

Canara Bank Q3 FY26 Earnings Conference Call
January 29, 2026

- **Moderator:**

- Good evening, everyone. Welcome to Canara Bank Q3 FY26 Earnings Conference Call. I would like to thank the Canara Bank management team for giving us this opportunity to hold the call. From the management side, we have with us:
- Shri Hardeep Singh Ahluwalia, MD and CEO, Shri Bhavendra Kumar, Executive Director, Shri S.K. Majumdar Sir, Executive Director, and Shri Sunil Kumar Chugh, Executive Director.
- With this, I now hand over the call to MD Sir for his opening remarks, post which we will start the floor for the Q&A. Thank you, and over to you, Sir.

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**

- Good evening to all of you. First, let me share the highlights of December quarter results. Our bank's global business stood at 27.1 lakh crores, and it grew at 13.23% on a year-on-year basis. The global deposits stood at 15.21 lakh crores and grew at 12.95% year-on-year basis. The global advances stood at 11.92 lakh crores and grew at 13.59%. Operating profits stood at 9,119 crores and increased on a year-on-year basis at 16.36%. The net profit stood at 5,155 crores and grew at 25.61% on a year-on-year basis. The return on assets improved by 9 basis points year-on-year basis and stood at 1.13%. The PCR on a year-on-year basis improved by 293 basis points and stood at 94.19%. Our credit cost was at 0.64% and improved by 25 basis points year-on-year. There was a GNPA decline of 126 basis points year-on-year and stood at 2.08%. Our net NPA stood at 0.45% and declined by 44 basis points year-on-year basis.
- Now, more than 13% of our credit growth is driven by RAM credit, which stood at 7.04 lakh crores and grew at 18.70%. The retail credit grew at 31.37% and stood at 2.73 lakh crores. The housing loan grew by 17.58% and stood at 1.21 lakh crores. Vehicle loan also shown fantastic growth. The growth was 26.20% and stood at 25,098 crores. MSME has also shown robust growth of 13.74% and stood at 1.60 lakh crores.
- The earnings per share was at Rs. 21.48 and improved by 22.11%. Our CET-1 stood at 12.37%, which improved by 40 basis points year-on-year. Our slippage has shown enormous decline. It declined by 32 basis points year-on-year and stood at 0.64%.
- Now coming to the guidance parameters, in the beginning of the year, we have given guidance numbers for 13 parameters, and we have easily surpassed and comfortably surpassed 11 parameters, except CASA and NIM, which is industry challenge.
- Now I am joined along with me Mr. Bhavendra, who is ED, Mr. Majumdar, who is also ED, and Mr. Sunil Chugh, who is also ED. All my CGMs, Vertical Heads are now ready to respond to all the questions. Thank you.

- **Question & Answer Session:**
- **Moderator:**
- Thank you. We will start the Question & Answer session. Participants who have a question, please raise your hand.
- The first question is from the line of Mahrukh. Please go ahead with your question.
- **Ms. Mahrukh – Participant:**
- I had a couple of questions. Firstly, on your margins, I appreciate that the Repo rate was cut and there was pressure on margins. But from a strategic longer-term point of view, see our margins are already slightly lower than peers, and people are ruling out a policy cut in the forthcoming policy. But these things are still evolving. Maybe after one or two policies, there are rate cuts again. Given that our margins are lower than peers, what are the steps we would take to bring them at least in line with peers? Is there a like a growth margin trade-off? Is there a level below which we will not want margins to fall even if there are rate cuts say a quarter down the line or two quarters down the line? What is the absolute level of margins that you would be comfortable with at any point in time? Otherwise, we can slow down growth and improve margins a bit, you know, given that we have a traditional issue with CASA. So, that's my first question.
- And my second question is on ECL. What would be the broad impact of ECL? Not the impact of one-time transition, but on an ongoing basis. So, if ECL were already implemented today, what would your credit cost have been instead of what you have reported this quarter? So, that's my second question, sir.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Okay. So, madam, now I respond to it. Regarding margins, our NIM contracted by 2 basis points because the yield on advances... because on 5th, there was a reduction in repo by 25 basis points, and about 49% of our advance is Repo linked. So, immediately that transition was happening in those accounts. So, yield on advances contracted by 6 basis points, although the cost of deposit also reduced by 4 basis points, which had a net impact on NIM of 2 basis points. So, looking ahead, if you see there is a strong drive in RAM sector. Our RAM is showing a growth of 18.70%. And it is led by Retail, which has shown a 31.37% growth. And MSME also you see is growing at 13.74%. On MSME, the yield on advance is 9.28%. In Retail, it is 8.88%. So, our strategy going ahead is to further capitalize because if you see our guidance number on advances, our advances growth is more than 13.59%. So... to capitalize on this Retail momentum that has been built.
- Now, coming to the CASA front also, if you see our savings bank is growing at 8.51%. And saving bank individual is growing more than 10%. So, we are performing better than the peers in savings. Even if you see the current account, it is growing at 14.92%. Only due to one single transaction that has happened previous quarter of 26,000 in current account, that is why Q on Q sub dip is there. But CASA growth is shown as 9.32%. So, I think we will retain this margin with the same momentum going ahead in the CASA and RAM growth. So, even if further reduction in Repo happens, we presume that our NIM will be in the range of 2.45 to 2.50.

- Coming to ECL, the other parameters madam, it is going to be implemented from 1st April 2027. Now, our bank is making... last year it has made a profit of 17,000 crores. This year, going by the same trend, our profit will be in the range of 17,000 to 20,000 crores. So, in the ECL under Stage 2... because Stage 1 and Stage 3 does not have any much material impact because it is almost similar to IRAC norms. But in Stage 2, some impact will be there because the provisioning increases from 0.4 to 5%. And there we see that 2,500 crores additional provision will be required. And for NFP also (non-fund limits), some 2,500 crores will be required.
- Coming to the default rate on Stage 1, additional provision of 5,000 crores may be required. So, if I total that one, it will come around 10,000 crores, and that can be amortized in 4 years. So, the impact may come to 2,000 to 2,500 crores. Going by the profit we are earning year-on-year, it is very much absorbable and our CET-1 is very strong.
- **Ms. Mahrukh – Participant:**
- Yes, but sir, the credit cost on a quarterly basis, will that figure change? This is the transition impact. 10,000 crores over 4 years is the transition impact. One a run rate basis...
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Madam, I will answer to it. If you see my slippage ratio, it is 0.64%, which is the industry best if you can compare with our peers. And our SMA in absolute numbers, it has come down from 43,000 crores to 35,000 crores. And from 4.18%, our total SMA has come down to below 3%. So, on both fronts, we are very, very comfortable to absorb this one. We don't see any further...
- **Ms. Mahrukh – Participant:**
- What will be your SMA below 5 crores, your total SMA that is above and below?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yeah, total SMA is 35,604 crores. Last year in December, it was 43,917 crores. So, even our advances have grown above 13%. Our SMA, on absolute numbers, it has come down from 43,917 crores to 35,604 crores. So, that's a credible achievement, I tell you. And slippage also, it is in absolute control. And our slippage ratio is 0.64%, which you can compare with others, it is industry best.
- **Ms. Mahrukh – Participant:**
- Yes, sir. Got it. And sir, just one last thing. How much of deposits are left to reprice? A lot of deposit repricing has been done. How much of it is left in terms of term deposit repricing?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Only 15% is left for repricing. If you see year-on-year, there is a 77bps dip in the cost of new deposits.

- **Ms. Mahrukh – Participant:**
- Right, correct. Okay, sir. Thank you so much.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- On Retail term deposit, I men.
- **Ms. Mahrukh – Participant:**
- Yes, sir.
- **Moderator:**
- Thank you. We'll take the next question from the line of Anand Dama. Anand, your line has been unmuted. Please go ahead with your question.
- **Mr. Anand Dama – Emkay Global:**
- Yes, sir. Thank you for the opportunity. My question was related to our PSLC fees, which has been pretty low as compared to what we saw in last quarter. Is it more of seasonality, or you are strategically booking lower PSLC fees in this quarter? Or is it something to do with an RBI action where the PSL, some declassification has happened? If you can explain on that front.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Mr. Dama, if you have followed us, PSLC, it was only a product or earnings of the 1st Quarter. For three consecutive years or two last consecutive years, we have only earned in the 1st Quarter of 1,200 to 1,300 crores. And this quarter, not only we have earned around 1,240 crores, we have earned 900 crores in the 2nd Quarter. 3rd Quarter, actually, there is no chance for a PSLC. There also we earned 140 crores. And I assure you, we'll earn a substantial amount in the 4th Quarter also. So it is the industry; if any regulatory thing has happened, it is only helping us. And it is helping us as a renewed avenue of sustainable quarter-on-quarter earning, which was not so till last year. You will see it in the 1st Quarter and last quarter, some amount.
- **Mr. Anand Dama – Emkay Global:**
- Yes, right.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- It is now a sustainable thing over three quarters.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Our total priority sector against 40% norms is now at 45.25%. So there is still some space for offloading PSLC in the fourth quarter to supplement what Mr. Majumdar is saying.

- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Yes.
- **Mr. Anand Dama – Emkay Global:**
- And sir, a similar kind of income is what we should also build in for next year, if things remain the same?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- From a PSLC perspective, we don't see much difference, unless the banks which purchase from us start doing... change their portfolios. As of now, though, it should not.. I mean, at least next year, there should not be any effect. Going forward, we can't say.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- There will always be surplus and deficient players of PSLC, and Canara Bank has that advantage.
- **Mr. Anand Dama – Emkay Global:**
- Sure, sir. And so what explains the quarter-on-quarter jump in our other OpEx? Is there any line item where we have seen some surge in the current quarter?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- If you see the other operating expenses, there are two one-time items. One was IPO charges for Canara Robeco and Canara HSBC. That needs to be absorbed by the promoter. So, for that, there is a fee of around 80 crores. Another 80 crores is of depreciation. That is for the employee benefit as a part of the furniture scheme. The furniture for employees was replaceable every 10 years, which we have brought down as an extra facility for employees to 5 years. So to do that, we had to provide additional depreciation. It is one time.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- And at par with the industry
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- ... with the industry, most of the banks. So, that is around 160 crores. Another 100 crores on technology-related expenses were there i.e. AMC charges and on the ongoing CapEx that is happening, that has happened. So this is more or less around 250 crore, which is additional, which is not of a routine nature.

- **Mr. Anand Dama – Emkay Global:**
- Sure. And so, taking forward from Mahrukh's questions, should we see our margin bottoming out if there is no further rate cut, or should we still see some contraction in the margins going forward?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yes. With the OMO coming up and the swap being announced, liquidity will be injected, and we see the cost of deposits cooling down further. So yes, if the rate cut doesn't happen, we see that it will stabilize.
- **Mr. Anand Dama – Emkay Global:**
- Sure, sir. That's very helpful. Thanks a lot.
- **Moderator:**
- Thank you. We'll take the next question from the line of Piran Engineer. Please go ahead.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, your questions are not audible.
- **Moderator:**
- Please go ahead with your question. We'll move to the next question from the line of Parth Gupta. Please go ahead. Parth? As there is no response...
- **Mr. Parth Gupta – Participant:**
- Yeah. Hi. Sorry. So, sir, first question is: out of the total recoveries from the written-off account, what went to the interest income line item?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- About 370 crores went to interest.
- **Mr. Parth Gupta – Participant:**
- Okay, sir. Fair enough. Thanks. And my second question is: you have raised your deposit rates by 35 bps in January. So should we expect that to flow into the cost of funds, say, by Q4 or Q1? And therefore, the decline in the cost of funds will not be as much as what we are anticipating. Is that the right assessment?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- So, almost 15% is now replaceable... the term deposits. And we see there is a steep decline, whatever we have raised last year. If that is getting replaced, we are getting some 70–77 bps lower in the new deposits.
- **Mr. Parth Gupta – Participant:**
- Okay, sir. Fair enough. Thanks a lot.
- **Moderator:**
- Thank you. We'll take the next question from the line of Jai Mundra. Please go ahead with your question.
- **Mr. Jai Mundra – Participant:**
- Yeah. Hi, sir. Good afternoon and congratulations on the quarter.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Thank you, sir.
- **Mr. Jai Mundra – Participant:**
- My first question is, sir, if you can bifurcate SMA-0, 1, 2 separately out of the 35,000 crore number. And have you started providing anything on SMA-1 and 2 just for the ECL transition?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, our SMA in absolute terms has come down from 43,000 crores to 35,604 crores. The SMA-2 has come down from 21,268 crores to 15,454 crores. And SMA-1 has come down from 11,882 crores to 10,593 crores. So, SMA-2 has come down from 2% to 1.30%. SMA-1 has come down from 1.13% to 0.89%. And 1,946 crores in three accounts, we have done additional provision as prudent bankers outside the SMA purview.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- If you see, SMA-1 increased due to shifting of only one account, Kaleshwaram Irrigation Project.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- But that is 5 crore and above. Total, I am telling. Yeah, because that gives a bigger picture. Our SMA has come down from 4.18% to 2.99%. And our slippage has come down to 0.64%, that is industry best. So on both accounts, our bank is doing extremely well; on slippage also and reduction of SMA also.

- **Mr. Jai Mundra – Participant:**
- Right. And out of these 15,000 and 10,000 crores of SMA-2 and 1, outside of this Kaleshwaram and some other large account, are we providing any rule-driven provisioning, or as of now, there is no rule-driven provisioning on SMA-1 and 2?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, as on date, the provision coverage ratio is 94.12%. And in these three accounts, we have provided 1,946 crores. The outstanding is 6,600 crores. Although we don't say that it will slip because continuously these are appearing in SMA.
- **Mr. Jai Mundra – Participant:**
- Right. Okay, sure. And secondly, sir, on your gold loan, if you can quantify how much is the Agri gold loan and Retail gold loan as on December? And is there any change in the way you classify Retail or Agri gold? Because there have been observations at other banks in this assessment by RBI or in general also.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, our total gold loan portfolio is 2,21,000 crores. Out of that, Agri gold is 1,48,000 crores. And Non-Agri is 72,661 crores. So, very consciously, we have rolled back the products of gold loan in metropolitan and urban centres because that was the RBI observation. Now, we are totally compliant with it. And our gold loan portfolio is improving at 30% on a YoY basis.
- **Mr. Jai Mundra – Participant:**
- Right. And sir, there is a lot of... I mean, strong jump in the retail, right, 30% plus. Is this a buyout thing, or is this totally organic growth? How should one look at it?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- This is totally organic. This is totally organic.
- **Mr. Jai Mundra – Participant:**
- No buyout in the retail?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- No buyout, sir. No buyout. Totally organic.
- **Mr. Jai Mundra – Participant:**
- Okay. Sure, sir.

- **Moderator:**
- Please come back in the queue. We will take the next question from the line of Ashok Ajmera. Please go ahead.
- **Mr. Ashok Ajmera – Participant:**
- Good afternoon, sir. And compliments to you, Ahluwalia sir, and the entire team. Am I audible, sir?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Thank you, Meena sir. Yes, audible.
- **Mr. Ashok Ajmera – Participant:**
- I am Ajmera, sir.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Ajmera sir. How are you, sir? Ajmera sir, namaskar. Hope all is well.
- **Mr. Ashok Ajmera – Participant:**
- Compliments to you for the, I think, highest ever quarterly profit of 5,155 crores. I think the last time we touched 5,000 crores was in Q4, '25, if I am correct.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yes, sir.
- **Mr. Ashok Ajmera – Participant:**
- So my compliments to you and the entire team. Sir, my first question is on the credit growth target. In nine months itself, you already achieved around 11% of the credit growth, whereas your target for the overall whole year was 10% to 11%. So would you revise it now upward on this?
- Similarly, in case of the opposite side, in case of deposit, the target is 9% to 10%, but we could achieve in nine months only 6.39%. So little divergence there. So would you maintain your target on the credit the same, or you will increase by, say, 2–3% up?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, coming to the first point regarding compliments on profit. Sir, this net profit we have made despite an increase in provision ratio by 293 basis points. So despite making huge PCR, we have still maintained the net profit and recorded the highest net profit.

- Regarding credit growth, sir, you have told we have given a guidance of 10% to 11%, but already we are crossing 13.59%, and we see that going ahead this will be maintained. And on the deposit side also, we have given a guidance of 9% to 10%. We are already near 13%, and we see that it will be maintained in the 4th Quarter also.
- **Mr. Ashok Ajmera – Participant:**
- Yeah, there were some disturbances, but anyway, I could hear you properly. Sir, in fact, one of the major contributors of the profit in this quarter was treasury income also, which is almost doubled from the last quarter to 3,056 crores now, and profit on sale of investment is 2,590 crores out of that. So going forward, whether the treasury will continue to contribute so much in the profit for the last quarter of FY26 or we might see it slowing down, and maybe the income on the other... the net interest side, the income is higher, and this is how we will be able to maintain the 5,000 plus quarterly profit?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, in Q3, due to listing profits of Canara Robeco and Canara HSBC... in Canara HSBC we offloaded 14.5% stake, and in Canara Robeco we offloaded 13% stake and could gain 2,006 crores. So going ahead, if the yields soften, then definitely this will be maintained. But at the moment, the yields are not cooling. Suppose more OMO operations take place, and with the buy-sell swap, if liquidity flows and cost of deposits comes down and the yields soften, then definitely treasury will take an upturn.
- **Mr. Ashok Ajmera – Participant:**
- Sir, as regards to the NBFC portfolio, I know that Canara Bank is always not very optimistic and encouraging the co-lending part and other things. But of late, is there any change in that stance on the NBFC side and co-lending side? And what is our present exposure to the entire NBFC sector, the loans given to NBFC for onward lending, sir?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, the NBFC exposure is at 1,51,000 crores, and it is growing at 6.09%. We are open to NBFC lending, provided the rates are good. So normally the AA, AAA rated NBFCs, when they approach us, but the rates are not competitive, then we are shying away from that because protection of NIM is also our major criteria. And while we are growing at more than 13.59%, we don't see any reason to entertain low-yielding advances.
- **Mr. Ashok Ajmera – Participant:**
- Point well taken, sir. Sir, the recovery in the written-off account is good in this quarter, of 2,051 crores. What is our total written-off book, and do we expect to maintain the same momentum of recovery from the written-off accounts?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, if you see the last 3-4 quarters, continuously our recovery in write-off has been consistent, and that will continue, sir.
- **Mr. Ashok Ajmera – Participant:**
- What is the total written-off book size, sir?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- 64,000... 66,000 crores.
- **Mr. Ashok Ajmera – Participant:**
- 66,000 crores. So are we going in the range of some 7%, 8% kind of recovery from this book for the whole year?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, we have taken a conscious call that it has to be more than the 2,000 crore range, and we are continuously trying to achieve that number. If you see last December also it was 2,008 crores, this year 2,051 crores. Although my total NPA book is falling, we are trying to maintain this recovery ratio.
- **Mr. Ashok Ajmera – Participant:**
- Sir, any ballpark, any calculation has been done, like one of the other banks is also doing, on the underwriting standards? Like over the last five years post-COVID, how much amount of the loan has been sanctioned and disbursed, and what is the NPA ratio out of this new underwriting of this last five years? Is there any such, which will give the color to the present underwriting standards and how the bank is going forward?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, already if you see, our underwriting standards have improved, and our slippage ratio is now industry best at 0.64%. That is a reflection of good underwriting standards already prevailing with Canara Bank. And your SMA also has drastically come down from 4.16% to below 3%. So definitely, underwriting has played a very, very important role in that.
- **Mr. Ashok Ajmera – Participant:**
- Good, sir. Thank you very much and all the very best to you and everyone sitting there. Thank you.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Thank you very much, sir. Thank you, sir.

- **Moderator:**
- Thank you. We will take the next question from the line of Bhavik Shah. Please go ahead.
- **Mr. Bhavik Shah – Participant:**
- Hello. Hi, sir. Thank you for the opportunity. Sir, what would be your average LCR for the quarter? It was around 150% last quarter.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Our LCR is 125%.
- **Mr. Bhavik Shah – Participant:**
- 125%. Sir, if I were to assume that borrowing increased in the quarter, approximately of 60,000 crores was back ended, and also wanted to understand at what yield and what instruments were used.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Please repeat your question, Bhavik.
- **Mr. Bhavik Shah – Participant:**
- Hi, sir. Sir, our borrowings increased by 55,000-57,000 crores this quarter, quarter-on-quarter. It was 90,000 and it is 1.5 again now. I just wanted to understand what instruments were there and at what cost have they come in?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- No. Whatever borrowings have increased, it is on two fronts. One is we have raised AT1 bonds this quarter and there was refinancing from NABARD and SIDBI of our existing loans. These are the only borrowings that we had in this quarter. And a part of this borrowing, that is AT1 bond, is replacement of old also. That may be the net increase is only 6, 700 crores as far as Tier 1 bond is concerned. So it cannot be... And the rest is mainly SIDBI and NABARD refinancing at a lower rate.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- What sir is asking is borrowing increase.
- **Mr. Bhavik Shah – Participant:**
- That is part of the borrowing only.

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Our SLR is 24% and the prescribed is 18%. We have excess SLR of 6%. And whenever the opportunity comes, we borrow and take that advantage.
- **Mr. Bhavik Shah – Participant:**
- Okay, sir. And sir, would you be comfortable to share the refinance cost of NABARD and SIDBI?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- It is around 5%.
- **Mr. Bhavik Shah – Participant:**
- Okay. And sir, last thing sir, standard asset provisioning. Last quarter was also 300 crores. This quarter is also around 286 crores. Sir, anything specific to read here?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Standard asset provision, one is we had to provide for DCCO extension, that some provision of around 80 crores is there... around 90 crores is there. And other than that, I think these are all routine. There is nothing else.
- **Mr. Bhavik Shah – Participant:**
- Thank you so much. That's all from my side.
- **Moderator:**
- Thank you. We will take the next question from the line of Param Subramanian. Please go ahead.
- **Mr. Param Subramanian – Participant:**
- Thanks for taking my question. So, I wanted to ask on this recovery from written-off account, 2,051 crores in this quarter, is there some mix between Retail and Corporate? Were there any chunky accounts that we have seen or is there a Retail granular mix?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Actually, in this written off recoveries of 2,051 crores, there are four major accounts. One is Chenani Nursery, we have received 288 crores. Karanja Terminals, 271 crores. So that is the bulk. But few bigger accounts will always materialize.
- **Mr. Param Subramanian – Participant:**
- Sir, but would there be a reasonable chunk of Retail recoveries also?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, you're not properly audible.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Yes, that is around 50-50, Retail and Corporate.
- **Mr. Param Subramanian – Participant:**
- And even for the nine months, it will be like that?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- That is retail recovery in DWO. That is around 1,000 crores per quarter.
- **Mr. Param Subramanian – Participant:**
- 1,000 crores per quarter you are getting in Retail recovery?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- That is yes. From Retail recovery in DWO is around, on an average. In some quarter it may be more, some quarter it may be less. On an average around 1,000 crores, 900 to 1,000 crores.
- **Mr. Param Subramanian – Participant:**
- Okay, okay. That's it from me.
- **Moderator:**
- We will take the next question from the line of Ashlesh Sonje. Please go ahead with your question.
- **Mr. Ashlesh Sonje – Participant:**
- Good afternoon. 2-3 questions from my side. Firstly, on the margin front, do you see any room to cut your term deposit rates or hike your loan pricing, let's say on housing, in order to boost your margins from here on? That is one. Secondly...
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- See, we are continuously studying the market and our term deposit is pricing according to the prevailing market conditions.
- **Mr. Ashlesh Sonje – Participant:**
- Got it. And on the home loans, you think you can increase the pricing there potentially?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- It is Repo linked and prevailing market conditions.
- **Mr. Ashlesh Sonje – Participant:**
- Understood. Secondly, the borrowings... Yeah, sorry, sir.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- No, carry on, carry on, carry on.
- **Mr. Ashlesh Sonje – Participant:**
- The borrowings which have gone up, how much further can they go up from here? And I heard your explanation on what is causing it, but how much further can it go up from here?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- I mean, we feel we are already at an optimum level. Borrowing is always as a product and we don't want to increase it. We borrow just to leverage our cost, just to see. That is, as sir said, a major chunk is overnight. That also to... that with excess SLR that we do to neutralize the cost.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- And take opportunities in the market.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- So it will be... I don't see that going up much. That is at an optimum level.
- **Mr. Ashlesh Sonje – Participant:**
- Got it, sir. And lastly, the bad loan recoveries have been quite good for the last couple of years, both from the written-off accounts as well as from NPAs. What is the outlook you have for FY27?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, it will continue because the recovery tools in market today, we have NCLT options, we have DRT options, SARFAESI options, your Lok Adalats being regularly conducted. We have aggressive OTS schemes. So we don't see any shortfall coming. So we have been consciously maintaining that. And recovery actions are prescribed as per the accounts.
- **Mr. Ashlesh Sonje – Participant:**
- So similar run rate as this year is possible?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yes, sir. It will continue.
- **Mr. Ashlesh Sonje – Participant:**
- Thank you, sir. Those are all the questions.
- **Moderator:**
- Thank you. We'll take the next question from the line of Piran Engineer. Please go ahead. Piran, please go ahead with your question.
- As there is no response, we will take the next question from the line of Akshay Badlani. Please go ahead.
- **Mr. Akshay Badlani – Participant:**
- Yeah. Hi. Thank you for taking my question. Firstly, I wanted to ask around, so we got this 2,000 crores of one off profit. Have we utilized that to make any contingent buffers? And what would our current contingent buffer be?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, in three accounts, we are maintaining 1,946 crores as abundant precaution. Although we don't foresee any slippage in this account, but as a prudent banker, we have done so. And whatever regulatory provisions are coming up, like for DCCO extension and all, we are making adequate provisions for that.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- And also, you see our provision coverage is going up. It is also, it is... as you said, we are still, I mean, when you compare us with our peers, we are a shade below them. So we also want to be in that space of our peers as far as provision coverage is concerned. And as sir said, in standard asset, wherever there are some weaknesses, we are proactively making provisions within the regulatory framework.
- **Mr. Akshay Badlani – Participant:**
- Understood. And my second question was around current account balances. There has been overall a lot of, you know, fluctuations when I see on a quarter-to-quarter basis. And overall on our deposit strategy, I wanted to understand, you know, what are we trying to do in order to improve the deposit franchise, since it's, you know, relatively weaker when we compare it to the peers.

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, this current account fluctuation is due to one account. In September quarter, we have got some 26,000 crores deposit in that account. If we subtract from the prevailing... the September this thing, then from 49,000, it has grown to 54,000. So in current account also we have seen 15% growth roughly. In saving also we have seen a growth of 8.51%. And within saving, actually individual is more than 10%. So we are performing quite well in that CASA space. It is growing at a rate of 9.32%.
- **Mr. Akshay Badlani – Participant:**
- Sure. Thank you. Thank you for answering my questions.
- **Moderator:**
- Thank you. The next question is from the line of Jayant Kharote. Please go ahead.
- **Mr. Jayant Kharote – Participant:**
- Thank you for the opportunity, sir. First question is, there is a strong growth in Retail at 31% YoY. I see vehicle is grown at 26. If you could also tell us which are one or two top products outside vehicles that are growing in that book. And also, if you could help us with your average yield on vehicle book, as well as some of the other products, ex housing. I believe you spelled out your average yield on Retail book is 8.83%. What would it be on vehicle and some other fast-growing products?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- In Retail, sir, our yield is 8.79%. So that comprises of the total Retail portfolio of housing clubbed with your vehicle loan and other Retail products.
- **Mr. Jayant Kharote – Participant:**
- And sir, what would be the yield on vehicle book?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- In RAM sector, it is 8.88%.
- **Mr. Jayant Kharote – Participant:**
- So what is the yield on vehicle book?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yes, sir?

- **Mr. Jayant Kharote – Participant:**
- What is the yield on our vehicle book?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- It should be above 8.5%. It's around 8.5%.
- **Mr. Jayant Kharote – Participant:**
- Okay. And sir, what are the other products, ex vehicle and housing that are growing rapidly in Retail?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- No, no. In that, around 70,000 or 74,000-75,000 crore is gold loan portfolio, which is growing at a jet speed, more than 30%.
- **Mr. Jayant Kharote – Participant:**
- And what would be our yield there, sir?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- There, it is around 8.8%. It is around 9%. A little below 9%.
- **Mr. Jayant Kharote – Participant:**
- So you are confident of this 8.79% holding up and expanding next year as well?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Absolutely, yes. That portfolio will grow at this speed.
- **Mr. Jayant Kharote – Participant:**
- Great, great. Congratulations, team. All the best.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Thank you, sir.
- **Moderator:**
- Thank you. The next question is from the line of Gaurav Jani. Please go ahead with your question.

- **Mr. Gaurav Jani – Participant:**
- Thank you for taking my question. The first is, despite a strong Retail growth, why is our margin down sequentially by 5 basis points, and while our LDR has also gone up?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, margins are low because the CASA is not growing to the level. It is growing at 9.32%. And our average CASA is 30%. And that is, I think, on a lower side, although our endeavor is still to improve that. And it is improving also, but not to that level.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- I'll add to this. Your question is why it got reduced. You must agree with us that whenever there is a policy rate cut, that has to be passed on to RLLR linked loan immediately. And my 49% of the portfolio is RLLR linked, whereas deposit repricing takes minimum 6 months, 6 months to 1 year. To answer your question, that is the reason for reduction, and that is the main reason for the compression that you see. And I think that will continue till that rate cut stabilizes. To some extent, that challenge will continue for, I suppose, lenders like us.
- **Mr. Gaurav Jani – Participant:**
- Sure. And sir, my last question is, how are you looking at deposit growth? While this quarter did have the benefit of CRR, it has been kind of lagging. So how do we kind of plan to ramp this up to meet our guidance on loan growth?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- See, our deposit is growing at 12.95% against the guidance given 9% to 10%. So going ahead also, we will continue with the same performance for the last quarter also.
- **Mr. Gaurav Jani – Participant:**
- Sir, just a bookkeeping one, there is a restatement in deposits for September. So anything to read into it? And what has been reclassified?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, there was a RBI observation that overseas branches, that deposits taken from bank were earlier considered as borrowings. Now we... earlier they were considered as deposits. Now we have reclassified as borrowings. And subsequently we have changed in other previous quarters also. That effect has been changed. So 33,000 reclassification has been done... has been reduced. And it ranges from 23,000 from December '24 in subsequent quarters. Accordingly, in December, 33,000 has been reduced.

- **Mr. Gaurav Jani – Participant:**
- Understood. Thank you so much.
- **Moderator:**
- Thank you. There is a question in the chat box. What is the breakup of fresh slippages during the quarter?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Yes, sir. In Agriculture, the total slippage is 1,857 crores. 789 is from Agriculture sector. 739 is from MSME. Retail 294 and 35 is from gold. No corporate account has slipped.
- **Moderator:**
- Thank you, sir. The next question is from the line of Sushil Choksey. Please go ahead.
- **Mr. Sushil Choksey – Participant:**
- Sir, congratulations to Team Canara for excellent performance.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Thank you, sir. Thank you, Choksey, sir.
- **Mr. Sushil Choksey – Participant:**
- Majority of my questions are answered, sir. These are typical same questions from everyone. What is our digital spend, because we are focusing on RAM and enhancing our business? And what is the cost for human resource which we are going to incur for enabling technology as well as new initiatives?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, our staff cost is now stabilizing at 4,900 crores. And efforts are being taken to continuously upskill our staff. So they are there. We have our definite expenditure and we see that. The entire staff undergoes training. Last year also, the entire staff underwent training as per their KRAs, so that their performance improves.
- **Mr. Sushil Choksey – Participant:**
- Sir, are we spending on enhancing the current management as well as top management and other staff members' capability? Because tomorrow AI will be there, many other technology initiatives, new product initiatives. So what is the digital spend for all these initiatives and additional incentive and other focus cost? This is your regular staff expenditure. I am saying over and above, what will you do?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, we are conscious that what our future workforce will look like. So accordingly, we have recruited data scientists, your Python engineers and all for AI capabilities and all. So a vertical has been created separately for AI which is working on identification of use cases that can be implemented in the bank. So already under fraud prevention and default prediction, AI is implemented to some extent. So you will see more and more use cases coming up. And further also, we will enhance the capabilities of our employees under training.
- There are lot of products we have introduced. One is our Business Around has now been nominated to be adopted across the industry. We have a dedicated Business Analytics team. So that works for lead generations within the system.
- **Mr. Sushil Choksey – Participant:**
- Sir, secondly, your total digital spend for the year... the budget for the total spend which you are going to do in digital and what is your future outlook on that?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Around 1,000 crores we are spending annually on digital initiatives.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- For last three years, sir, we have been spending around 1,000 crores, between 800 to 1,000 every year. And I think this year also... we should be able to reap the benefits now. I think now it is the time to reap the benefit. But AMC charges and all will go up. But as sir said, AI related, we have established a department where we need both from people side and technology side, some investment will go going forward.
- **Mr. Sushil Choksey – Participant:**
- Sir, as we have three other listed companies under our fold, in the cross-selling of business as well as for touch points, how are we benefiting? And if we are able to succeed, how many products are we selling to our existing customers?
- **Mr. Bhavendra Kumar - Executive Director, Canara Bank:**
- No, no, for our Canara Robeco and Canara HSBC, including the Can Fin Homes, so two of our subsidiaries now. So we are getting substantial benefit out of this. So insurance company in the previous NFO what we have launched, so against the target of 500, we have reaped some 6,050 crores in 15 days' room, what was given. So we are valuing this subsidiary and we are enhancing the value for the customers by cross-selling. So whether it is the Canara Robeco SIPs or mutual fund selling, or it is the insurance what we are selling through our branches, 10,066 branches, we are getting substantial benefit out of these two subsidiaries by cross-selling in a large scale. And our company has also benefited, and we are earning close to 500 crores income out of the subsidiaries by selling their products.

- **Mr. Sushil Choksey – Participant:**
- So 500 crores income. But do you mean to say that majority of our CASA customers are taking two products from us, three products from us?
- **Mr. Bhavendra Kumar - Executive Director, Canara Bank:**
- Yes.
- **Mr. Sushil Choksey – Participant:**
- They'll say I'm a CASA account. Is the car loan coming to you? Is it?
- **Mr. Bhavendra Kumar - Executive Director, Canara Bank:**
- Yes. That is what I wanted to say. So apart from car loan and housing loan, we are also selling credit card. We are selling the other product, the Demat account we are selling to them. We are giving so much of benefit by way of this, engaging with them.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- Sir, we have a Business Analytics wing and that is responsible for creation of leads. So they have certain machine learning models, and they scrub the data and accordingly they suggest a person how many products we can sell to him. So whenever a customer approaches the counter, they have this opportunity as to how many products, what other products can be sold to this customer. So leads are generating from our customer relationship models and leads are generating through our own machine learning models. So that conversion rate is also very high. That is why you are seeing that our credit growth in RAM sector is 13.5%.
- **Mr. Sushil Choksey – Participant:**
- Sir, my last question in this round is, sir, the market is favoring PSU banks over all other sectors, including private banks. We are showing healthy profits. We may not... for a nominal growth, which we are doing, we may not need equity. But if the market is rewarding in the past, we have capitalized ourselves by doing QIPs ahead of time. Do we plan something in this quarter or coming time, or we look into it at a future date?
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- So QIP, I don't think QIP is now lined up.
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Choksey ji, as you know and you have seen that my capital adequacy is already at 16.5. We are adding around 17,000 to 20,000 profit per annum. So there is no reason... I mean, as of now, we are adequately capitalized to do business, to have a double-digit growth going forward next couple of

years. And as and when, if any moment it is required, I don't see a challenge raising it. But in the immediate future, I don't think bank will require that.

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

- So basically, self-reliance is going to work in your growth machine. That's your summation.

- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**

- Exactly, sir. Strongly it should work.

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**

- Right now, on business growth front, on profitability front, capital adequacy front, asset quality front, bank is doing extremely good in all parameters.

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

- Sir, congratulations and best wishes for the years to come.

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**

- Thank you, Choksey sir. Thank you.

- **Moderator:**

- Thank you. The next question is from Chetan Wadia. Please go ahead.

- **Mr. Chetan Wadia – Participant:**

- Can you hear me?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**

- Yes, sir.

- **Mr. Chetan Wadia – Participant:**

- Yeah, I only have one question. In terms of your growth in advances, if I have read correctly, you are saying, it was 13% growth in your credit growth for the next year. Which are the top five areas of growth that you see for yourself? And what are the yields on those advances?

- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**

- Sir, RAM sector is the strength which is growing at 18.70% and where the yield is also 8.88%. Under MSME also, if you see, we are growing at 13.74% and the yield on such advances is 9.28%. And gold is also growing at 30% where the yield is around 9%. And apart from that, we are generating income

through PSLCs, the surplus priority sector that we have. So, these are strength areas of the bank and the return of recoveries also. So, that we will continue.

- **Mr. Chetan Wadia – Participant:**

- Sure. Noted that. And my second and the last question is that you said the NIM range would be around 2.45% to 2.5% as you said in the beginning. And any scope for improvement over there over the next one or two years? Is there any such deliberation internally happening to make it a 2.6% to 2.7% range?

- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**

- Sir, definitely yes, that will happen as the rate cycle effect settles down. Because now there is always a time lag on passing on the RLLR based loans and the deposit repricing. Once that stabilizes, automatically 15-20 basis point will immediately rise across lenders. So, we should be no exception. It should be more, in fact.

- **Mr. Chetan Wadia – Participant:**

- All right. Noted that. Thank you very much. All the best.

- **Moderator:**

- We will take the last question from the line of Ankit. Please go ahead.

- **Mr. Ankit – Participant:**

- Hello. Sir, my question is on ECL, sir. Sir, are you doing any ECL provisions? Or what is the total number of ECL provisions from 1st April 2027 that you will be doing?

- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**

- As our MD said, it will be less than 5-digit, the number. And as you know, if one side it is less than 5-digit number, it has one more year to get implemented. In a year, we will add minimum between 17,000 to 20,000 crores of profit. My provision coverage will be all time high of over 95%. So, the requirement of ECL by the time it gets implemented, will further come down from that 5-digit figure to a much lower figure. And even if we implement, as we said in the past, my CRAR and CET-1 will get affected by only a percentage point. That means even then my CRAR will be at above 15 and CET-1 will be above 11. But this is if we implement in one go. But as we understand, RBI has allowed it to be spread across 4 years. So, it has got almost no effect and we will be able to maintain.
- ECL differently will have no impact. The provision release that has happened on... not provision release, it is the release of funds that has happened on account of this CRR cut during September and November, that itself has cushioned all that. I think there is no effect on this. Across banks, I don't see if there will be much effect.

- **Mr. Ankit – Participant:**
- Okay, sir. I got your point.
- But your peer banks are doing the ECL provisions like PNB has done. I'm just asking, are you doing any ECL provisions in these quarters, or you are doing just in one go?
- **Mr. S.K. Majumdar - Executive Director, Canara Bank:**
- Sir, we feel we don't need to do any pre-emptive provision before that. That will come from... My quarterly profits will be sufficient at any point in time to absorb that, without hindering business growth and capital position.
- **Mr. Ankit – Participant:**
- Okay. Thank you, sir.
- **Moderator:**
- Thank you. Thank you. That was the last question for the day. I hand over the call to the MD, sir, for his closing remarks.
- **Mr. Hardeep Singh Ahluwalia - MD & CEO, Canara Bank:**
- So, sir, I have already said that it is our strong numbers, be it business growth, be it asset quality, be it profitability, operating profit, net profit and capital adequacy. And I don't see any reason that this growth will not continue. It will continue in the last quarter also. So, thank you, sir.
- **Moderator:**
- Thank you. That concludes Canara Bank conference call.
- **END OF TRANSCRIPT**