

**CANARA BANK Q1 FY26 EARNINGS CONFERENCE CALL**  
**HELD ON 24<sup>TH</sup> JULY 2025**

- **Moderator:**
- Good evening everyone. Welcome to Canara Bank Q1 FY26 earnings conference call hosted by Antique Stock Broking. From the management side we have with us, Shri Raju, MD and CEO sir, Shri Hardeep Singh Ahluwalia, Executive Director, Shri Bhavendra Kumar, Executive Director and Shri S.K. Majumdar, Executive Director. With this, I hand over the call to the MD sir for his opening remarks. Thank you and over to you.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Good evening all the investors whoever has attended this sir, analysts and all. I am here to present the one more quarter results of June 2025. Our global business has grown at 11% and year on year growth of 11% and stood at all-time high of 25.63 lakh crore and our deposits have grown at 10% that is a 14.67 lakh crore and global advances have grown 12.42% near to the 12.5% stood at 10.96 lakh crore. Entire the top, whatever the top line what we have promised in the May month, we have given the guidance for this financial year that advances will grow at 10 to 11% and deposits grow at 9 to 10% global business at 10%. We have surpassed all those expectations, whatever the guidance we have given and our growth is beyond that expectations especially the credit growth is about 12% in the June quarter first year on year. This has led to our operating profit also, has grown year on year at 12.32%, stood at 8,554 all-time high in the history of the Canara Bank. This has helped us in maintaining that our net profit at 4,752 with a year on year growth rate of 21.69%. Our PCR improved 395 basis points almost 400 basis points and stood at 93.17%. Our CET 1, our core equity tier 1 capital has crossed 12% and stood at 12.29%. Year on year there is an improvement of 24 basis points.
- A return on asset as against the guidance of 1.05 for this financial year in the first quarter itself we could show that 1.14% with year on year improvement of 9 basis points. Our gross NPA has come down to 2.69% with a decline year on year and up 145 basis points. Our net NPA also has further come down and stood at 0.63% with an annual decline of year on year, that's a 61 basis points. This business growth was led by the RAM credit which has grown near to the 15% in the year on year June quarter. Just here I want to recall you that when we have travelled, that started journey three years back, our RAM sector was 54% and corporate sector was the contribution was the 46% which we have given a guidance to you in the next three years period. We want to reach that our RAM credit at 58% and the corporate credit at 42% which I am happy to share that by the end of the June quarter, our RAM sector has reached 58% of our asset book. The reason behind this is, our RAM credit is growing almost near to the 15% as against our corporate book of growth of at 10%. This RAM growth is 15% led by our retail credit growth which has grown at 34% year on year stood at 2.35 lakh crore and this also further helped by the housing loan sector which is growing at almost near to the 14% and stood at 1.09 lakh crore. Our vehicle loan is growing at 22.09% and stood at 0.21 lakh crore.

- Our earning per share is at 21.01 paisa as against each 2 rupee share with an annual increase of 21.66%. This entire though, there is a little stress on our NIMS and the NII but our operating profit is led by our fee based income and the treasury income and the recoveries and the return of accounts. These three have helped our balance sheet which is our core strength for the last several quarters and this quarter also we could take benefit out of it and that is our fee based income has increased 16.39% year on year and stood at 2,223 crores. Our slippage ratio has further improved and with a decrease of annual year on year 52 basis points and stood at 0.80%. These are all the few highlights of the June quarter performance I shared with you.
- Of course by this time, you might have already gone through our investor presentation. Now you are all open for taking any clarifications or queries or the questions. We are ready to take up any of your clarifications sir. Along with me, my executive directors are there and my CFO and entire top brass is with you. Now you are all open for asking for any clarifications.
- **Moderator:**
- Thank you. We will start with the question and answer session. Participants those who have any question, please raise your hand. We will take a first question from the line of Mahrooq. Mahrooq, you have been unmuted, please go ahead with your question.
- **Ms. Mahrooq:**
- Hello sir, can you hear me?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes madam.
- **Ms. Mahrooq:**
- Yes, hello good evening good afternoon sir. Sir, I had a couple of questions, that in the fourth quarter your NIM did not decline like for everyone else, it declined 9,10 basis points, for you it did not. That was in the fourth quarter and in the first quarter of course there is a decline of 17 bps. Right? So how do we look at the second third quarters? Do you think that some of the margin decline has been up fronted because a lot of banks, not only PSUs but private are guiding to a sharper decline in the second quarter compared to the first quarter. So in terms of the quantum of decline, so any guidance there would be useful right, because it is already a sharp decline in the first quarter. So will the second third quarters be lower in terms of quantum of decline? I mean that clarity really helps us in forming a view and the next question is on PSLC Sir. That obviously some banks have stopped booking PSLC. You have still earned PSLC income. So does it stop for us next year or even next year it continues? How do we view PSLC income and how come some banks are saying that they cannot do it after the circular, after the RBI circular and then we are still having those opportunities?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**

- So let me clarify to you madam, March quarter NIM was, we maintained at 2.73. That was the reason behind, that is we could control through our cost of deposit whereas all other banks cost of deposit was very high in the last quarter but we could maintain properly and the cost of deposit because I already shared with you that we have internal call from staff members to garner the deposit. We got some 16,700 crores contributed by the staff by canvassing individuals that has helped us in controlling the expenditure though but the reduction in the yield on advances has started from March, little bit it has not reflected because it is affected only 25 basis points in the February. That has our RLR related book is 45 percent. That has not impacted much on our yield on advances in the March quarter but when that's the 25 basis point in the February, then again 25 basis points in the April, then again 50 basis point from the June. These total 100 basis points, we have passed on to that entire RLR linked book of 45 percent of our total assets. Total 100 percent basis points we have passed it on to them. That has the reason for that decrease in the yield on advances for the current quarter. It's almost 36 basis points has come down whereas current quarter made deposit rate, up to June we have not changed our deposit rate because we are interested to garner the more deposits, we should not face any problem for growth in the current year, credit growth and we maintain the same rate of interest up to June 8<sup>th</sup> and June 9<sup>th</sup>, once the repo rate 50 basis points reduction has happened, we also have reduced 50 to 60 basis points on the term deposits in various buckets. That benefit you will see only in the next, this quarter onwards, that reduction. So whatever the 100 percent basis points we have impacted, that of course, out of that 50 basis points, the impact is already reflected in the current NIMS but another 50 basis points reduction in the RLR is impacted only one month, the remaining two months will impact in this current quarter. So overall what I want to say that, the reduction in the deposit rate benefit also will start earning from this month onwards in this current quarter but that will be compensated, whatever the reduction it may happen in the first two months of that 50 basis point. Overall I feel that, our NIM may not go below 2.5 percent but we will be able to maintain that around the 2.5 for the next.... this current quarter but we see that the slowly, that if no further rate cuts are there, subject to that, if we may see slowly, that 2.2.... this NIMS may gradually improve in the third and fourth quarter but the current quarter, we don't see that the September quarter again, we don't see that much steep what we have seen in the first quarter, that 17 basis points reduction, 16 basis points reduction may not be there in the..... that much reduction may not be there in the second quarter. That is regarding the NIM madam.
- The second one is regarding the PSLC. You should have that, as against 40 percent of our..... actually originally our priority sector lending was around 56 to 57 percent. So though the some part of that reclassification has happened in the last year itself but that could be compensated with a higher rate of demand because there is a higher demand is there in the market. Earlier we used to get at 1.6 to 1.7 percent whereas this quarter we could sell that whatever the excess we have at almost near to the three percent. So that has compensated our so..... though volumes have come down a little bit, maybe it is say 30 to 40 percent volumes might have come down but that has been compensated by the demand in the market and it has.... we got the higher yields on this PSLC. So clearly I am communicating to you, even now after selling that much, after booking 1200 crores in the PSLC income, still as against requirement of 40 percent of a priority sector, we are at 45.63 percent as against agriculture credit of 18 percent, we are at 23.25 percent, as against a small SMF, that's a small and marginal farmers target of 10 percent, we are at 16.57 percent. There is a demand in the market, even these three parameters, we have excess on that. We also may take advantage in the current quarter. This whatever.... the excess is available with us. So

what I want to communicate to you that it is not PSLC income is stopped for this bank, it will continue not only this year, the next year or the next year also.

– **Ms. Mahrooq:**

– Sir, thank you so much, that is very helpful.

– **Moderator:**

– Thank you. We will take the next question from the line of Jai. Jai Mundra, please go ahead.

– **Mr. Jai Mundra:**

– Good afternoon Sir. Sir, question on margins again - so in the..... I mean 2.55 this quarter and let us say in Q2 it reduces to 2.5 and then sir, there is a slide on guidance which says 270 to 280. Is that exit margin or you think you can manage to do 275-280 for the full year FY26?

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

– No, at this moment because in the market conditions, still we are hearing from various corners that there may be another one or two rate cuts. If that one or two rate cuts are there always, every rate cut no, the banks has to absorb for at least minimum six months that burden, six to nine months period that burden because that amount to that extent, the borrowers immediately that benefit will be given but the depositors you cannot pass it on immediately on that and existing depositor, you cannot pass it on. That can be reduced only in the fresh deposits. That's why always the gap between the loan reduction and the deposit interest reduction is six to nine months period. If there are further rate cuts, even getting it whatever we are given the guidance that will be a difficult task for us but if there are no rate cuts, we will try to improve our NIMS in the third and fourth quarters.

– **Mr. Jai Mundra:**

– Right! So sir, is the guidance, that is the guidance slide which is there on the..... in the presentation deck, is that..... I mean is that relevant or on the NIM part or is not very relevant?

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

– That's what actually at that initial stages, which time.... then we also come across, when we are given this guidance, we have come across only two rate cuts of 25 basis points each. By that time, we are given this rate cuts the guidance keeping in mind of that two rate cuts but there afterwards one more rate cut has come straight forward, 50 basis points. Now again, you are hearing from the market that two more rate cuts at 2.25 may be there. So if you take all those things, it may be difficult to maintain that 2.75 to 2.80 guidance for this current financial year I feel personally.

- **Mr. Jai Mundra:**
- Okay sir and sir, we have a decent amount of wholesale deposit right? You would have seen the cost of that deposit, at least maybe 30-35, 25 to 30 percent of the wholesale deposit, the rates would have eased there but still the cost of deposit has not seen any downturn. Why is that so?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- That's what actually I'm telling you sir that the cost of deposit, whatever this up to March, there is no reduction but whatever we have taken the deposits for a period of three to seven or six months or nine months or one year, that can be repriced only when it comes for that expiry date, due date. You can't read, so you can take a fresh deposit, whatever it is required, which is falling in due for that April to June month. Out of our total three lakh twenty five thousand or three lakh whatever, it's a three lakh ninety thousand crores of big deposits, the bulk deposit portfolio, hardly the deposits will come for renewal of 60 to 80 thousand crores. To that extent, we have repriced but that will not impact suddenly.... immediately on that, it will impact gradually whenever you are repricing that, we are replacing that existing deposits with new deposits, then it will happen. So that's actually the cost of deposits, we have seen that March to June, it is maintained at 5.74 but the term deposits we are not reduced our rate of interest to till the June 8<sup>th</sup>. We maintained that whatever the earlier March we offered the same rates, we continued because we need deposits for growth, because we are expected credit growth is around 12 percent. To meet that requirement, we have to garner the deposits. That's why we are not altered or the reduced the retail term deposits rate of interest up to June 8<sup>th</sup>. Once the June 7<sup>th</sup>, RBI has reduced to 50 basis points then on retail term deposits also we have reduced to 50 to 60 basis points. That impact you will see in the second to third quarter. So the interest reduction, the cost of funds reduction, you will see from the second quarter onwards.
- **Mr. Jai Mundra:**
- Okay and last question sir, in the notes to account have mentioned 1883 crores of one-off item for the consolidated Canara Bank and it looks like it pertains to RRBs but the amount looks very high.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- So APGP.....actually that is APGP sir, Andhra Pradesh Grameen Bank. That was one of the best bank among 42 private sector, the RRBs, that was the highest profit earning RRB which was under our control up to that April 30<sup>th</sup>. Latest guidelines given by the DFS and the NABARD that bank went to the Union Bank. But that transfer of that bank from one bank to another bank, it has happened as per their guidelines. It is only on the investment, whatever you have made that investment, on that book value only, investment face value only, it has happened. They have not considered the latest values. So to that extent, whatever that value, it has gone to that Union Bank, that's why it is a book entry what we have made to do that. That's why it is exceptional entry, it is reflecting it. It's pertaining to Andhra Pradesh Grameen Bank.
- **Moderator:**

- Thank you. We will take the next question from the line of Piran Engineer.
- **Mr. Engineer:**
- Audible?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes Sir.
- **Mr. Engineer:**
- Ya, thanks for taking my question and congratulations to the entire team of Canara Bank on strong results. Firstly sir, firstly just wanted to understand on repo rate cut. What happened in April, when did we pass it on? Immediately the next day or we pass it on after three months?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No no sir. Our ALM date is 12th every month. So whenever that rate cut happens, whether it happens on 5th or 6th or 7th or 8<sup>th</sup>, if it is below.... before 12<sup>th</sup>, so 12th it will be passed on to that because ALCO committee meets on every month 12th and it will be passed on from 12th effective. So in all the three rate cuts whatever it has happened on the first week of that respective months, it has passed on to that borrowers on the 12th day itself of the same month.
- **Mr. Engineer:**
- Okay, okay, understood sir.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Hardly it is a gap of three to five days.
- **Mr. Engineer:**
- Understood, understood, okay, this is very clear sir. Also on savings deposits, I think sir we cut by 25 bps in May and then again 20 bps in July. Am I correct?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes sir. Actually it is a 20 plus 20 sir, it is not 25 and 20, it is a 20 plus 20. The reason is, actually initially we have cut to 20 basis points. By that time actually, we were the highest paid interest on among all the banks. Then to bring at par with all other banks, everybody is paying at 2-2.5. We also has made it our rate of interest at par with all other banks and made it 2.5. That's twice we could reduce that.

- **Mr. Engineer:**
- Okay but sir, can we see one more rate cut out here because the private sector banks are also the same rate. Typically government banks give it lower so just checking.....
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- At this moment, at this moment, there is no such proposal on hands.
- **Moderator:**
- Thank you. The next question is from the line of Bhavik Shah. Bhavik, go ahead.
- **Mr. Bhavik Shah:**
- Hi, hi sir! Thanks for the opportunity.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Hi!
- **Mr. Bhavik Shah:**
- Sir, i just want to understand, we are at the target for 0.6 percent at net NPA and still having our credit cost guidance is at 90 basis points. No scope for revision again sir?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No. Actually always you know, that is our regular practice that we give guidance conservatively but we will excel in our performance. So we are continuing to do that. We need not change the guidance but definitely we will excel whatever it is there in the net NPA, gross NPA figures, what we have given for the March. The present tendency, it looks that even for the July quarter slippages also, we have seen that and recoveries we have seen that. We are sure that the targets, guidance what we have given for the March 26, we may likely to cross by September. If not September, then December 100 percent. I think that September itself may happen.
- **Mr. Bhavik Shah:**
- Understood! So sir, is it fair to assume that our PCR improvement is broadly done and now incrementally, we just kind of provide for whatever the NPA is?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**

- See, partly we will go for that PCR, partly it will be on declaring the profits but if the fresh slippages are coming down, naturally our demand for higher provision not required, the provision is gradually will come down, that may reflect in our net profits.
- **Mr. Bhavik Shah:**
- And sir, our NBFC book was down three percent quarter on quarter. Is it pricing competition or as in we choose not to participate?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- So you are aware that generally we are very conscious on the pricing. We don't compromise on the pricing. Wherever some threats comes for pre-payment and all, we generally accept it without compromising our pricing. This quarter also, we have taken it backs, one such big exposure, some 8500, we don't want to compromise our pricing. Still we are able to maintain that, that has not impacted our credit growth if you see that.
- **Mr. Bhavik Shah:**
- Ya, so now on incremental basis, i think our cost of funds would have normalized right? So this quarter, like the second quarter, you would have seen good growth in NBFC or no, that is not the case?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- You know, it may happen, chances are there wherever but we don't want to lend at a throwaway price because we always keep our cost of funds into mind because when compared to all other banks, our CASA is low. So our cost of funds will be little higher than the peer banks. So while advancing, while giving to that, whether it is an NBFC or anybody, we have to keep in mind our cost of funds. That's why we will little cautious, while lending we will not run behind that organization. So just for the sake of top line.
- **Moderator:**
- Thank you. We'll take the next question from the line of Ashok Ajmera.
- **Mr. Ashok Ajmera:**
- Hello! Good evening sir!
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Good evening sir! How are you sir?
- **Mr. Ashok Ajmera:**

- I'm fine and congratulations sir. In spite of a very very difficult quarter for many of the banks who have declared results, so far you have at least you are positive on the operating profit if not on the net profit but....and even on the business growth side also, there is a growth rather than the de-growth in the credit also. So compliments for that. Just a couple of a few questions and some observations. I will start with what you said just now, that your cost of fund is higher because of the lower CASA. So sir, on the CASA only, of course we have a perennial problem which cannot be corrected overnight but in this quarter, i think we have probably first time have gone below 30 percent, maybe in last four five six quarters, so what exactly are we doing on the CASA front and when you say that your target guidance is 32 percent, how the CASA improvement will take place? What is different than what it was in this quarter?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- So first of all let me say that sir, every March, we get institutional deposits because we have three or four branches located well within that popular, some central PSU campuses. In those branches, we get current deposits during March every year, almost 20 to 25 thousand crores, that they will utilize it in the April month and May month and all those things. That's why generally in first 2-3 quarters it looks that the CASA growth is little sluggish or negative but you.... that will be compensated when it comes for the next March again. The funds will come. Meantime, we will steadily grow that even if you remove that quarter on quarter, may be negative, if you look at that year on year, the growth is 9.85 percent in the current account. First one thing, let me highlight to you, whatever the initiatives we have taken for during the last two years coming out with the new products and attractive features. Our savings bank individual deposits are consistently growing and it is growing more than six percent but the only thing that say within the savings also, institutional deposit is there. That fluctuation continues because of central government policy. Nowadays, so the government deposits are not maintained at the bank's level. That is some dip we are seeing in the institutional deposits but individual deposits, there is literally, there is no dip and every month on month we have targets and we are achieving that targets, that is actually positive side of us. The why the first time it has come below 30 percent is, the earlier days may the total business used to grow at 3 percent, 4 percent or five percent or CASA also used to grow at four to five percent but nowadays, last two years you can observe that our growth is more, almost in the every year, every quarter we are in the double digit growth. When your business is growing, your credit opportunity is growing at more than 12 percent to meet that requirements but the market may 12 percent growth at this juncture in the CASA will be very difficult, whatever the steps you take it. Absolute numbers, there is a growth, there is a growth of 6 percent but it is not sufficient to meet the requirement of 12 percent. So we are dependent on retail term deposits, that is growing much better than this deposit, the other deposit.... the casa deposits and we are able to meet that credit demand of 74, the above 12 percent, because of that difference in that percentage, it is absolute numbers though there is a growth but it looks that, the deposit to percentage has come down to 29 percent but we are sure that again, the next quarters and all will be there. This only first quarter you will see the current economy, so much negativity because of that institutional deposit withdrawing in the April but again the quarter on quarter, there will be a steady growth and I am sure that we will be above 30 percent even at the end of the financial year. When we will try to reach the percentage what we have given it to 32 percent. Again why i am telling you this, hope we have is, gradually the term deposit interest rates are coming down. Whenever the interest rates on term deposits are coming down, if another further one or two rate cuts are there, our term deposit rates may go below six percent. When the rate of interest is going below six percent or near to that five percent, that generally people again tend

to retain in the savings bank deposit only instead of converting them into term deposits. So there is every chance that in the coming quarters. Our CASA may go up again little little bit. That's what actually i'm telling you.

– **Mr. Ashok Ajmera:**

- Certain point well taken sir. Sir, my second point was on this SMA2 numbers because last time you know, major amount was one SMA....Now I will tell you that. Sir, now I have to tell that, actually there are, we have two accounts sir. One account is real estate account from the Bengaluru, that is mostly continuing for the last six quarters in the SMA2. Let's say, exposure is around 2000 crores. Then one state government guaranteed irrigation project exposure of 3000 crores which is moving from SMA 0 1 2. again it is going back to SMA0, then it's like last two six quarters. If you see that it is moving from one quarter to quarter and between one SMA, either 0 or 1 or 2 but we are very much sure that these two accounts will never slip to NPA but however in the precautionary, we have provided 1200 crores against these two exposures. As a safety measure, as an additional provisioning for that.

– **Mr. Ashok Ajmera:**

- All right! It means.....

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

- These two exposures, 5000 crores or SMA2 is only 1800 crores.

– **Mr. Ashok Ajmera:**

- Ya, that is very comfortable. So basically there is no chance of these accounts slipping to NPA.

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

- 100 percent, there is no chance of slipping to NPA sir. It is not even 99 percent. I'm telling you 100%. By observing the 6 quarters I'm telling you this.

– **Mr. Ashok Ajmera:**

- It's perfectly alright sir. Sir, on the treasury front, I mean, I think our major part of the profitability even in this quarter also has been the treasury income in the, booked in the other income, which has gone up to 1,993 crores as against 995 crores. So, with further two rate cuts, expected rate cuts, can we get some colour on total overall treasury operations and as well as the kind of profitability which will come in the other income rather than going to the AFS reserves and how much AFS reserves we have already built up because of the change in the RBI stance policy?

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

- So, I'll ask my Majumdar to give that answer to you sir, Executive Director.
- **Mr. S.K Majumdar – Executive Director, Canara Bank:**
- Sir, as you know, the first quarter was a special quarter as far as treasury income goes, where that OMO support was there. Out of that, we gained a substantial income of around 500 crores, which may not be there this quarter. But with a rate cut, there is some that from that AFS category, we are expected to get that support should continue and but to answer your question straight, like the thousand additional crores, which you saw this time, that is in the first quarter, that will be substantially lower which we are already thinking of avenues to bridge. This I can tell you.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- That will be compensated even with even a slight decrease in that. We have already, earlier I shared with somebody, when they asked that we have excess priority sector cushion with us and there is a huge demand in the market, which the entire thing we are not sold in the first quarter, we are keeping it for the second quarter also. That portion we will encash it in the second quarter, that excess whatever the priority is there. That will be against the tune of almost....
- **Mr. Ashok Ajmera:**
- That you are talking about PSLC, PSLC commission.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes sir.
- **Mr. Ashok Ajmera:**
- Yeah. So that may compensate 1000 crore, if 5-600 crore down here, that can be compensated by that.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes sir.
- **Mr. Ashok Ajmera:**
- Sir, one point on the recovery side, sir, what is the status of anything happening, I mean, in this quarter, nothing much has happened. But in the coming quarters, is there any chance of some good recovery coming from somewhere either by selling some assets to the NARCL or from the NCLT, some matured cases? Can you give some colour on the recovery side, sir?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**

- Actually NARCL, we identified eight more new accounts, which is under different stages that will continue to follow it up with them, sir. That is around 4000 crores. But actually, our board has approved some OTS agreements for the almost 4 big proposals that is worth of 1200 crores. Out of that majority, we are expecting that the repayment will come in this quarter. So this quarter definitely will be much better than the first quarter in the recoveries.
- **Moderator:**
- Thank you. We'll take the next question from the line of Mona Khetan.
- **Ms. Mona Khetan:**
- Hello.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Hello.
- **Ms. Mona Khetan:**
- Am I audible?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes, madam. Tell me, madam.
- **Ms. Mona Khetan:**
- Good evening. So two questions. Firstly, when I look at your MCLR rate, one-year MCLR rate.....
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Pardon.
- **Ms. Mona Khetan:**
- .....that has come down by almost 30%.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- MCLR?
- **Ms. Mona Khetan:**

- Right.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Okay. Okay, madam.
- **Ms. Mona Khetan:**
- Yeah. So that's come down by almost...
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Our MCLR book is around 45%, madam. Our MCLR has come down from 9.10 to 8.75 recently. So 45 basis points, already we reduced that 40 basis points.
- **Ms. Mona Khetan:**
- Right. So the question is, in terms of the reported yields, does that already factor in the yields? I mean, to what extent or is it yet to be reflected in the actual yield on advances?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No, madam. Partly it is already reflected. Partly may continue because this depends on our deposit rate. It's not that it is linked to the repo rate or anything. If our cost of funds are coming down because we have reduced on June 9th, 50 to 60 basis points, our MCLR also has come down from 9.15 to 8.75. If there is a further rate cut as seen, naturally we also have to reduce our deposit rates. If we reduce deposit rate, automatically next month while calculating the MCLR, it will impact that MCLR and further reduction may happen. That all depends on the market conditions, madam.
- **Ms. Mona Khetan:**
- Yeah, sure. No, my question was more referring to the interest income. So does the 30 bps come with a lag in terms of the impact on yield on advances and interest income?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Naturally, madam. It will come in the lag only, any reduction, because one-year MCLR resetting may happen every year. So whichever the accounts are due further to completing that one year, only those accounts it attracts. It will not attract all MCLR linked portfolio immediately.
- **Ms. Mona Khetan:**
- Okay. So it will take roughly a year to sort of start reflecting in the accounts...

- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Totally. Whenever you reduce that MCLR, whether you reduce or increase, complete transformation, it takes one year, madam.
- **Ms. Mona Khetan:**
- Got it. And secondly, we have made this other provisions of 449 crores. So does it pertain to the provisions we have made towards some of these large accounts that you mentioned in an earlier question?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes, madam.
- **Ms. Mona Khetan:**
- Okay. So what is the standard provisions that we may be holding against general and everything together, some of these accounts?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No, actually, whatever the standard provisioning, it is required 0.42 and all those things. So beyond that, actually, that is required only 3,000 crores but beyond that, 1,200 crores is extra what we have provided.
- **Ms. Mona Khetan:**
- Got it. Thank you so much.
- **Moderator:**
- Thank you. We'll take the next question from the line of Nitin Agarwal. The line has been unmuted. Please go ahead.
- **Mr. Nitin Agarwal:**
- Hello.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Hello.
- **Mr. Nitin Agarwal:**
- Yeah. Am I audible?

- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes, you are audible.
- **Mr. Nitin Agarwal:**
- Yeah. Thanks, sir. And congratulations on good results.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Thank you, sir.
- **Mr. Nitin Agarwal:**
- I have few questions.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Tell me sir.
- **Mr. Nitin Agarwal:**
- Firstly, on the OpEx, if I see going by the trend, first quarter is always a slight decline in operating expenses on a substantial basis. And probably as the incentives and the other variable costs, they don't recur and you see a Q-on-Q decline, which we have not seen this time. How should one look at the OpEx run rate for the year?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Generally, OpEx, when you are investing every year 1,000 crores on the technology, so every year you see a little bit 7 to 8 % growth will be there in the operating expenses. Since we efficiently manage our operations, especially we don't pay too much money on DSA-sourced business. That is only 16 % in our new business, whereas all other banks are paying very heavily. There we are able to maintain this very effectively at the same level. If you see even for year-on-year, it is growth is only 3 % reflected. Quarter-on-quarter, there is a marginal negativity is there. We are sure that we will maintain only on the same level of operating expenses with maybe a 6 to 8 % of growth. And if you see our cost-to-income ratio, last month in March, it was around 47.55 %. Now it has come down to 46.77 %.
- **Mr. Nitin Agarwal:**
- Right, sir. And second on the margin, while you talked about that downside from here isn't much and 2.5 can be the bottom, but can you also give some colour as to how can the recovery be in the following

quarters over the second half as the bulk deposit portfolio reprices and the rest of the deposit costs also come down in the recovery 39.15?

- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- In general, in our bulk deposits of total 4 lakh, 25 % will be on 3 months, 25 % will be on 6 months, the remaining 50 % may be in one year. That is actually generally we follow the formula. So first 25 % already we might have repriced by this time. The second 25 % will be repriced in this quarter when we are going for that. So to that 50 % of that bulk deposits can be repriced in this before the end of September 30<sup>th</sup>. So to that extent benefit we will get it. Earlier we have raised the average, the cost used to be 7.6, 7.7. Now it is coming down because the fresh deposits whatever we are taking, we are taking only at a 6 to 6.10. That is the rate we are taking it. There will be a drastic reduction on that. But still the 50 % of the bulk deposits, that is approximately 2 crores is one-year period. So you have to wait for the repricing of those deposits for some more time.
- **Mr. Nitin Agarwal:**
- Okay sir. Lastly on the growth, while we continue to guide a very stable growth, but has there been any discussions with the Government and some push on the growth front that you are seeing and will the PSU plans therefore can deliver a better growth over the year?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No, always the Government is keen on showing a higher growth both in MSME and the Agriculture. And which the same thing we are also giving a thrust on those matters. Core agriculture already last two years consistently is growing at a double-digit growth. And this year by the June end if you have seen that we are almost 11 % growth is there in MSME. We want to grow much bigger in the MSME sector especially. So though the expectation is beyond 20 % growth, we are also trying for as much as possible to grow in this MSME and Agriculture sector. We are hopeful of doing that. We have taken several initiatives on that. We have come out with some new systems. These two loans have been digitized completely. So that we can address the TAT. We can do that faster the disbursements and all. So we are hopeful that we will do that much better growth in these two sectors. But overall whatever the growth guidance we have given 10 to 11 % and I am telling you minimum 12 % we can grow easily overall credit. And within that credit corporate may grow at 10 % and our RAM sector is already growing at 15 % and which may continue at 15 %.
- **Mr. Nitin Agarwal:**
- Got it sir. Thank you so much.
- **Moderator:**
- Thank you.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**

- Thank you, sir.
- **Moderator:**
- Next question from Miss Suri. Please go ahead with your question.
- **Ms. Suri:**
- It has been given to understand that 2 of your subsidiaries are going for IPO and you are diluting your stake including sacrifice of majority stake. So if Canara Bank alone is diluting then how will you protect the loss of controlling premium for sacrificing your majority stake?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No madam. Even now after diluting that whatever the proposed dilution is, still we will be the leading major owner of those 2 subsidiaries. So we continue our hold on that.
- **Ms. Suri:**
- Okay. Thank you, sir. Thank you for clarifying.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Thank you, madam.
- **Moderator:**
- Thank you. We will take the next question from the line of Anandama. Anand please go ahead and give your question.
- **Mr. Anandama:.**
- Am I audible?
- **Moderator:**
- Yes, you are.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes.
- **Mr. Anandama:**

- Sorry sir. So basically, my question was on the project financing provisioning which will actually kick in from 1<sup>st</sup> October. Have you made some provisions regarding that in this quarter and the reason provisions are higher? Is it fair to understand? Or like you will have to actually make those provisions in 3rd quarter?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- So in the guidelines they have given that all the projects which are coming to the financial closure and implementing in the stages up to September 30<sup>th</sup>, these guidelines are not applicable at all. Any project finance which is financial closure is happening only after 1st October 2025, only those projects that needs that additional provisioning. Remaining all projects which are in the various stages will continue with the existing provisioning. So there is no demand. There is not required that we have to provide additional provisioning during this quarter.
- **Mr. Anandama:**
- Okay and you don't expect that to be made even in the future right?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No. Not required.
- **Mr. Anandama:**
- Not required. Okay sure. So sir basically 2nd is the ECL implementation. Do you think that that will come in this year and if yes are we shoring up our PCR specifically for that as well?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Actually, we are prepared with that but we don't know when it comes. It's only RBI regulator has to come out with that dates and all. But we are well prepared for that. We don't foresee any pressure on that ECL.... because of ECL.
- **Mr. Anandama:**
- So in the past you had done some working around that.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Literally you see....see they may be expecting that it has to be implemented in 5 years. Even if the entire thing has been implemented, absorbed that entire provisioning in the 1st year itself it may not even... we will not, we will be much above the 14% of our CRAR.
- **Mr. Anandama:**

- Okay that's the working that you have already done and you feel that you are comfortable on that?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes, we are very, very comfortable on that.
- **Mr. Anandama:**
- Great sir that's very comforting. Thank you.
- **Moderator:**
- Thank you. We will take the next question. Please go ahead with your question.
- **Analyst:**
- Can you hear me?
- **Moderator:**
- Yes, you are audible please go ahead.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes sir.
- **Analyst:**
- Hi good afternoon sir. Just few questions.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Good afternoon.
- **Analyst:**
- One is on NII side. Any interest on IT refund this quarter?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No that's a small amount it is there under the 3 to 400 crores. That is every quarter we will have that much little bit. But the majority of our interest is on overnight lending.

- **Analyst:**
- Okay. And second question was on in terms of PSLC you clarified some of the parts but just wanted to check that some, there was a guideline that the gold loans may not qualify for the PSL and you mentioned direct Agri is at about 14%. So is it beyond the gold loans basically the direct Agri?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- See actually the gold loans it is not portfolio. That is not the actually RBI clarification. Initial stages where there was a draft guidelines expecting that that the below 2 lakh without any agriculture loans it should not be sanctioned with collateral. So the whatever the loans, gold loans up to 2 lakhs you are sanctioned and classified as an agriculture was thought of that reclassifying that as a non-agriculture. Anyhow in the first quarter we have kept out of that bucket that whatever the exposure is there we are not sold for that and we are kept out of that priority sector. And whatever the left out only we sold it in the market because we have ample quotient, as against the requirement of 40% our actual priority is around 57%. So last year we sold almost 85,000 crores. This time we have sold it around 40,000 crores in the market. Only thing last time we got lower commission but this time because of heavy demand in the market we got higher commission, we could garner 1200 crores. And now the RBI has classified that there is no bar in classifying such, voluntarily if somebody has given that gold as a pledge, as a collateral also agriculture can be classified. There is that latest guidelines have come from RBI. So that also I don't think that any issue is there now here afterwards.
- **Analyst:**
- Got it sir. Last question was on recovery of NPF from return of account. What kind of a run rate you can see sir, because last year you look at second half was quite strong? Could we see some...
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Sir this time this quarter will be much better than the June quarter sir. Already last quarter itself we have sanctioned some 4 or 5 big proposals and OTS and we have given time for that 90 to 120 days. So most of them are falling in due for the payment in this quarter. We expect that much more better recovery will come in this quarter. Our recovery under return of accounts will be much better than the June quarter and the September quarter.
- **Analyst:**
- Got it sir. If I squeeze in one more you are selling your stake in Canara HSBC OBC.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Yes sir.

- **Analyst:**
- And you have tied up recently with LIC as well. So will you be like tying up with more insurers or will you be exclusive still with the Canara HSBC?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- That depends on the demand and supply that's all. Now because we want to give more opportunities to our customers so we have onboarded LIC in addition to our own subsidiary Canara HSBC. And we will see that if the demand is there then we will think about it. That is a board level decision sir. At this moment we are not thinking of onboarding any other.
- **Analyst:**
- Thank you, sir. Thank you so much.
- **Moderator:**
- Thank you. We will take the next question from the line of Sushil Choksey.
- **Mr. Sushil Choksey:**
- Congratulations team Canara for excellent results.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- *Namaste* sir. Thank you, sir. Thank you Choksey sir.
- **Mr. Sushil Choksey:**
- Thank you, sir. Sir you mentioned that you are expecting or there is a murmur that there will be two rate cuts in the current financial year. Are you sensing this more towards the latter half of the year or you are sensing quarter now and quarter later?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Sir I have not told that I am expecting two rate cuts sir, Choksey sir. I am hearing from various market people that feelers are coming when you go through that media and all. So they are expecting that two more rate cuts. But one rate cut definitely it may happen but whether it happen in August or October we are yet to see sir.
- **Mr. Sushil Choksey:**
- Sir in case there are two rate cuts where do you see the tenure G-Sec?

- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- That is only our treasury can tell. So you tell. You tell.
- **Mr. S.K Majumdar – Executive Director, Canara Bank:**
- It should be around 6.
- **Mr. Sushil Choksey:**
- It should be around 6.
- **Mr. S.K Majumdar – Executive Director, Canara Bank:**
- Let us see sir. Let us not speculate on market conditions. This is that will be too speculative....
- **Mr. Sushil Choksey:**
- I am not speculating. I was visualizing Canara numbers if I have to write any report. If the yield is at 6 here would Mr. Majumdar be flying to?
- **Mr. S.K Majumdar – Executive Director, Canara Bank:**
- Sir if that rate cuts if it happens it will give us, it will have a temporary hit in the NIM and the NII. But I am sure sir we will make it up. We have other avenues which will make it up. So we are aware that that is a possibility and I don't think sir with now as sir said two IPOs, two divestments are also coming in. There are some cushion for us in case of extreme adversity.
- **Mr. Sushil Choksey:**
- Sir my next question to management is your RAM and retail specifically are growing well. In view of rate cut the geography where Canara Bank is strong is likely to do well because of GCC, manufacturing, agriculture, various aspects. Do you think the numbers what we are seeing are sustainable quarter on quarter or we may see a little higher growth on that?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- And actually, the first quarter generally you see a little slow growth in the credit. That is a general investigation sir. But what we are growing at 14.9% RAM sector. And I am sure that we may be able to continue that range at 14., that means around 15% growth in the retail sector..... RAM sector.
- **Mr. Sushil Choksey:**
- What would be the blended yield on RAM sector?

- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Pardon?
- **Mr. Sushil Choksey:**
- The yield on RAM advances would be what?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- So that is what sir actually the last time when it comes for that blended RAM sector it was around 9.23 to 9.3% was there. But now it will come down little bit 8.7 to 8 point. That is the average yield sir.
- **Mr. Sushil Choksey:**
- Sir when do you expect the monetization of both the divestment, in the second half or you expect in the current quarter?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- One will be in this quarter sir. If subject to SEBI permission, the one will be in the next quarter.
- **Mr. Sushil Choksey:**
- Sir any view on your Can Fin Home which is doing stable but there are mixed reports. I don't know who is quoting whom. Are we looking for divestment or are we looking for growth for a right value?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- No, we are looking at further growth sir. I earlier also several times shared that my minimum expectation is 1000 rupees. So we are confident of reflecting that 1000 rupees price of that in the market. Now it is around 800 rupees. So still we are confident that we can move towards that. At this moment we are not thinking of any stake sale in that Can Fin Home, sir.
- **Mr. Sushil Choksey:**
- Sir you mentioned that you will be spending 1000 crores on technology. That is a regular run rate. But Canara is ahead of the curve on doing lot of technology initiatives to roll out lot of products. Is anything new which is in pipeline which would make something unique again to start at Canara?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**

- Yes sir, we are working on now cyber security measure. Comprehensive cyber security platform we are creating it. And recently we have also launched a loan against mutual fund end to end digital transformation. So everything will be even raising the loan, even closing the loan, even pledging, everything can be done through online portal only. And major contribution will be on digital lending platform sir. We have launched a comprehensive digital lending platform. By the end of this March 2026 entire our RAM portfolio we want to convert into a digital platform. Already 70 to 75% of products we have created there and we have started working on that. Some are on the UAT stages, some are already.
- Actually, for new loans, all new loans we are onboarding it. But even existing loans also for renewals and all we want to convert them into digital lending. That will change the face of the credit side portfolios in the quality as well as in the TAT and all those things. There will be a sea change in that so that we can easily compete with the private peers in the credit side also.
- And of course, cyber security I told you, almost 70 crore we have invested on that. That platform will come for operations in another one-month time. Then again, we are also investing almost more than 100 crores in the credit card platform. That entire credit card platform is being refaced and we are working on that. That purchase order also almost at the verge of issuing the purchase order, that also will change that. Actually, we want to grow big in the credit card also within the bank. For that we want a bigger platform that has been onboarded. And now once that is implemented, we will go aggressively on canvassing that credit card also for that.
- The third one is we want to strengthen our Canara Bank Securities Limited. That is actually where we are dealing. So far, we are not able to serve to our own existing customers who deal in the equities and mutual funds. That's why we want to invest our capital something on that our own subsidiary. We want to strengthen that subsidiary Canara Bank Securities Limited. And already we have posted a General Manager there, so that will be a mutual benefit for our CASA also. So that our customers also can deal directly in the trading of equity and the mutual funds.
- **Mr. Sushil Choksey:**
- To strengthen all the digital initiatives and new products what measures are we doing for human resource so that end-to-end satisfaction whether TAT, technology all that is achieved?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Recently we recruited exclusively 120 people only for IT sir. And the advertisement has been given through IBPS only. We recruited 120 specialist IT guys at a scale one officer level. And they all been reported, they all been deployed in various key areas, where we earlier we used to depend on outsourcing or the resources taken from the people. But now again recently one month back we concluded the interviews for 60 specialists at a little higher cadre. That is at a project leadership cadre. And those people also may come and report in after two months because the lock-in period three months' notice period is there for all those guys. And these 60 people have been recruited on contract basis in three months with the market demand packages. And these all once they are given, each one will be given one on one projects and we will monitor the project progress on that. Once they report, I think our implementation of project will further speed up

in those matters. Since we have lot more on our AI related initiatives on our card, these 60 people will help us in implementing it and taking advantage out of that.

- **Mr. Sushil Choksey:**
- Sir, congratulations to Team Canara on all aspirations and for the years to come.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Thank you. Thank you so much Choksey sir.
- **Moderator:**
- Thank you. There is a one question in the chat. What is the breakup of the slippages into retail SME in profit?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- 650 crores is agriculture, 400 crores is retail, 1000 crores is MSME.
- **Moderator:**
- And the total outstanding restructure book as on first quarter?
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- See the restructure that RF1, RF2 and all those things now it has come down drastically. Now outstanding is only around total it is 11,000 crores. So 7,000 crores is in standard asset, 4000 crores is in NPA.
- **Moderator:**
- Thank you. That was the last question for the day. I hand it over to the management for your closing remark. Thank you.
- **Mr. Satyanarayana Raju - Managing Director & CEO, Canara Bank:**
- Thank you. Thank you so much for all the analysts who are attending this conference call. Thank you, sir.
- **Moderator:**
- Thank you. That concludes the Earnings call for the Canara Bank

**END OF TRANSCRIPT**