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The Vice President BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street MUMBAI - 400 001 Scrip Code: 532483	The Vice President Listing Department National Stock Exchange of India Ltd EXCHANGE PLAZA Bandra-Kurla Complex, Bandra [E] MUMBAI - 400 051 Scrip Code: CANBK
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Dear Sir/Madam,

Sub: Q2 FY 2024-25 Earnings conference call with Analysts / Investors - Transcript

**Ref : 1. Our Letter SD:389/390/11/12::2024-25 dated 18.10.2024 &
2. Our Letter SD:409/410/11/12::2024-25 dated 29.10.2024**

With reference to above and pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015, we herewith enclose the transcript of post results Earnings conference call Q2 FY2024-25 held on 29.10.2024.

The transcript of Q2 FY2024-25 Earnings conference call is uploaded on Bank's website and the same can be accessed through below link:

<https://canarabank.com/pages/Earning-Conference-Call-Transcript>

This is for your information and records.

Yours faithfully,

**SANTOSH KUMAR BARIK
COMPANY SECRETARY**

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Q2 FY25 Earnings Web Call of Canara Bank

October 29, 2024

– **Moderator:**

– Good evening, everyone, we welcome you all to the Q2 FY25 Earnings Web Call of Canara Bank. Thank you for giving us this opportunity to host the call today. Today with us we have Mr. Satyanarayana Raju - MD and CEO, Mr. Debashish Mukherjee - Executive Director, Mr. Ashok Chandra - Executive Director, Mr. Hardeep Singh Ahluwalia - Executive Director and Mr. Bhavendra Kumar - Executive Director, along with other senior members of the team. Without any further ado, I hand over the call to MD sir for his opening remarks, post which we will open the floor for questions and answers.

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

– Good evening to all of you. First of all, I wish you a happy Dhanteras for all the people participating in these interactions. I am presenting the September Quarter results. Again, one more consistent quarterly results we are putting forth before you. Our global business has grown at 9.42% and stood at 23.59 lakh crore. Global deposit growth at 9.34% and stood at 13.47 lakhs crore. Our global advances also have grown at 9.53% and stood at 10.11 lakhs crore. Our Net Profit has increased 11.31% year-on-year, and first time it has crossed a quarterly net profit of 4000 crores. It stood at 4,014 crores. Our CRAR year has reached all-time high of 16.57% with a year-on-year increase of 37 basis points. Our PCR, first time we have crossed 90% and stood at 90.89% with year-on-year increase of 216 basis points. Our Gross NPA has come down below 4% i.e. June Quarter it was 4.14%. Now it has come down to 3.73% with year-on-year decline of 103 basis points. Our Net NPA also has come down below 1% from the June level of 1.24%. It has come down to 0.99% with year-on-year decline of more than 42 basis points.

– Our credit growth is led by the RAM sector, and our RAM credit has grown at 11.54%. If you see, sequentially, our RAM credit growth in the current quarter itself is 4.5%, contributed by the retail credit grown at 31.27% and stood at Rs 1.94 lakh crore. Our housing loan growing at 12.29% stood at Rs 99,452 crores, but as on date we've already crossed Rs 1 lakh crore in this housing loan portfolio. Our vehicle loan is also growing at a good growth at 15.49% and stood at Rs 18,607 crore.

– Our Earnings Per Share... Now this is against the Rs 2 face value of the share. Our Earnings Per Share stood at Rs 17.41 with year-on-year growth rate of 10.57%. Our fee-based income has shown a growth rate of year-on-year at 17.68% and stood at Rs 2,436. First time we could touch the slippage ratio at the bottom of 1%, with an improvement of year-on-year 32 basis points.

– These are all some highlights of this. Just I want to compare our latest performance with the guidance given in the 1st Quarter for this whole financial year.

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- The whole financial year we have given a guidance of business growth at 10%. As against that, 9.42% we have grown up to September 30th. The main reason for that was, in the 1st Quarter of course we shed our low yielding advances in the corporate sector of Rs 30,000-35,000 crores. That's why the 1st Quarter growth was only around 1%. But the 2nd Quarter advances has grown at near to 4% and deposits also has grown at near to 3%. That has contributed this growth rate of business growth at 9.42%. Advances growth at 9.53% and deposit growth at 9.34%, as against the guidance of 9%.
- First time in the last three quarters, CASA has shown uptick on growth compared to sequentially the quarter-on-quarter. June Quarter to now it has improved by almost 28 basis points. It was 30.98%, now it is 31.27%. And in absolute numbers also, quarter-on-quarter we improved CASA of Rs 8,000 crores. Our NIM slightly has come down compared to the peer banks. It come down from 2.9 to 2.88. Though there is a lot of pressure on the cost of deposits, but we could manage this because of efficient management of our resources, alternative resources, and efficiently lending at little higher cost. These two we could manage efficiently. That's why, the peer banks, their NIMs have been impacted from 7 to 10 to 11 basis points. But we could manage with only two basis points reduction in the NIM.
- Our Gross NPA has come down from 4.14% to 3.73% as against our next March level guidance of 3.5%. Our Net NPA, next March level guidance we had given 1.10, but already we are at below 1% i.e. 0.99%. Our PCR we had given a guidance of 90% at the next March level, but we are already touching the 91% at 90.89%. Slippage ratio also we had given a guidance of 1.3% for March, but we already could successfully control slippages and we have touched that 1% slippage ratio. Our credit cost slightly increased quarter-on-quarter from 0.9 to 0.97, but still it is much below the guidance that we have given at 1.10. This increase in the credit cost is from 0.9 to 0.97 is not because of any of the quality. We have provided additional more than 500 crores in existing NPA accounts to strengthen our PCR coverage ratio. That was the reason that the credit cost has shown a little higher side at the point, compared to the previous quarter, but it is well below the guidance what we have given in the initial financial year.
- Our Return on Equity also is maintained well above that guidance of 18%, at 20.44%. And our Earnings Per Share, what we had given the guidance is 16.40, and as against that 17.41 we could achieve. Return on Assets, the guidance was the 1%, but we are able to maintain at the 1.05. It is sequentially last quarter also at 1.05. Now also it is 1.05.
- These are all the basic important parameters I wanted to share with you. Now it is open for all of you to raise any queries or clarifications. Along with me, all the four EDs are available. Our CFO is there. All the top brass is available here. Now it is open for you to ask any clarifications from our side, sir.
- **Moderator:**

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- Thank you, MD sir. We will wait a couple of seconds for the question queue to arrange. If you wish to ask a question, please raise your hand. We have our first question from the line of Mona Khetan. Please go ahead, ma'am.

- **Ms. Mona Khetan – Participant:**

- Hi sir. Good evening and congratulations on a good quarter. Firstly, on the growth a bit, so if I look at the sequential growth, the retail book grew by about 12% QoQ. So just wanted to understand where is this growth coming from, because if I look at both home loan and vehicle portfolios, which are bigger part, they have only grown by 3%, and larger part has come from Other PL book as per Slide 29. So yeah, where is this growth coming from?

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

- Yes, ma'am. Actually, last time also I shared with you, that in the current year, we have introduced a new product in the gold loan for metropolitan cities. Earlier in the metropolitan cities, we used to lend for the agriculture purpose for gold loans, that we stopped. In metropolitan, we are not lending for any agricultural purpose. We are lending only for commercial purposes only with a little higher rate of interest. And we have introduced a customer-friendly product, a tailor-made product for lending against gold in the metropolitan cities. That has attracted a wide... from all the metropolitan cities. It has contributed very good growth in that. That is helping in our retail growth much better.

- **Ms. Mona Khetan – Participant:**

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- Sir, where does this gold book stand as on September?

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

- Yes, ma'am. Actually, as on date, whole entire bank, our gold portfolio was 1,65,000 crores. This retail growth, with the product what we launched, is around 28,000 crores.

- **Ms. Mona Khetan – Participant:**

- Okay. And this was about 19,000 last quarter, if I am correct?

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

- Yes, ma'am.

- **Ms. Mona Khetan – Participant:**

- Okay. And this Other PL also includes education loan, if I am correct?

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

- Yes, ma'am. Education loan also is there. Mortgage loans are also there.

- **Ms. Mona Khetan – Participant:**

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- So how large are these books, education and mortgage loan, if you could share?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Educational loan is almost 16,000 crores, ma'am. That is also growing at double-digit growth.
- **Ms. Mona Khetan – Participant:**
- Okay. Got it. And so mainly the growth is coming from this gold product introduced in metro cities.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, it is not that mainly, ma'am. Actually, that is a contribution. On an average, the RAM sector is growing at... the retail other than gold is growing at 3.5%. The 10% growth is because whatever excess is there, it is because of that gold loan product.
- **Ms. Mona Khetan – Participant:**
- Got it. And what would be the yields in this particular product, which is introduced in metro cities?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- It is one-year MCLR, ma'am. Above one-year MCLR. 10 basis points above the one-year MCLR. On an average, we are getting 9.15 yield.
- **Ms. Mona Khetan – Participant:**
- Okay. Got it. Secondly, if I look at the SME...
- **Moderator:**
- Ma'am, you can come back in the queue. We have other participants also. Thank you.
- We have a next question from the line of Mr. Rakesh Kumar. Sir, please go ahead.
- We have a next question from the line of Mr. Nitesh. Sir, please go ahead.
- We have a next question from the line of Mr. Jay Mundra. Sir, please go ahead, you have been unmuted.
- **Mr. Jay Mundra – Participant:**
- Hi. Good evening. Sir, just wanted to check on the SMA-2 number that is high. Last time you had mentioned that there is one Central Government steel exposure. Anything about...
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Carry on, carry on. You ask that question. Complete that question.

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– **Mr. Jay Mundra – Participant:**

– No, no. So, that is it, sir. Apart from the steel exposure, is there anything which is contributing to the rise in SMA-2?

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

– Yes, sir. Actually, one more account is there, one State Government account. But it appears sometimes in SMA-2 and again it comes back to that SMA-0. That account, this as of September, has reflected in the SMA-2. There the exposure also is comparatively high. These two have contributed 60% of that SMA-2.

– **Mr. Jay Mundra – Participant:**

– Right. And what is the provisions that you hold on to the steel Central Government exposure?

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

– Already, earlier also I shared with you, 15% we already provided, which is around 560 crores.

– **Mr. Jay Mundra – Participant:**

– Right. And the additional provision that you have provided, 500 crores, is only on NPA, right? So, that has increased the PCR.

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

– That is only on existing NPAs, sir. That 500 crores we have provided on existing NPA accounts.

– **Mr. Jay Mundra – Participant:**

– Correct. And sir, lastly, if you can also share the loan book by benchmark, how much is EBLR, how much is MCLR and how much is fixed rate?

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

– Sir, our EBLR is 41%. Our MCLR is 48%. The rest is staff loans and fixed rates.

– **Mr. Jay Mundra – Participant:**

– So, sir, in Agri also, you have a decent chunk of Agri and Agri Gold. That is also floating...?

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

– Sir, no, actually floating rate, it is linked to the MCLR, no?

– **Mr. Jay Mundra – Participant:**

– Okay. So, that is also floating...

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

– Retail and MSME is EBLR. Remaining all portfolios are MCLR.

– **Mr. Jay Mundra – Participant:**

– Right. And last thing, sir, on your margins, we have a decent contribution coming from... apart from interest on loans and interest on investment, there is a decent proportion coming from the balance with the RBI and Forex transaction. How do you look at that going ahead in the overall NIM? Thank you.

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

– Sir, if you look at the last consecutive five quarters, more or less, we are able to manage around 1,500 crores in that; 1500 to 1600 crores every quarter. The same tempo will continue because we have an 8% excess SLR. By pledging that, we can draw some money from the RBI at 6.5, which we can lend it to that effectively overnight or any short-term durations. That is giving some benefit to us.

– **Mr. Jay Mundra – Participant:**

– Okay. Thank you, sir. I am done.

– **Moderator:**

– We have the next question from the line of Pritesh from DAM Capital, sir.

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– **Mr. Pritesh – DAM Capital:**

– Hi, sir. One question on margins and yields. So, we have been shredding the earlier loans... I think about 2-3 lakh crores were the loans which we were shredding, which were lower interest rate and that is affecting yields. But that is not reflecting on the margins. So, can you just give a little bit of colour on that? How will the margins move up from here, and how can it go beyond 3%?

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

– See, beyond 3% at this moment, because you should understand first that our CASA ratio is 31%. When your CASA ratio is for 31%, your cost of deposit compared to other peer banks will be little on the higher side. Our cost of deposit is stabilized at 5.7%. And when your cost of deposit is that much, yield on advances, earlier I told you, that around 60,000 crores was with the low yielding advances. Out of that 35,000 to 40,000 crores we already shed and we've withdrawn those sanctions and we are taken back that money. That has helped us in improving the June Quarter too. In the September Quarter, if you see yield on advances, it has increased from 8.66 to 8.77. That means, 11 basis points. This 35,000 crores, what we have withdrawn from low yielding advances and again deployed in higher yielding advances, that has reflected in our yield on advances. If you see that is only quarterly. June Quarter to September Quarter cost of deposit is maintained at 5.7, there is no deterioration there, but there is an improvement in the yield on advances

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from 8.66 to 8.77. Earlier just three quarters back, our yield on advances, especially on the corporate sector used to be 7.12%. Now it has increased it to 8.48%. That juggling what we are supposed to do, we have completed that. But it is not as you are expecting that it is 2 to 3 lakh crores, it is 60,000 crores. Out of that 40,000 to 45,000 crores we have done already. The remaining is well within our appetite.

- One more thing I want to clarify is, under the present conditions of tough high rate of interest for deposits, controlling the cost of deposit is little tough for the bankers. Under such circumstances, expecting a crossing of the NIM for 3% in the near quarters, in one to two quarters, it may not be possible.

– **Mr. Pritesh – DAM Capital:**

- Sir, just a follow on that. Basically, our CD ratio is also in favour. We are at about overall 73%. And we are growing faster on the loan growth than deposit growth. But that is not reflecting in the margin. So where is the pressure coming from? I understand there will be pricing pressure in terms of the loan book side or the corporate loan book side. But we are also growing our retail book quite fast. But it does not seem to be that it is reflecting in the margin side. So just wanted to check on that.

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

- No, I hope if you have gone through that, all the banks which have published their results, if you have seen their NIMs, every bank has lost their NIMs from minimum 7 basis points to almost 12 to 13 basis points. But in our bank, if you see that we lost only 2 basis points. That itself is a reflection that our credit, whatever the RAM is growing in, that is contributing to us. But let me clarify once again that our cost of deposits is comparatively higher than the other peer banks. The reason behind is our CASA is at 31%. That is why our focus is more on the CASA. We have initiated... we have almost launched more than 10 section-focused targets in the products. We have launched for the last 20 months, which has attracted very well from various sections of the society, and that has garnered almost 17,000 to 18,000 crores in the SB individuals. That is where our main focus is. And we are also using alternative resources like infrastructure bonds or raising the window available with the RBI by pledging the excess SLRs. These things we are also using for keeping our cost of funds under control.

– **Mr. Pritesh – DAM Capital:**

- Got it, sir. Thank you so much. Thank you for the answer.

– **Moderator:**

- Sir, we have next question from the chat box. Mr. Jay Mundra has asked a question. How much is unsecured personal loan and GNP in rupees-crore and slippage in the quarter? And recovery target for H2 FY25?

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

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- See, in our bank, the unsecured loans in the RAM sector, especially retail sector, is only approximately 18,000 crores. So, out of that, it's pensioners and salaried class; where they get their salary or the pension through our bank, only those people will get the unsecured loans. Other than that, we don't give any unsecured loans to any non-customer or other than salaried class customer. That's why we don't see any stress in that. And it's only 12,000 crores. The remaining 6,000 crores is unsecured loans under the educational loan. So, anyhow, that's under control. So, whatever it is there.
- Under the current slippages, if you look at, our entire retail NPA percentage is only just above 1%. Our other personal loans, if you look at, the percentage is only 0.52% NPA. And total overall current quarter's slippages, entire slippages, our retail portfolio is 1,94,000 crores. Out of that, slippage is only 440 crores.
- **Moderator:**
- Thank you, sir. We have our next question from the line of Omkar. Omkar, please unmute yourself and go ahead.
- We have our next question from the chat box again. We have a question from Mona Khetan. What is the outstanding standard provisions on your balance sheet? How much of it is towards restructured book?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- In the restructured book, I can answer the standard provisions, my CFO will answer. Our restructured book, RF1, RF2 and all together, now it is 14,000 crores. Out of that, 4,500 crores under NPA and 9,500 crores is under standard asset. The provisioning against the standard asset, in this particular September, we have provided 134 crores. But total outstanding, I will ask my CFO to share with you, whether we have the figure.
- **Management - Canara Bank:**
- Standard asset provision is around 2,000 crores for us. And anything else you require?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- That's all.
- **Moderator:**
- Thank you, sir. If anyone wishes to ask a question, please raise your hand. We have the next question from the line on Mr. Pranav.
- **Mr. Pranav – Participant:**
- Hi, sir. Thanks a lot for the opportunity. Sir, credit growth has slowed down. Any outlook into the future? Will this come back?

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

– See, in the initial years, we have given a credit growth of 10% guidance. But when I am interacting with all of you, I told that it is a minimum credit growth and we will do more than that, maybe 11% or 12%. In the 1st Quarter, because of our stress on those margins and all, we have taken a call to withdraw some sanctions at low yielding advances. That we have done some 35,000 to 40,000 crores, which has impacted the current year growth. But still, the current latest concluded September Quarter, if you see, the credit growth is almost touching a 4%. 3.78% growth was there. It is 4%. The remaining two quarters also, we see the same type of growth because the September Quarter comparatively is a slack season. But the December Quarter and March Quarter will be a peak season for credit growth. And we will definitely see near to the 4% growth in these two quarters. So overall, definitely, what we committed that we may reach 11%, definitely, it may happen, even after shredding that 35,000 crores, low yielding advances.

– **Mr. Pranav – Participant:**

– Right, sir. Two more questions. In the SMA increase, it certainly happened because of the two accounts that you mentioned. That is one. And second, in your NII, what was the impact of the penal interest being classified as Other Income?

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

– No, it's a hardly. See, every quarter, it will be around... Actually, you are asking about the interest recovered in the NPA accounts, no? Every year, every quarter...

– **Mr. Pranav – Participant:**

– No, sir. I am saying that your NII is slightly down. So, that impact is totally due to the...

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

– No, NII has slightly increased, 9,100 to 9,300. It has not come down. Compared to June, June NII was 9,166, September it is 9,315. So, there is a 150 crore increase in the NII.

– **Moderator:**

– Thank you, sir. We have the next question from the line of Ashlesh Sonje. Go ahead, it will be unmuted.

– **Mr. Ashlesh Sonje – Participant:**

– Hi, sir. Good afternoon. Firstly, can you give a breakup of slippages across segments?

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

– Slippage breakup is total 2,300 crores. Out of that, 1,000 crores is from MSME, 800 crores from agriculture, 500 crores from retail.

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– **Mr. Pranav – Participant:**

- Sir, second question. Housing loan NPA has gone up by 20 basis points in this quarter. Anything to highlight over here?

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

- No, actually there is no such threat. Actually in the earlier days, when one account slipped, in some joint accounts, accounts linked to the 1st name, system had allowed to slip into the NPA. But the 2nd name on the linked accounts was not slipped to NPA, which been pointed out in the audit that we have rectified it one-time. We have allowed such type of things all into the NPA. That is why there is a slight increase showing in that, otherwise there is no serious concern on that.

– **Mr. Pranav – Participant:**

- Sorry sir, I do not understand. What do you, what is the 1st name and 2nd name?

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

- See, when any joint borrower is there and that account slips to NPA, all the accounts in both the borrowers' names, all those accounts also slip to NPA. But in our system, somehow only 1st name related accounts are slipped, 2nd name related accounts were not slipped. That has been pointed out by the auditor and it has been a one-time thing. We have allowed that slippages and now we are recovering that.

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– **Mr. Pranav – Participant:**

- Understood sir, makes sense. Sir, the SMA-2 account, the other account apart from the steel exposure which you have, that other account seems to be about Rs. 2,000 odd crores. Can you just confirm that number and also give us some more detail about it.

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

- Yes, the other account also is around 3,000 crores, but there is a State Government guarantee. We do not see any too much concern on that account and it has come down to SMA-1 as on date. It moves from various SMAs, SMA-0 to 1, 2 like that.

– **Mr. Pranav – Participant:**

- Understood sir. And just lastly, what is the status of discussions on the steel exposure account, steel SMA-2 account?

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

- RINL, that steel exposure account, resolution work is going on, and as on date this is a going concern. All banks have already formed a consortium. Earlier this was under the multiple banking. Now to bring uniform rules and regulations, a consortium is formed and we are all working together. And management is also supporting us in bringing a resolution.

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– **Mr. Pranav – Participant:**

- Understood sir, thanks a lot for answering my questions, I will come back if I have more questions.

– **Moderator:**

- Thank you. If anyone else wishes to ask a question, please raise your hand. We have our next question from Mr. Rakesh Kumar. What is the NPI now, and what is the reason for provision write backs in Others in the provision line?

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

- In NPI there is a reduction. Sequentially if you look at that, our total NPI is around 5,900 crores, and last June it was around 6,000 odd. It has come down slightly. And there is no further slippages in the NPI. The write back is 72 crores.

– **Moderator:**

- And sir, what is the LCR now?

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

- Our LCR is 130.55 i.e. 131%. And even the RBI new guidelines if you implement it, it may impact around 10 to 11 basis points. So, we will be comfortable at around 120%.

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– **Moderator:**

- So, we have a next question from the line of Omkar. Corporate loan growth has been strong for PSU bank during this quarter. When will Canara Bank start picking up in this segment and which segment?

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

- No, this quarter actually the corporate credit growth has shown a 3% growth. 3% quarterly would be 12% growth annualised, which is above our guidance. So, already in our bank it has picked up. In the 1st Quarter also, we did several sanctions and disbursement, but when we shred that 35,000 crores of low yielding advances, it has not reflected in the outstandings. But otherwise, credit growth is on average 3% every quarter. And we are confident that next two quarters also it will happen at 3%.

– **Moderator:**

- We have the next question from the line of Mr. Shastri. Any update on the indicative timeline for IPO of Canara Robeco AMC and other subsidiaries?

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

- As on date it is scheduled in the 4th Quarter, sir. Still we believe that it may happen in the 4th Quarter only.

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– **Moderator:**

- The next question is from the line of Mr. Rakesh Kumar. How does the economies of pledging SLR with RBI work, considering its impact on LCR and lower funding cost at 5.26?

– **Management - Canara Bank:**

- See, in respect of this impact of SLR related changes which RBI is contemplating, those who are borrowing heavily on a daily basis will not have much impact because they will be having the benefit of arbitrage. So, others who are holding it only will be having an impact as far as LCR is concerned. Our position is better because, as sir said, the changes has been brought in the new LCR guidelines, for which the impact will be maximum 11 basis points. Hope it is clarified.

– **Moderator:**

- Thank you, sir. We have a next question from Ashlesh Sonje. What is the outlook on recovery from bad loans in H2 FY25? Any large resolutions expected?

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

- Large recovery. See nowadays, the first two to six months, our recovery mostly we are getting it from small ticket size. NCLT resolutions of quarter, total together we got around 549 crores. Out of that, some accounts are from liquidation. But these are all not more than 100 crores each. It may be 50 crores, 60 crores, that is the range we are getting in each account. We are not getting like 400-500 crores from one account. These are all from different accounts only. 50% of our recovery is coming from small ticket size. The remaining 50% only are these big tickets. But these big tickets also are not from a single account. Various accounts, various resolutions are in different stages. During that process, some are in the OTS, some are in the liquidation, some are in the resolution approvals. In these stages we are receiving the money.

– **Moderator:**

- Thank you, sir. If anyone wishes to ask any questions, please raise your hand. We have the next question from the line on Mr. Ashlesh Sonje. Please go ahead, sir.

– **Mr. Ashlesh Sonje – Participant:**

- Just one last question. A few other banks have reported recoveries from the Reliance Capital account in this quarter. Any exposure which you had, and what was the recovery amount from that?

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

- No, we don't have anything. We got the money from Reliance Infra account and not from that other account.

– **Mr. Ashlesh Sonje – Participant:**

– Understood, sir. Thank you.

– **Moderator:**

– We have our next question from the line of Mr. Sushil Choksey. Please go ahead.

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

– Congratulations to Team Canara for excellent results in stable environment. Sir, my first question is what is your outlook on the 2nd Half balance between treasury and corporate and retail credit, as market is indicating that the treasury has peaked and MCLR rates also would have peaked. So, do you anticipate that lot of profit taking would happen where treasury is concerned, and lot of credit growth? Because the yields have peaked and the demand on Infra is going to be high?

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

– Sir, credit side I will speak, the treasury side I will ask my ED sir to speak to you. But actually, credit side good growth is there. We are seeing a traction also. In the just concluded quarter, almost near to 4% we could grow in credit. In absolute number, domestic advances have grown 35,000 crores in one quarter. That is the range of growth what we are seeing. And the same thing is continuing in the current quarter also. And we believe that in the current quarter also, we may end up around 3.5 to 4% growth rate in the credit. Sir, in the March Quarter also it may be likely to... So, with that we believe that though in the 1st Quarter we lost the something because of shredding that low yielding advances, but still overall, we believe that our credit growth may be around 11%. But since the management has taken a call to reach that RAM sector at 58% and corporate is at 42%, our credit growth focus will be more on the RAM sector. Even as on today, our total credit growth is 9.53, but our RAM sector is 11.54. So, the RAM sector may grow little faster than the corporate sector. Corporate may grow around 9 to 10%. But the RAM sector may continue to grow around 12%.

– And regarding the treasury, I will ask Mukerjee sir to explain to you.

– **Mr. Debashish Mukherjee - Executive Director, Canara Bank:**

– Actually, our portfolio yield remains at 6.95%, and we expect it to continue. Now one opportunity which we will get is that 5% HTM sale. That 5% HTM sale we have not yet done. That we have kept because yields are softening. So we would like to use that opportunity, which many of the banks have done so far. So that will give us a lot of opportunity for profit making. So that way, we hope that our treasury profits will be maintained.

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

– That we are keeping it for better pricing. Once we feel that softening of the yields may happen, then we may get a better pricing in this. That's why we have kept that 5% HTM sale pending. That we may exercise whenever the opportunity is good.

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

- It sounds prudent, what you are indicating on the treasury side. Sir besides treasury, on the retail growth, do you anticipate with so much of technology spend and digitization, Southern economy led by technology, lot of manufacturing coming to your side of part of the country, do you think the consumer demand at our end will be much higher than what is anticipated?

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

- No, definitely I have seen good traction in the even MSMEs. In a smaller manufacturing area also, we have seen that in absolute numbers, we have grown in the first 6 months to more than 6,000-7000 crores. And even now, in the current 20 days also we have seen almost 2,000-2,500 crores more growth. So in MSME also we are expecting that the growth may be touching near to 9 to 10% this year. The last year we had grown at 6.5%, previous year we had grown at only 2%. But this year we are expecting that it may touch 9 to 10%. And retail growth will be definitely a dominating contributor in RAM credit. That will continue to grow around 14%, 13 to 14%.

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

- Sir, seeing you are taking advantage on city loans where gold is concerned and many other things, any aspirational targets the bank is setting up to garner this loan market?

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

- No actually as prudent banking, when we stopped lending for agriculture purposes in metropolitan branches, we don't want to lose that business opportunity. That's why we have created a product suitable to the metropolitan citizens with little higher margins, higher yields. And that has attracted very well in the field. And we have done the entire... because in a day-to-day basis, almost 40,000 to 60,000 number of accounts will open in the entire country, including agriculture or the retail number of gold loans. That we have digitized. From middle of September onwards we have digitized this entire process end-to-end. So that has helped us in meeting the customer requirements in a faster mode. Nowadays, we are giving loans within the 10 to 15 minutes because the entire process is digitized. Many things we can take control from the back end also like LTV ratio. Instead of depending on the branches, now we are centralized. We have minimized that... We are trying to mitigate the risk associated with gold loan. With all these steps already existing, we are growing at 15 to 16%. And we look at that, the growth will be around 16 to 17% this year.

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

- Thank you and congratulations to team Canara for the current year. And Happy Dhanteras and Happy Diwali.

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

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- Thank you, sir and same to you.
- **Moderator:**
- Thank you, sir. We have our next question from the line of Mr. Devaraj Mota. Please go ahead.
- **Mr. Devaraj Mota – Participant:**
- Hi sir. Congratulations on a good set of results. I just have one question. For the last two or three years, you all have consistently had recoveries greater than incremental slippages. But given that now we are entering a period where a lot of the large recoveries are behind us, do you think this will still continue or you think we'd go to a more normalized environment where slippages are higher than recoveries?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, I believe that it will continue. Because the reason is to, clean the balance sheet one is our underwriting standards have been improved, and that is helping in controlling the slippages. That is one side. The other side on recoveries is, to have a cleaner balance sheet, every quarter we do some technical written off also. That is adding to my kitty. And whatever we are recovering, that is again adding back to that kitty in the form of technical written off. That will continue to support us. I believe, that whatever we are shown in the last one year or two years, similarly, we are expecting that every year the recovery and technical written off is around 4,000 to 5,000. That's what actually even last time also I shared with you, and that will continue to support our balance sheet.
- **Mr. Devaraj Mota – Participant:**
- Got it. Very helpful. Thank you so much. Those were the questions I had.
- **Moderator:**
- Thank you. If there is anyone who wants to ask a question, please raise your hand. We have our next question from the line of Mr. Rakesh Kumar. Sir, you have been unmuted. Please go ahead.
- We have our next question from the line of Mr. Manish Shukla.
- **Mr. Manish Shukla – Participant:**
- The new gold loan product that you are talking about, what is the nature of the customer profile of the borrowers for taking these loans?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Gold loans is for any individual who is having a repaying capacity. If they are having a gold with them, jewellery. Gold means we pledge only the jewellery. If somebody is there, that is the only criteria and their CIBIL should be acceptable and they should have a clear credit report. And they should have an account with us. For us it is

mandatory we don't disburse anything in cash. All our gold loans are disbursed through only account. So, he must be our customer. These are the basic requirements.

– **Mr. Manish Shukla – Participant:**

– And the earlier product that you have discontinued. You have said that it was Agri-gold loan in metro area.

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

– Yes sir, metro area because the agriculture gold loans have to be in line with the regulator. Proof of land records and all is required and we don't want to take any risk there. So that's why we discontinued that. We are confining that product only in the rural, semi-urban and urban areas, where there is a possibility of obtaining proof of holding the land, easily for lending. Metropolitan that may not be possible. That's why we discontinued. But we didn't lose any business there. So earlier it was lent under Agriculture. Entire thing has been converted into retail. And rather, we are growing much faster than that.

– **Mr. Manish Shukla – Participant:**

– And is there overlap in terms of customers who borrowed under the older product versus new product?

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

– That also may be there. Some overlapping will be there. Because, since we have stopped that funding under that, so they are forced to... if they are eligible for that, they may have to raise those loans in this product.

– **Mr. Manish Shukla – Participant:**

– Last question on this. Are you seeing lot of balance transfer on this product? Because your rates might be very competitive in terms of lending rates for the gold loan.

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

– No, I don't see that. But actually, almost out of 9500, 7,000 branches are lending this gold loan. We are very much established in South India and pan India also. If someone wants to raise the gold loan, they know that Canara Bank is a better option. Because gold loan generally anybody will raise only on emergencies. Otherwise, no household will be interested to raise the loan against gold. Their sentiments will be there in South India. Only in emergencies they raise it. When they come to the bank on emergencies, how fast the bank lends that money, that gives you comfort. There we have already streamlined the processes and we've established it. For all these things we don't do any separate campaigns and all. Walk-in clients only will be there.

– **Mr. Manish Shukla – Participant:**

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- Okay. Last question, and sorry if you already answered it. What's the credit cost guidance for this year, FY25?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- See, actually we have given guidance of 1.10, and as against that, 0.97 we achieved. I think we will be below 1%.
- **Mr. Manish Shukla – Participant:**
- And does that assume any further provision on the government accounts?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- That's what. Wherever it is required, we are providing that additional. By taking that only this is, otherwise we would have been around 0.9%. Because we want to strengthen our balance sheet, we want to provide additionally to improve our provision coverage ratio, that's why I'm telling you that we will be below 1%.
- **Mr. Manish Shukla – Participant:**
- Understood, sir. Thank you. Those are my questions.
- **Moderator:**
- Thank you, sir. We have a next question from the line on Mr. Ashok Ajmera. Please go ahead.
- **Mr. Ashok Ajmera – Participant:**
- Good evening, sir. Sorry for joining the meeting little late. I'm at the airport basically and I thought I may not catch. But I'm fortunate to have got the line with you.
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Without hearing your question we will never close the investor's call, sir.
- **Mr. Ashok Ajmera – Participant:**
- Sir, I just wanted to have your views on the corporate loan book. When there is the overall slowdown on the total credit side, and of course the deposit side also, what are your views on strengthening or increasing the corporate book? Are you getting some inquiries? And, are there some projects in the pipeline in the sanctions so that we can grow our overall credit book a little faster?
- And secondly, you have always been of the view that you want to you are interested in direct lending and not through co-lending. That's been your stand in the past. Are you changing that stand and going for some co-lending tie-ups, so as to increase the book?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**

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- So first let me speak on the corporate credit growth, sir. Actually, corporate growth in actual terms, is happening at double digit only in all banks, and also in our bank. Because the cost of funds is very high, no bank wants to continue to lend at a cheaper rate which they've been lending for quite a long time. So, every bank is withdrawing that type of sanctions. So only when they are withdrawing that, it is not reflecting that, it is reflecting finally that slow growth is there. But actually, I didn't see any slow growth in demand or the disbursement in the corporate sector, sir. Sir, on an average, every quarter, 3% can be easily achievable. And we see that traction. Since the low yielding advances, every bank is cautious about their NIMs, every bank is cautious about their margins, they are not lending to this low-cost, low-yielding advances to institutes or central PSUs, whatever you call it. That's why it is looking like that. Otherwise, in private investment and all, we have seen that the tractions are there. Even in infrastructure good traction is there. Manufacturing sector, in certain infrastructure related manufacturing sectors, a good traction is there. Even in data centre creation, good traction is there. In our bank also, almost sanctioned but pending for disbursement is more than 20,000 crores. We've already as on date, from September 30th to now, we have grown more than absolute number of 5,000 crores. That itself is reflecting that good demand is there on that.
- The second one you have spoken on is the co-lending model. Since beginning, initially, we were very slow in the co-lending model because unless we have an end-to-end digital platform, we don't want to lend on the co-lending, because we don't want to make it a mess by maintaining it manually. Now we are onboarded that co-lending platform. We are one of the initial banks that have onboarded that excellent platform digitally. But only thing, we have almost tie up with 8 to 10 such NBFCs to co-lend. But the problem is, they expect us to dilute from our credit policy and match with their sanctioning policies, and we are not so keen to dilute our policy. If any NBFC comes forward and refers to any portfolio which matches with our existing credit policy underwriting standards, we don't mind to doing that. Otherwise, we want to confine ourselves to our policy. We don't want to deviate from our policy, sir.
- **Mr. Ashok Ajmera – Participant:**
- What is the book size on that, sir?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Very miniscule, sir. It is only 320 crore.
- **Mr. Ashok Ajmera – Participant:**
- Yeah, that's what I thought. But going forward you see some flip in that?
- **Mr. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Again, the same thing I want to repeat, that we are ready with the platform, but the only thing is that we don't want to compromise on our underwriting standards. If any NBFC can match with that, we are ready to co-ordinate with them.

– **Mr. Ashok Ajmera – Participant:**

- My last question in this round is on the treasury side. With the indication of rates softening here in India also, what is the composition of our treasury book, and how ready we are to book some good profits in the AFS book? Though this will go to the reserve, but on the trading profit side also, how our treasury is performing and what is the view going forward in the remaining two quarters of FY25, sir?

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

- Our ED Mukerjee sir will reply to that.

– **Mr. Debashish Mukherjee - Executive Director, Canara Bank:**

- Actually, our HTM portfolio is around 80%. So, we have kept it at that. And our portfolio yield right now is 6.90%. We are maintaining that over the last two quarters. Now unlike other banks, we have not shed 5% of our HTM which we are entitled to. So, we will use that amount for our profits because yields are softening. So, over this quarter or the next, wherever we find opportune time, we will sell that. And then, we will maintain our treasury profits in the same line as it was in this quarter.

– **Mr. Ashok Ajmera – Participant:**

- Okay, sir. Thank you very much, sir. Thank you for answering my questions. All the best to you and Happy New Year. **Public**

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

- Thank you, sir. Same to you.

– **Moderator:**

- We will take that as the last question. Thank you, Canara Bank for giving us this opportunity. We hand over the call to MD sir for his closing remarks. Over to you, sir.

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

- Thank you, one and all, sir. Once again, I wish you a happy Dhanteras and Deepavali for all the investors and all the participants, sir. Thank you once again.

– **END OF TRANSCRIPT**