced to the 100 basis points in the Repo rate, 45%-46% of our loan book is linked with the Repo rate and these Repo rate 46% as a benefit is extended immediately whereas our Deposit rates will continue. Almost 90% of our deposits are 1-year deposits, whatever the deposits we accepted up to April 1st fortnight, those are all the deposits will continue to attract the same earlier rate of interest. That's why there is a stress on the NIMs. When the higher rate of interest regime, we also got benefited. We have gone up to that even 3%. In some quarters we have 3.05% also, we could show that NIMs. It's not that the bank is not able to take the benefit of whatever the market conditions are there.

- Presently, since market conditions are going downward tendency in the interest rates, already 100 basis points is cut down by the regulator. For us, transferring that burden to the depositors, it takes almost 9-12 months period. So, till that time some stress will be there on the NIMs. In absolute numbers if you see that our NII and the interest amount, as quarter-on-quarter there is a ₹500 crores increase, if you see that. The last June quarter, our NII was ₹9,009 crores whereas now it is ₹9,141 crores. That means there is a ₹130 crores increase as shown in the absolute numbers. That shows that now presently whatever the deposit rates we have marginalized or we have rationalized has started giving some results.
- Next quarter also we see the same, maybe little bit improvement or the same level will be there. There won't be any further dip in those areas. I don't think that there will be a further dip in that NIMs below 2.5. It will be maintained at 2.5 or 2.5 above. But fourth quarter onwards definitely again we look forward for uptick in this NIMs, Sir. We will regain our NIMs back to where we are shown that 2.9% or 3%, if the market conditions are continued and if there are no further rate cuts. If there is a further rate cut, again it takes for us to transform into that the Deposit rate of interest, it takes minimum 9-12 months period. So, that to that extent, impact will be there on NIMs, Sir.
- **Moderator:**
- Thank you, Sir. The next question that we have is this from Anand Dama. Please, unmute yourself, Anand Dama.
- **Mr. Anand Dama – Participant:**
- Thank you for the opportunity. My first question is that what kind of one-off gains that we can expect from the stake sale in Canara Robeco and Canara Life? And PSLC this quarter also were very strong, should we expect that to continue in next 2 quarters as well?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- First, let me say the stake sale is there that we got the benefit earlier. So, unlocking the benefit what we have that, ultimately we are the first banker who could come to that listing in the current financial year, 2 subsidiaries simultaneously. And we got benefit of almost ₹2,000 crores. If you remove that IPO expenditure and all, we got benefit of ₹1,935 crores. These ₹1,935 crores, we have not booked so far anything in the previous quarter. The entire amount will be booked in this current quarter.
- And PSLC is our business tool, it is a strategy. Whenever we need, we can sell because always demands are there. And even now we have a surplus of almost ₹25,000 crores which we can sell in the market depending on the demand and supply. We have the

supply but we will see that if selling in December is required because already we have enough one-time benefit in the form of stake sale or it has to be sold in the March month. But we definitely take the benefit out of it than the PSLC sale because there is a so much demand in the market and supplier is not there. We are the only big supplier in the Indian Banking scenario for PSLC.

- **Mr. Anand Dama – Participant:**

- Sir, secondly, you are going to retire in December, is there any chance that a private banker also could be contender for the MD & CEO post? We hear that for SBI and others now that government has opened up but is there a chance that even Canara Bank could be one where our government could be looking for a private banker?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- No it's beyond my level to comment on those things because already notification has come. The notification terms and conditions are very open. Now, the selection process is there. FSIB will take a call who is the suitable candidate I don't think that there is any leadership deficiency in the industry. Let's wait and see.

- **Mr. Anand Dama – Participant:**

- Do you have any views on the merger as well? I know basically that banks may or may not be involved but do you see that happening in next 12-15 months? Any broader level discussions which are happening in the government and whether Canara Bank also could be part of that?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- See, till this moment no formal or informal discussions have happened with Canara Bank regarding any mergers or amalgamations from DFS.

- **Moderator:**

- Thank you, Sir. Mr. Anand Dama, please come back in the queue for further questions. The next question we have is from Mona Ketan. Mona Ketan, please unmute yourself.

- **Ms. Mona Ketan – Participant:**

- Yeah, hi. Hello?

- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

- Hello.

- **Ms. Mona Ketan – Participant:**
- Yeah, hi, Sir. Good evening.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes, Madam.
- **Ms. Mona Ketan – Participant:**
- Yeah, I have two questions. Firstly, we saw a very sharp growth in CA balances this quarter.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- I did not get, Madam. Some quality issue is there in your...Kindly repeat that.
- **Ms. Mona Ketan – Participant:**
- Yeah. If you look at the Current account balances, there was a sharp growth this quarter after decline last quarter, so if you could just highlight what really happened here?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Current account, we have some institutional deposits. Quite often we get the money, it goes out of that and that benefit you will get it. Even March also if you see, there was a steep increase was there, if you see that. Even now, current balance is less than March. So, it's not that it is an unexpected thing that has happened. So, we have some institutional deposits, sometimes it comes heavily on that and that quarter you get the benefit.
- **Ms. Mona Ketan – Participant:**
- Got it. And, secondly, on the margin, if I look at your one year MCLR, it has come down by roughly 35 bps in the last 6 months. So, how much of the repricing impact here is factored on the yields currently?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- See, actually 45% of our loan book is under MCLR.
- **Ms. Mona Ketan – Participant:**

- Right.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- So, this MCLR resetting mostly happens on an annual basis only; majority of the accounts.
- **Ms. Mona Ketan – Participant:**
- Okay.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- So, 6 months is over, then the remaining 6 months, so that means 50% of this 45%, approximately 25% of the loan book is repriced and the remaining yet to be repriced.
- **Ms. Mona Ketan – Participant:**
- Got it, alright. Thank you. I'll come back in the queue.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Okay, Madam.
- **Moderator:**
- Thank you. The next question we have is from Chetan. Chetan, please unmute yourself.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- So we are not able to hear. Can we take up another question?
- **Moderator:**
- Bhavik Shah, unmute yourself for the next question. So we are not able to hear..
- **Mr. Bhavik Shah – Participant:**
- Am I audible?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes, sir. Tell me sir.

- **Mr. Bhavik Shah – Participant:**
- Congrats sir, on a very good quarter. Sir, two questions sir. Last quarter, we had a one off in the margin. Is there any one off this quarter?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- The last quarter one off the margin is PSLC only, except that nothing is there. PSLC in every year, first quarter, we are getting it. This year also, this year like, this year second quarter also we got because we have some excess priority sector and there is a demand. We got the benefit of 900 crores in that.
- **Mr. Bhavik Shah – Participant:**
- We had some in IT last quarter.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No, that is only for 400-500 crores.
- **Mr. Bhavik Shah – Participant:**
- Okay. And sir, how much of the interest on return of accounts is booked in the interest income line?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Approximately 450 crores, sir.
- **Mr. Bhavik Shah – Participant:**
- Okay, sir. Sir, a standard provision has gone up quite materially, quarter on quarter. We had like 330 crores or something. Anything incremental that we have done?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes sir. You know, actually almost 500 crores. Additionally, 550 crores. Other two, whatever the additional provision, out of that, one account, some drinking water project of Telangana, we are... it is quite often appearing in the SMA1 or SMA2. So on precautionary measure that we have provided that 380 crores towards that account. That is in a standard provisioning only. It is only precautionary we have taken that and we have an actual strategy, business strategy to provide like that. Earlier also, for one more such irrigation project was there, there we have provided 580 crores, previous two quarters.

- **Mr. Bhavik Shah – Participant:**
- Okay. And those accounts are still in SMA or how is it?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No, one is in SMA1. One is, out of SMA.
- **Mr. Bhavik Shah – Participant:**
- Okay Sir. Answer of the agri book of 2.7 lakh crore, how much would be gold loan?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- It's a one lakh eighteen thousand. One lakh eighteen thousand is a direct agriculture, Sir. The remaining is gold loan book.
- **Mr. Bhavik Shah – Participant:**
- Okay Sir. Answer, the amount that we will receive. So will it flow through P&L or it will be through our AFS reserve?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No, sir. It will be on P&L only. So whatever the 1935, after adjusting the expenses that will be taken into profit and loss.
- **Mr. Bhavik Shah – Participant:**
- Okay, sir. Thank you so much sir. Thank you for the opportunity.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Thank you sir. Thank you.
- **Moderator:**
- Thank you. So the next question we have is from Ashlish Sonch. Please unmute yourself.
- **Mr. Ashlish Sonch – Participant:**
- Hi sir. Good afternoon. Few questions from my side. Firstly sir, if you can quantify the interest on income tax refund which you received in this quarter.

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Sir, it is again around 400 crores, sir.
- **Mr. Ashlish Sonch – Participant:**
- Okay. Got it. So. And secondly, if you can, if I look at the recoveries from return of account.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Sir, almost 660 crores in the first half of this year we got.
- **Mr. Ashlish Sonch – Participant:**
- What is your expectation on this for the full year?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes sir. We are confident that we can recover approximately 5000 crores. So third quarter also, we are expecting like the same lines of 17 to 18 hundred crores and it will continue. And every year, the 5000 crores approximately, we can recover from the written off accounts.
- **Mr. Ashlish Sonch – Participant:**
- Okay. And this holds for FY27 as well, tentatively?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes sir. Yes sir.
- **Mr. Ashlish Sonch – Participant:**
- Understood. Okay, so and lastly, if you can give us a breakup of the slippages across segments?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- 750 crore agriculture, sir. 350 crore retail, 900 crores MSME, total 2000 crores.
- **Mr. Ashlish Sonch – Participant:**

- Thank you sir.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Thank you.
- **Moderator:**
- Thank you. So the next question we have is from Apurva. Please unmute yourself.
- **Ms. Apurva – Participant:**
- Hi sir. Can you hear me?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes madam.
- **Ms. Apurva – Participant:**
- Thanks for the opportunity. I had two questions. One, is there any particular reason why yield of investment or yield on investments have moved up quarter on quarter?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- What?
- **Ms. Apurva – Participant:**
- Or is there any particular reason why the yield on investments have moved up quarter on quarter?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yield on the investment is two basis points has increased, in no matter from 6.88 to 6.90.
- **Ms. Apurva – Participant:**
- Yeah. This quarter most banks have seen a decline in yield of investments. Any particular reason. Why?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- It's a two basis point, is not a big change, madam. Actually that is only an efficient way of investing where there are chances that they're bright. They might be investing on that. So non-government securities also nowadays we are permitting them to invest. Their little higher margins may be getting like NCDs of triple A rated NBFCs and all. So that might be the reason, that's all. It's a two basis points, here and there always, it can happen.
- **Ms. Apurva – Participant:**
- Okay, got it. Understood. And secondly, does the CET, one of 12.2% include profit for the quarter and first half?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes, madam. See this CET1, this particular one quarter itself. If you see that almost 55,000 crores growth is there in advances that demands that CET1. No? Even then, because we are earning good profits, we are able to maintain 12.2 above. So from 12.29 to 12.21 it has come. The reason behind is, only just because we have grown 14% in the advances, in the particular quarter itself, we have grown 55,000 crores of advances.
- **Ms. Apurva – Participant:**
- Understood Sir. And lastly, what is the NIM adjusted for interest in IT refund, sir?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Pardon?
- **Ms. Apurva – Participant:**
- What is the NIM adjusted for interest in IT refund?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- IT refund is only 400 crores. I already told no madam in the previous question.
- **Ms. Apurva – Participant:**
- Okay. Thank you.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Thank you mam.

- **Moderator:**
- Thank you mam. The next question we have is from Mr. Sushil Choksi. You may please unmute yourself, sir.
- **Mr. Sushil Choksi – Participant:**
- Congratulations to Team Canara for the excellent result.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Thank you sir. Thank you Choksi sir.
- **Mr. Sushil Choksi – Participant:**
- Sir, first question. You spoke about 5000, 7000 crores of recovery from technical return of assets. As of today, what kind of pool is available at historical value?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- 71,000 crores, sir.
- **Mr. Sushil Choksi – Participant:**
- And this is all on historical value, not on current value.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No sir. That's actually not the current value. That's what the actually we have provided 100%. The provision is a book value.
- **Mr. Sushil Choksi – Participant:**
- That I have understood.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- The provision we have provided that much sir. So out of that 70,000, you can get, even a whatever it is, their yearly 5000 and you can observe from our system, because of our comfortable profits, we keep continuing the written off also. The fresh accounts also, we are continuing to wherever 100% provisions are there. For cleaning the balance sheets, we are again writing off some accounts, technical write off, and that portfolio is

able to maintain that level. So that 70,000 is available to us for recovering that next few years.

- **Mr. Sushil Choksi – Participant:**

- Second thing is, RBI took lot of measures for new initiatives for credit growth, whether it is M&A, stock market, equity lending, other, many other initiatives. Any thoughts? How would you proceed on these products?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- Yes sir. Anticipating this decision only. Actually, we have launched last April that online loan against mutual funds, STP process, and it became very successful. And we are the second public sector bank that we are growing in that market comfortably in the current financial year. So now the limits have been increased. That will help us in growing this particular area, the STP process, so that and simultaneously to take the benefit of the corporate market, what it is growing, we are also focusing on revamping our subsidiary that Canara Bank Securities Limited. And the revamping, RFP has been floated for onboarding a new platform, technology platform, comprehensive platform. And we are also planning to inject some capital to that company. We want to strengthen it because we already listed three companies, three subsidiaries Canfin Homes, Canara Robeco and Canara HSBC. Now we are focusing more on that fourth one, we want to strengthen that subsidiary so that in future, that value also we can unlock. And if we can make it successful that subsidiary, it will indirectly or in turn, it will be helpful CASA also, for garnering otherwise all our customers who are dealing in the corporate market or capital market, capital market, we are unable to serve them in those demat accounts and comprehensively, that we want to tap that business.

- **Mr. Sushil Choksi – Participant:**

- Sir, any thoughts on your M&A financing?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- Which finance sir?

- **Mr. Sushil Choksi – Participant:**

- Merger, Acquisition, Finance.

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- That's so, that's why it is definitely sir we are working on that. We are creating a policy now on the same draft guidelines. We are also eagerly waiting for that opportunities

because earlier this opportunity was not there. We also know that we lost some of the AAA rated transactions also. But now we want to focus on that. Already we are sending our officers and executives for improving their capabilities, for training, on the job training. We have deputed somebody for foreign also and we are depleting our some local reputed institutes also. We are also eagerly waiting. We are building that capabilities in the bank. Sir, I am sure that within one quarter policy and the building of capabilities may happen, then we will be very active in financing those acquisitions.

- **Mr. Sushil Choksi – Participant:**

- What would be our undisbursed credit lines and new sanction pipeline visibility?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- It will be approximately 50,000 to 55,000 will be there, sir, because just to two days back only we are sanctioned 26,000 crores. And earlier those sanctions are almost 30,000 crores is there. So more than 50,000 crores undisbursed loan will be there in the corporate sector alone.

- **Mr. Sushil Choksi – Participant:**

- How do you see the balance by the year end on RAM versus corporate – 60:40 or it will be something different?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- And if 59:41, by the end of this March Sir. The next year, we feel that it will be 60:40.

- **Mr. Sushil Choksi – Participant:**

- Okay. And then my last question, how is your digital spend looking like - on budget, exceeding budget or you'll increase the budget?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- No, actually last four years continuously we have invested almost near to the thousand crores every year. So this year also, we have budgeted almost 600 crores because many of the things we onboarded already, now we are more working on return on investment. So how to take maximum benefit out of what we have invested. But at the same time, whatever the opportunities are there, we are keep on investing. With 70 crores, we are investing only exclusively on cyber security. So different platforms. We are already working on that sir. So we will continue to invest on the digital. We don't compromise on that because we strongly believe that digital journey only has brought this glory to this bank. Last three years, four years, whatever we have spent, that is

started giving the results. If you see that last two quarters, our market share, both in the deposit and advances has gone off.

- Yes, we are open for that, sir. It's not that but actually so far in a consortium. We acquired an efficiency or capabilities in underwriting the big projects on sole basis. And thereafter we are down selling. The many of the infrastructure projects are done earlier also. Even in the back also, we have done some big projects almost total together. So our exposure itself is almost 12,000 crores. Two projects we have underwritten that. So this underwriting process also will continue simultaneously. We will be part of that consortiums, if any. It depends on the viability of the project, sir. If any viable project somebody has underwritten, we don't mind participating in that. Either it's in a multiple banking or in the consortium basis, or even solely also, we don't mind because we have ample, manpower or the efficiency in our bank. Canara Bank is, nobody in the corporate sector, I am sure that Canara Bank cannot be neglected. And many people wants to deal with Canara Bank. They are very proactive to deal with Canara Bank. So we want to encash that reputation or credibility, what we are enjoying in the corporate community, sir.

- **Mr. Sushil Choksi – Participant:**

- Sir, I agree on that. My question was that, is IBA working towards some kind of a platform where M&A financing is concerned?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- So far no such initiative has taken, take initiative. We also will be part of that, sir.

- **Mr. Sushil Choksi – Participant:**

- Okay sir. Thanks for answering all my question and congratulations. Best wishes to enter Canara Management and team.

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- Thank you. Thank you so much, sir. Thank you so much sir.

- **Moderator:**

- Thank you sir. The next question we have is from Mr. Doshi. Please unmute yourself.

- **Mr. Doshi – Participant:**

- Thanks for the opportunity. Firstly one clarification. You mentioned, 3% of the book as an overall book, SME, so that's SME0, 1 and 2 or only 1 and 2?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- SMEO 1 and 2, all together is less than 3%, sir.
- **Mr. Doshi – Participant:**
- Okay, okay. And my second question is, so you mentioned that we, we will be getting almost 1900 crore, kind of benefit from stake sale in Q2. So are you looking at, you know.....
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- It's not Q2, sir, it is in Q3.
- **Mr. Doshi – Participant:**
- Q3 yeah, sorry. Q3 so are you thinking of utilizing that to create the buffer provision?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Always no sir, even when we don't have that one-time benefit. Still, you might have find that last consecutively three four quarters, we are providing access provisions towards the standard assets, wherever towards to meeting that SMA2 or SMA1. So that strategy will continue because anyhow, from 1st March, 1st April 2027, we have to provide for that expected credit loss. So to the possible extent, we are creating that buffer now itself.
- **Mr. Doshi – Participant:**
- Yeah. So we can use this, you know, to ramp up the... that buffer....
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- It's not that the entire thing, we will use it for that partly, because still our PCR is around near to that 94%. Some of the banks are there at 97, 98%. So there also scope is there to build our PCR percentage.
- **Mr. Doshi – Participant:**
- Okay. Okay. Thank you. That's it from my side.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- Thank you sir.
- **Moderator:**
- Thank you sir. The next question we have is from Mr. Anand Dama. Please go ahead.
- **Mr. Anand Dama – Participant:**
- Yeah, I'm done with my questions. Sorry.
- **Moderator:**
- Thank you sir. The next question we have is from Ramanuj. Please unmute yourself and go ahead with your question.
- **Mr. Ramanuj – Participant:**
- Am I audible?
- **Moderator:**
- Yes you are.
- **Mr. Ramanuj – Participant:**
- So my question is regarding the recent changes going on here. How do you see this resolution?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Some cross talking is happening. Sir, can you repeat again the question?
- **Mr. Ramanuj – Participant:**
- Hello?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Tell me sir. Tell me sir.
- **Moderator:**
- Mr. Ramanuj, please unmute yourself and ask your question.

- **Mr. Ramanuj – Participant:**
- Am I audible, Sir?
- **Moderator:**
- Yes, you are audible.
- **Mr. Ramanuj – Participant:**
- Hello?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes, sir.
- **Moderator:**
- Hi Sir, you are audible. Please go ahead with your question. Unmute yourself and please go ahead with the question.
- **Mr. Ramanuj – Participant:**
- Hello sir, am I audible?
- **Moderator:**
- Yes sir. You're audible.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes, sir. You are audible. You can speak.
- **Mr. Ramanuj – Participant:**
- Yes. My question is regarding the recent changes in regulations of gold on board by RBI. How do you see this impacting our business? Sir, means will it become difficult to give loans? Or has the process become easier for us?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No, actually, they are very proactive for doing the much better business in the gold loan Sir because earlier, the LTV ratio used to be up to the 75%. Now the RBI has increased it

up to 85%. That comfort they have given. Of course, at this moment we are not using that. We are restraining ourself to that below 75%, including the interest component.

- And the second one is for agriculture loan also, they are given the benefit that if it is, it can be a partially or fully collateralized, even then it will be considered as an agriculture loan.
- These two things have given a lot of benefit and one more initiative they have given for renewals up to five lakhs. That can be by paying the interest, they can renew that loans. These three has helped us in growing much faster than the earlier, Sir.

- **Mr. Ramanuj – Participant:**

- Sir, can we say Canara Bank expanding its gold loan business just the way other gold loan NBFCs do? Will it be possible for us?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- No sir, I think in India, we are the number one banker, that I don't think any bank or the NBFCs near to us in the gold loan. Our gold loan portfolio is as on date, it has crossed two lakh eleven thousand crores, Sir.

- **Mr. Ramanuj – Participant:**

- Okay, sir. So do you see gold loan as more profitable than other products or is there any product?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- Definitely. Actually, definitely. No. No, definitely the gold does not require the capital. The second one is, gold loan, our return is almost 8.75 to 8.8%. The gold loan, it will not be slippage. Slippages will be meager, almost less than 1.1%. So if you see that the product is definitely a better returns, better safety, better security, but only thing, handling the gold loan is the professionalism is required. Otherwise that will have a lot of problems in the individual banks. Canara Bank is famous for the gold loans for decades together. That's why we have established practices, good practices. That's why we are able to handle it. Otherwise, handling the gold loan is a tough job.

- **Mr. Ramanuj – Participant:**

- Can you explain particularly what makes handling gold loan so difficult? Is it procedural problem or there is some legal issue in handling gold loans?

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- No sir. You should have a proper systems and procedures in safe keeping, appraising. Appraiser should be made available. Re-appraisals, cross verifications and safety, keeping safe keeping of these customers gold. These are all actually, there is so much infrastructure is required. So we have created because it's an established bank. We created those infrastructure already as the processes and procedures swaps are very clear and there is a very stringent monitoring systems are there in the bank. That's why it is not challenging for us. Maybe it is a little difficult for the people who are first time they are starting it, but otherwise so many other institutes can compete with us now, but nobody is nearer to us.
- **Mr. Ramanuj – Participant:**
- Thank you.
- **Moderator:**
- Please join back in the queue for further questions. We have a follow up from Jay Mundra. Please go ahead sir.
- **Mr. Jay Mundra – Participant:**
- Most of the questions have been answered. Sir, I just needed a few data points. One is, you mentioned this total gold loan is 2.11 lakh crore. How much is retail and how much is agri, sir? If you have that bifurcation.
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Yes sir. Approximately 63 lakhs. 63,000 crores is retail.
- **Mr. Jay Mundra – Participant:**
- Sure. And how much was this last quarter?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Last quarter it was one lakh. I am telling about June 30th, sir. June 30th, it was approximately 195. Now it is 211.
- **Mr. Jay Mundra – Participant:**
- Okay. And out of this 195, the retail would be around, how much, sir? 55-60, roughly?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**

- 55-56 sir.
- **Mr. Jay Mundra – Participant:**
- Okay. Okay, sure. And sir, do we have any policy to provide on SMA, like this quarter, we have done 380 crores on this state government drinking water project. But do you have any written policy?
- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- No, policies will be there proactively subject to availability of your comfortable margins in your hand, sir. This is actually proactive policy adopted by the board from time to time. It's not that a regulatory requirement that it is required, but still, just when you are comfortable, it is better to provide more and more because anyhow, regulator is expecting you to shift it to the expected credit loss system, that is from one 1st April 2027. So we are in advance. We are creating that buffer so that there will not be any much impact on the bank balance sheet, either on the capital CRAR or any other provisioning profits, bottom line. That's why in advance, when you are comfortable itself, we are providing those things. It's not that, just because we have provided these accounts are going to be slip to NPA. No, I'm sure we are very much confident that none of these accounts will slip to NPA. But still we want to in a prudent banking, we want to create that buffers.
- **Mr. Jay Mundra – Participant:**
- Thank you sir.
- **Moderator:**
- Please join back in the queue for further questions. The next question is from Ashlish. Go ahead sir. Ashlish, please unmute yourself for the question.
- **Mr. Ashlish – Participant:**
- Sorry, I was done with my with my questions. Thank you.
- **Moderator:**
- Thank you. The next question we have is from Abhinav. Please go ahead. Sorry. The next question that we have is from Saket Kapoor. Please go ahead. You are requested to unmute yourself. Thank you sir. As we have no further questions now. I hand over the call to you for your closing remarks.

- **Mr. Satyanarayana Raju - MD and CEO, Canara Bank:**
- Thank you. Thank you so much for all the investors, investor community.
- **Moderator:**
- Thank you sir. With this, now we end the Canara Bank Q2 con call. All participants are requested to leave the call.

END OF TRANSCRIPT