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Dear Sir/Madam,

**Sub: Q1 FY 2024-25 Earnings conference call with Analysts / Investors - Transcript**

**Ref : 1. Our Letter SD:197/198/11/12::2024-25 dated 18.07.2024 &  
2. Our Letter SD:223/224/11/12::2024-25 dated 25.07.2024**

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 Q1 FY2024-25 held on 25.07.2024.

The transcript of Q1 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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## Canara Bank Q1 FY25 Earning Call

July 25, 2024

- **Moderator:**

- Good afternoon, everyone. We welcome you all to Q1 FY25 Earnings Call of Canara Bank. Thank you, Canara Bank, for giving us this opportunity to host the call. Today we have with us Mr. K. Satyanarayana Raju – MD & CEO, Mr. Debashish Mukherjee – Executive Director, Mr. Ashok Chandra – Executive Director, Mr. Hardeep Singh Ahluwalia – Executive Director, and Mr. Bhavendra Kumar, along with other senior management people of the team. Without further delay, I hand over the call to MD sir for his opening remarks, post which we can open the floor for Q&A. Over to you, sir.

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

- Hello. Can you hear me, Sir?

- **Moderator:**

- Yes, Sir, you are audible. Please go ahead.

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

- Yes Sir. Good evening, all of you. Sorry for the inconvenience. I am here to present the first quarter results of this financial year. Again, one more consistency, we are able to show that in these results of the June quarter. Our global business has grown 11.07% year-on-year and stood at 23.10 lakh crore. Our global deposit has grown at 11.97% year-on-year and stood at 13.35 lakh crore. Our global advances have grown at 9.86% with year-on-year growth and stood at 9.75. This is despite we have in the current quarter also we continued our shedding of low yielding advances. We have shed almost to 22,500 crores in the corporate, even then we could show this near to the 10% growth, which we have given the guidance last quarter when announcing the results. With this, our net profit has grown at 10.47% year-on-year growth and stood at 3,905 crore. First time in the history of the Canara Bank, our common equity Tier 1, that is CET 1 has crossed 12% and stood at 12.05% with a 55 basis points year-on-year improvement. Our return on asset has further improved from 1% to 1.05% in the quarter and with a year-on-year improvement of 6 basis point. As given earlier also the guidance have to reach the 90% of this year. We continue to provide the additionally, that's why our PCR also has further improved to 89.22% and with an improvement of 118 basis points year-on-year. Our credit cost has shown further improvement and stood at 0.90% with a decline of year-on-year 20 basis points. Our gross NPA both in absolute number and percentage has shown an improvement and the decline to 4.14% with year-on-year decline of 101 basis points

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Our net NPA also has shown improvement and declined both in absolute number and percentage and stood at 1.24% and a decline of 33 basis points year-on-year. This business has growth led by RAM Sector.

- As earlier we were repeatedly giving the guidance that we are focusing more on the RAM sector and we want to see that our RAM sector will reach to the 58% of our total credit portfolio and with this our RAM sector has touched the 57% where one year back, our RAM sector was 55% and now it has reached to 57%. This was because the RAM credit has grown 12.26%, though that overall credit grown at 9.86, the RAM sector alone has grown 12.26%. This is led by our retail credit has grown 23.54% and stood at 1.75 lakhs and our housing loan also growing near to the 12% and stood at 96,108 crores. Our vehicle loan has grown at 15.49% and stood at 17,708. Our earning per share before telling the figure, let me again remind you that during the quarter our share price has been split into 1:5 and earlier the share price was ₹10 share, now it is split into 5 shares, that is now each share is ₹2 with a face value. With that ₹2 of face value our earning per share becomes 17.27 with a year-on-year increase of 10.18%. Our fee-based income has shown 16.75% growth and stood at 1,910 crores. These are all the few glimpses I've shared with you. Anyway, we have shared our entire presentation to all of you, I'm sure that by this time we might have gone through that entire presentation. Now, we are all open along with me, our Executive Director, Mr. Debasish Mukherjee Sir, and our Ashok Chandra Sir, and Hardeep Singh Ahluwalia. We are all there with you and all the top management is with you. You can ask any clarification, Sir. We are here with clarifying that. Now, this forum is for you, Sir. thank you very much.

- **Moderator:**

- Thank you, Sir. First speaker we have is from the line of Mona Khetan.

- **Ms. Mona Khetan - Participant:**

- Yeah, hi, Sir. Good evening.

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

- Hi, Mona ji.

- **Ms. Mona Khetan - Participant:**

- My first question is on the growth. So, essentially if I look at retail, we have grown by 12% QoQ. Sir, what exactly is driving this book because if I look at HL and vehicle the growth is in line with the other books, it's not that high. So, yeah, what is driving the sequential growth in retail book?

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

- So, let me say, Madam, actually the RAM credit consists of retail, agriculture, and MSME. Our RAM credit is growing at 12.26%. That contains the retail. Retail growth

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in the current quarter it has shown 12.39% year-on-year 23.54%. The main reason is in agriculture our gold loan portfolio, we have stopped lending gold loans in the metropolitan cities for agriculture purpose because when the loan is growing with the portfolio is growing, we want to take some conservative steps on that, but at the same time, we want to meet the requirements of the metropolitan customers. The metropolitan customers also, he wants to avoid the gold loans. That's why we introduced the retail product in the Gold Loan Retail with a little higher rate of interest and low LTV. That product has received very well in the metropolitan. We stopped lending with agriculture and this portfolio is growing very fast. That is also helping that retail for growing up to 23.54% to that extent small decrease there in the agriculture, that's the reason quarter-on-quarter agriculture, you can see a negative growth of 4.86%, but MSME last quarter sequentially it was - last quarter it was almost stagnant little negative though, but this quarter we could recoup that and with this quarter itself, we have grown 2.42%. overall, if you see that retail has grown at 12.39 and MSME up to 2.42 and all, these things have brought that the 12.26 growth in the RAM credit.

- **Ms. Mona Khetan - Participant:**

- Sure. So, it's mainly the non-Agri gold loan in urban cities that's driving the retail growth apart from

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

- No madam. You see that the vehicle loans this bank has never grown in the double-digit growth. Now, we are growing almost near to 16% and the housing loan we are continuing to improve our market share every year-on-year. This is the very one few banks, one among the few banks that their market share in the housing is increasing. There is a consistency and in our bank we don't buy any portfolio buy out and we hardly participate in the co-lending portfolio. So, the entire RAM business, whatever we garnered, we garnered from our brick and motor outlets branch derived business. So, this is the concrete business. It's not that only the gold loan portfolio what we introduced is the main cause, but it has helped us. Earlier we used to grow at 14% or like that, but now the retail growth at 23% definitely that portfolio that particular product is helping us.

- **Ms. Mona Khetan - Participant:**

- Sure and what are the yields in this book, the gold?

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

- More than 9%, Madam.

- **Ms. Mona Khetan - Participant:**

- Sorry?

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- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- More than 9%.
- **Ms. Mona Khetan - Participant:**
- Okay. What is it in the Agri gold book?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- It is 8.75, Madam.
- **Ms. Mona Khetan - Participant:**
- Okay. And secondly on the margin front, so this quarter we saw dip in the margin, which is closer to your lower end of your guided range of 2.9 to 3, so, what will be the full year guidance NIM and is there any change?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Madam, you can observe from the last past three years, generally in the first quarter our NIM will be comparatively lower because the NIM will be calculated based on our business. The first quarter our business reflects higher, gradually it comes down, that's why NIMs will go up and in the second and third and fourth quarter, the NIMs will go a little better, but last time also I shared with you, though we have given the guidance at 2.9, our NIM maybe around 2.95 to 3, and I feel that 2.95 by the end of this year we can expect that to 2.95.
- **Ms. Mona Khetan - Participant:**
- Sure. And just finally, your data keeping question, what will be your outstanding restructured book? Thank you.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Our outstanding RF1, RF2 everything together as on date originally it was 24,000 crores, as on date it is 16,000 crores. Out of that 11,000 crores are standard asset. 4,900 or approximately 5,000 is our NPA.
- **Ms. Mona Khetan - Participant:**
- Sure. Thank you so much. I'll come back in the queue.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you, Madam.
- **Moderator:**

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- Thanks. Our next question is from the line of Mahrukh Adajania. Please unmute yourself and go ahead.
- **Ms. Mahrukh Adajania - Participant:**
- Yeah, hello, Sir.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Hi.
- **Ms. Mahrukh Adajania - Participant:**
- Hi. Sir, just a couple of questions. Reason for growth in SMA 0.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- SMA 0, you see that SMA 1 and 2, we are able to control on year-on-year or even sequentially quarterly we have shown better performance. The SMA 0 was because of one account. It is a central public sector undertaking has slipped to SMA 0 and there the exposure is little higher side.
- **Ms. Mahrukh Adajania - Participant:**
- Its huge Sir? It's 45 billion. It's 45 billion – 4,500 crore?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- It is 3,800 crores approximately Madam.
- **Ms. Mahrukh Adajania - Participant:**
- Okay and which sector?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, madam. Further details it is a central PSU pertaining to Andhra Pradesh that much I am telling you that is enough to identify that.
- **Ms. Mahrukh Adajania - Participant:**
- Yes, yes, of course, Sir. Thank you so much. Thank you. And Sir, the other thing that I have seen change in investment norms, right? So, with that, what has been the - what has have you taken to the shareholders fund and then to the increasing investment yield because of these shifting?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes, Madam. Our Treasury in charge is there. Our Mukherjee, Sir, he will explain to you that. Actually, whatever the - because of this reclassification, I will explain to

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you, outwards he will further clarify to you. because of the new classification, there is no chance of shifting periodically from Held to maturity to available for sale. Because of that, the interest on investment has shown an improvement, but at the same time, treasury yields have come down.

- **Ms. Mahrukh Adajania - Participant:**

- Okay. But what is the impact on yield on investment? Just because of the change is done?

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

- No. The yield on investment we have shown that it has gone up. The yield on investment you see that earlier, it is 6.91, now it is 6.94, 3 basis point has increased.

- **Ms. Mahrukh Adajania - Participant:**

- Okay. So, it has increased 3 basis points because of this?

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

- Yes, Madam.

- **Ms. Mahrukh Adajania - Participant:**

- Okay. And Sir, my last question is on low yield, basically.

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

- No, actually, if you look at that, NIA comparative sequentially in the normal interest rates on the previous March quarter and this quarter, there is one accounting policy has changed as per the regulator requirement. Earlier we used to collect the premium interest whatever we collected. We used to count in that interest income, but now as per the regulatory directions from 1<sup>st</sup> April onwards, we are counting it in the other income.

- **Ms. Mahrukh Adajania - Participant:**

- Okay.

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

- And the difference is approximately 150 to 160 crores.

- **Ms. Mahrukh Adajania - Participant:**

- Got it.

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

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- And then you are asking about NPA and generally every quarter it will be around 150 to 200 crores will be there, but compared to March, we have recovered a little more. So, we got around 300 crores, but this quarter again normally we are between the 150 to 200 crores.
- **Ms. Mahrukh Adajania - Participant:**
- Okay, Sir. Okay. This is very helpful, Sir. Thank you.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you, Madam.
- **Moderator:**
- Thank you. The next question is from the line of Anand Dama. Please unmute yourself and go ahead.
- **Mr. Anand Dama - Participant:**
- Thank you, Sir. So, basically the yield on loan which have contracted during the current quarter, is what you have basically mainly said because of the change in the regulation related to penal interest?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- One is the change in the regulatory treatment of that penal interest. Second one is other interest income is there Sir, last quarter sequentially we got 2,000 crores. That is the interest on overnight deployment of the surplus funds, that has come down to 1,800 crores. So, there is a 200-crore shortfall there.
- **Mr. Anand Dama - Participant:**
- Then in that case, the next three quarters, basically we should expect the yields to again improve because this one of will be largely behind and on quarter-on-quarter basis, we should see an improvement in yields, right?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Interest on advances, definitely it will show some improvement, but other interest income depends again the depending on the availability of opportunities. When you have surplus money, you have to invest in the overnight or that's the call money market that is there, that depends on the demand and supply.
- **Mr. Anand Dama - Participant:**
- Okay. Sir, secondly, on the SMA book, you said that there is one large PSU account, base in Andhra Pradesh, any another public sector bank with the Union Bank had

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also shown a higher SMA book during the current quarter, but they have made a provision on these loans. Do we have a

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

- Let me say that - let me confirm to you that this entire portion, even if it slips in the September or even because of restructuring, if even downgraded, the requirement of 15% provision, entire provision of 560 crore, we already provided in this quarter itself.

- **Mr. Anand Dama - Participant:**

- Okay. You have already done that. Oh, great.

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

- Yes, 100%. We already done requirement.

- **Mr. Anand Dama - Participant:**

- Sure, Sir. Great Sir. Thanks. Thanks a lot.

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

- Thank you, Sir.

- **Shareholder:**

- Yeah, very good afternoon. Two things I was looking at. One is like I could see the total; I mean cost of funding going up. That is one thing I wanted to know, what is the reason?

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

- What Sir?

- **Mr. Anand Dama - Participant:**

- I also saw that the total loan book has gone down and it is also I mean the realization total interest income is also gone down. So, what is happening in these two scenarios?

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

- One is cost to income, Sir. You see that from the March, it was actually more than 50%. Now, it is 47%. sequentially, there is a reduction of 3% in the cost to income ratio. One is that in March it was very high than the cost to income ratio was, because the staff cost was very high, bipartite settlement has happened once in five years and entire arrears have been paid in the December and the March quarter. Whatever the retirement benefits provisions has to be made, entire thing as we have

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concluded in the March quarter, that's why the cost of staff expenses have been increased, but to that extent - to some extent it has come down to 4,200 crores, now it is.

- Okay, cost of funding. The cost of funding is deposits, so it is why it is increasing Sir. The incremental deposit growth, whatever it is happening in the system except the CASA where the SB and current account, the remaining entire retail term deposits and bulk deposits, the bulk deposits are ranging between the 7.5 to 7.8 and the retail term deposits anywhere in and around of 7% it is there. So, since the market demand is very high for the deposits, the cost of deposits, the average cost of incremental deposit is more than 7.5%. That is increasing cost and forcing us for that acquisition of the deposits, the cost of deposit is increased from 5.5 to 5.70. It will continue for the next one or two quarters also because unless otherwise the liquidity in the system improves, again as concerns are expressed in various sections. Now, the technology is matured, 20% of the savings are diverting to mutual funds and the equity side that is also is putting some pressure on the bank deposits, but since we have a central government sovereign guarantee for rising deposits, we are not facing any difficulty, but only thing we are forced to pay higher price, higher rate of interest for garnering that deposit. You can see that our deposits have grown in double digit, almost more than 11% we have grown. So, rise in the deposits, we don't have any issue, but whatever the incremental deposit we are raising it is a costly affair for us. That's why our cost or deposit is increasing.
- The yield on advances. There is no reduction, Sir. We have taken enough care on that yield on advances by 8.71 to 8.66 is merely because of reclassification of the penal interest income. Earlier, we used to count in the interest income. Now, we have shifted it to as per the guidelines given by the regulator. We are reflecting in other income. So, that has shown that to 6 basis points reduction, beyond that nothing is there in the yield on advances, but okay I can say that the yield on advances already reached the peak. Further improvement, unless otherwise, there is a repo rate increase, there is no chance for further increase in the yield and advances. Already, whatever the regime we can do in the corporate book, we completed that regime with this quarter. Now, all our advances corporate sector also is carrying our average yield on the corporate sector are now touched all time high of 8.21%. So, the yield is now already reaching the peak.
- **Mr. Anand Dama - Participant:**
- Okay. So, can we expect the NIM to be possibly improving in the coming quarters?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Now, generally compared to first quarter, second, third, fourth quarter, when you reach to the fourth quarter, slight improvement NIMs will be there Sir. So, what we have given earlier also I shared with, when I am sharing with the guidance of 2.90, we may end up at 2.95 by the end of this year.
- **Moderator:**

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- Thank you. The next question is from the line of Omkar. Please unmute yourself and go ahead.
- **Mr. Omkar - Participant:**
- Hello. Yeah. Hi, Sir. In this quarter, our Agri exposure has reduced quite a lot. So, any reason, is this a cautious stance from your side or what is the reason for this?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, Actually, our gold loan portfolio is the major contributor for agriculture portfolio, Sir. Out of these 2,40,000 crores, 1,01,000 crores are core agriculture and the remaining 1,00,000 whatever it is there 38,000 or 39,000 crores is from the gold loan book. But when the book is growing so fast, we have taken a calculated business decision that we are here afterwards because the agriculture when we are classifying that gold loans in the agriculture, you are needed to maintain certain land records and all those things. To have a more and more clean portfolio, we have decided that in metropolitan cities, we stopped funding agriculture loans against gold, but at the same time, there is a lot of potential in the Metropolitan city also to raise the loans against the gold loans. That's why we introduced the retail product, personal loan secured by the gold loan and with a higher rate of interest, a little higher rate of interest that has attracted the attention of the metropolitan customers and that is giving a good business growth in the retail level, but to that extent, there is a dent in agriculture portfolio.
- **Moderator:**
- Okay. Thank you. The next question is from the line of Dinesh K. Please unmute yourself and go ahead.
- **Mr. Dinesh K - Participant:**
- I have a question – am I audible?
- **Moderator:**
- Yes, you are audible.
- **Mr. Dinesh K - Participant:**
- Sorry, Sir, I have a question on slippages. Sir, slippages are consistently around 3,000 crores. So, there is no relief there. So, I have a question on short-term and long run, what the company is doing to make it below 3,000 or whatever the rectification in our system going on?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- See, when you are having a 10 lakh crore, near to 10 lakh crore asset, in a year 12,000 crores is I feel that it's reasonably a banking practice, but it doesn't mean that

we are complacent on that. We are reached to our required goal, and we don't do further fine tuning that. If you look at that the - there, actually this quarter we have done well in - this quarter and last quarter in the RAM sector and all, but there are in existing NPAs, if any additional debits has to come that is showing some 300 to 350 crores additional slippages on that, but otherwise, our core whatever the fresh slippages, we are able to control below 3,000, but suddenly bringing to 3,000 to 2,000, I don't think that is easily practically possible. But definitely quarter-on-quarter maybe 100 crore or 200 crore or 50 crore further reduction, we will keep on trying that. We are confident of reaching that.

- **Moderator:**

- Thank you. The next question is from the line of Rahil. Please unmute yourself and go ahead.

- **Mr. Rahil S. – Participant:**

- Hello, good afternoon sir. Just a question on the guidance you had shared earlier for FY25. So just quickly, are we on track when you said advances will grow at 10% and ROA will be 1%, credit cost at 1.1? Sir, if you could just share your outlook. Is there any revision there, please? Thank you.

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

- No, we are not revising any of these guidelines. I don't feel that it is difficult to reach all these guidelines except in the CASA. But still, CASA also we want to try for that 33%, whatever guidance we have given. But we have given the guidance of business growth at 10%. 1<sup>st</sup> Quarter we have grown at 11%. Our advances growth we have given 10%. We almost reached the 10% even after shedding 22,500 crores in the 1<sup>st</sup> Quarter itself. And I am very much confident that we will grow beyond the 11-12% growth in the next three quarters. And NIM, it is 2.9 we have given. We are already in the 1st Quarter itself. We are able to show that 2.9 and further three quarters there will be a further slight improvement in that only, there won't be any deterioration. Gross NPA we have given a guidance of 3.5. There is a further reduction. We have come up to 4.14. Net NPA also we have given a guidance of 1.10. We already have come down to 1.24. Slippage Ratio we want to maintain at 1.3, that almost we are able to maintain it. Credit Cost, Return on Equity, Earning Per Share, Return on Average Assets, all these things already we surpassed. Whatever guidelines we have given for the year end, in the 1st Quarter itself, Credit Cost, Return on Equity, Earning Per Share, Return on Average Assets, we already surpassed those things.

- **Moderator:**

- Thank you. The next question is from the life of Suraj Das. Please unmute yourself.

- **Mr. Suraj Das – Participant:**

- Hi Sir, just one question in terms of this book that you are talking about. What will be the quantum that is sitting in the retail?

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- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Now it is almost 19,000 crores.
- **Mr. Suraj Das – Participant:**
- Okay. And Sir, rest of the book, I mean, what will be the other segments in retail?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Mostly it is 19,000 crores that is there. Now, as on date it is 155,000 crores is there. 1,55,000 crores total. So if you remove that, may be hardly 1,000 crores is in the MSME, remaining is all in the agriculture. Retail gold loan is 19,000. But if you remove that 19,000 out of 175 retail, so 96,000 is in the housing loan, 17,000 under the vehicle loan, 16,000 under the educational loan. The remaining is personal loans and mortgage loans and all.
- **Mr. Suraj Das – Participant:**
- Okay. Sure. Thank you.
- **Moderator:**
- Thank you. The next question is from the Line of Jai Mundhra. Please unmute yourself and go ahead.
- **Mr. Jai Mundhra – Participant:**
- Hi, sir. Good evening. Sir, if you look at Slide 22, wherein we give the yield on advances, I believe the numbers are cumulative number, right? So for March 2024, 8.71 yield is for the 12 months.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, sir. Tell me, sir.
- **Mr. Jai Mundhra – Participant:**
- So I wanted to check, sir, if this number of March 2024, is it the cumulative number or for the quarter? Because if it is cumulative number, that would mean that the QoQ decline in the yield on advances is much, much sharper, right? Because we started...
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, sir. What we have given in the March 2024, 8.71 is that particular quarter, and along with that cumulative... That is cumulative, correct. Our CFO will explain to you further.
- **Management - Canara Bank:**

- Just that what you asked, this 1st Quarter is not cumulative. It is a stand-alone quarter. What we gave for March was the cumulative of four quarters. So what you are anticipating...
- **Mr. Jai Mundhra – Participant:**
- No, sir. Please complete.
- **Management - Canara Bank:**
- No, no. What you asked that if this is taking into consideration that March, then it is a sharp fall. No, it is not considering the March. It is stand-alone April, May, June yield.
- **Mr. Jai Mundhra – Participant:**
- Okay. So this is only for the quarter
- **Management - Canara Bank:**
- Yes. Now whatever we will show, every quarter will be cumulative. For up to say next quarter, it will be from April to September, December, it will be April to December. But this, what we showed now, the yield is stand-alone April to June.
- **Mr. Jai Mundhra – Participant:**
- No worries, sir. Secondly, if you can provide the break-up of slippages in the quarter.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- You can note down, sir. Agriculture is 900 crores. MSME is 1,220 crores. Retail is 500 crores. The corporate, including existing NPAs which we increased, the total is around 600 crores.
- **Mr. Jai Mundhra – Participant:**
- Okay. And Sir, lastly, if you can provide the break-up of the loan book by benchmark, how much is EBLR, how much is MCLR and how much is Repo by Rupees-Crore?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Sir, out of the total book, 51% is MCLR, sir, 38% is RLLR, (Repo rate linked rate). The remaining is loan against deposit, staff loans and all.
- **Mr. Jai Mundhra – Participant:**
- Okay. And Sir, lastly, you mentioned that we have now a very strong CET-1. a) what was the impact of the guidelines on CET-1?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- What was the impact on the...? Because of...reclassification. New accounting procedure of investments, sir.

- **Management - Canara Bank:**
- Sir, it is around 1,400 crores which got added, of which 1,100 crores is on the reserves, and 300 crores has gone to HTL.
- **Mr. Jai Mundhra – Participant:**
- Okay. And lastly, sir, if you have any capital raising plan? Because if you can clarify, do we have a board approval or...
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Since CET-1 is very comfortable, it is above 12%, I don't think we need to go to the market for core capital. But, tier-1 and tier-2 AT1 bonds and tier-2 bonds, the board has already permitted the management to go to the market to the extent of 8,500 crores to raise. Out of that, 4,000 crores is AT1 bonds and 4,500 crores is tier-2 bonds. That we will come to the market depending on the favourable conditions of the... We are very much price sensitive. So, we look forward for that. Whenever we get a better opportunity, better pricing, then we will go to the market and raise that. And again, I want to tell you that we have a plan...
- **Mr. Jai Mundhra – Participant:**
- Thank you so much, sir.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No, just one minute. Because we have plans to disinvestment in our subsidiaries. One of that plan in the Canara Robeco Mutual Fund, it may come to the disinvestment in the 4<sup>th</sup> Quarter of this financial year. That also may support our capital CET-1, sir.
- **Mr. Jai Mundhra – Participant:**
- Right, sir. That is very helpful, sir.
- **Moderator:**
- Thank you, Jai. The next question is from the line of Ashok Jain. Please unmute yourself and go ahead.
- **Mr. Ashok Jain – Participant:**
- Good afternoon, sir. First of all, congratulations. I am C. Ashok Jain from Mumbai. Congratulations for an excellent result. I have few questions. One is, our CASA has come down. If I compare from March 2024 to June 2024, CASA has come down
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Let me clarify this question, sir, first of all. The savings bank, whatever our initiatives, it has started giving the results. And state savings bank, you can see the accumulation and creation of the deposit. From year on year, June to June, if you see

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that absolute numbers, 12,000 crores, there is an improvement in the SB individual itself. Actually, the SB individual's incremental growth is almost 18,000 crores. It is more than what it is reflecting there. But in SB there are institutional deposits which gradually is going out of the system because of Central Government, that new system of... they are keeping most of these funds with the Reserve Bank of India because of the latest software. So Central Government funds are slowly going out of this banking system. But that is being compensated with the SB individual accumulation savings. But overall, it is reflected absolute numbers way. It is 12,000 crores absolute numbers in year-on-year. But in the current account, the March figure, when you see that sequentially, March figure, in the March month, we are dealing with one Central Government department. We are the banker for them. We got funds of around 15,000 crores in the current account. And after 1st April, in the 1st week of April, that amount has converted into bulk deposit. So, to that extent, the dent is reflecting it. But it is 15,000 crores, it has moved from current account to there. But the reduction what it is appearing is only 11,000 crores, if you see that.

- **Mr. Ashok Jain – Participant:**

- When we explain it, can we show it to the market? Because it is giving wrong signal to the market. Maybe the breakup what you are...

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

- We will try to explain to them, sir. There is no problem. If any correspondence is there, we will try to tell them that.

- **Mr. Ashok Jain – Participant:**

- Yes, sir. Second question is that, recently you have come with infrastructure bond. So, what is your plan? I mean, you want to come with more amount or how...? And how will it impact our bottom line?

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

- No, sir. Actually, board has permitted for this year to raise of 10,000 crores, which initially we thought that we will raise 5,000 crores and 5,000 crores. By seeing the overwhelming response of our issue, whatever the green shore option is there, entire 10,000 crores we have taken in a single stroke itself. For this current financial year, whatever the board has permitted, we have already raised it, sir. Because whatever we are raising against the infrastructure bonds, it has to be invested or lent only towards infrastructure lending. Of course, we have enough cushion in our book. We have already lent enough, more than what we have raised from the market. That much exposures are there. But still we will see in the second half, if the board permits for us, we will think about that. It depends on the market availability of the liquidity, again the demand for the infrastructure bonds, sir. If suppose my liquidity is improved, my cost of funds in the deposits have come down, then I may not think about it. Since currently the incremental deposit cost is very high, we have gone to that infrastructure bonds to compensate or to use the other resources at a lower rate of interest.



- **Moderator:**
- The next question is from the line of Piran Engineer. Please unmute yourself and go ahead.
- **Mr. Piran Engineer – Participant:**
- Hello sir, congrats on the quarter. Just wanted to follow up on the comment you made on savings bank deposits. Sir, what percentage of our deposits come from government funds, government or other non-retail?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- I will tell you that, In the savings bank itself, out of 332, it is only approximately 48,000 to 50,000 is from the institutional deposit. These 48,000 to 52,000 is also not entirely from the government deposits. These institutional deposits contain NGOs, pilgrim centres, colleges, universities, everything will be there. But I see that the government deposits may be around 20,000 to 22,000, that is the range we might be having. So that fluctuation will be there. Whenever that fluctuation is there, because of some initiatives and new products, that is being compensated with the individual savings bank. Our focus now is in individual savings bank, sir.
- **Mr. Piran Engineer – Participant:**
- Okay sir, that was very useful. And secondly, this might be a bit early, but under Ind\_AS accounting, will you be allowed to reclassify your NPL provisions into standard asset provisions?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- I will ask my CFO to answer to you, sir.
- **Management - Canara Bank:**
- But as you know that Ind\_AS provision is still not crystallized. But there is nothing which suggests that NPL will be allowed to be classified as standard asset. The only green shoot that may be available there is, in case of NPL, especially doubtful and loss assets, in spite of having good security, we are making 100% provision. But if against those loss or doubtful D3 assets where there are good securities, that may allow us to provide less. Only that is expected, but that will only be clear when the full guidelines come.
- **Mr. Piran Engineer – Participant:**
- No sir, actually I meant, right now your provision is around 30,000 crores on NPL. Can you say reduce to 25 and move 5,000 to standard asset? Will the auditors allow? Is it allowed under the new accounting standards?
- **Management - Canara Bank:**

- See, especially the entire details of the new accounting system has not come. But as you said in NPL, especially loss doubtful, we are making 100% provision, irrespective of the liability. In case... I said in relaxation, it may get some green shoot, but that will be more than compensated by standard asset provision, where I have to make much more than 0.4% which we are making. But having said that, the bank is in a very comfortable position if any provision that we have to make in under Ind\_AS, even considering that, although as you know, what RBI said is to be covered over a period of 5 years. Even if it hypothetically needs to be provided in a 1 year, all our capital ratio should be in a comfortable position. This much we can say.
- **Mr. Piran Engineer – Participant:**
- Okay, sir. Thank you so much and all the best.
- **Moderator:**
- Thank you. The next question is from the line of Rakesh Kumar. Please unmute yourself and go ahead.
- **Mr. Rakesh Kumar – Participant:**
- Yeah, hi. Thanks a lot, sir. Sir, just one question with respect to this other interest income of 781 crores. I don't know if you had responded to this query. So, if you can clarify what is the corresponding balance sheet number where we are getting this interest income? Or maybe if you can explain what is the source of this number? Year-on-year, there is a large jump in this number.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Sir, actually these are all the... that's what actually earlier also I clarified. When you have surplus money in your system, when there is a liquidity crunch in the market, your surplus money can be used effectively in the market by deploying in the overnight or call money or anything. When you are deploying that, you are entitled for some interest. Because we have an excess SLR of almost 8% and we have in our system also last 4 months, we are having a surplus in our liquidity, this liquidity we are using effectively by lending wherever it is required depending on the demand from the other institutes. That is the major contributor. The minor contributor is from some of the tax deducted, income tax, whatever it is there, some interest on that tax deducted. This reference also will be there.
- **Mr. Rakesh Kumar – Participant:**
- Okay. But, if we take this complete the return what we have from cash balances other than CRR, sir, why this number is so high? Like, you know, if I take the interest income on the cash balances and this interest income, what you are saying on the liquidity... the surplus liquidity that we have, this number is very, very high, sir, as compared to any other PSU bank.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**

- But if you say... PSU bank is... when you say PSU bank, liquidity is not there in the top 5 banks. Only we are having comfort in that way, and we are deploying that. The other thing is, year-on-year if you see, that is very high. But sequentially it has come down. You have not seen that? Sequentially that other interest income has come down from 2,000 to 1,800.
- **Mr. Rakesh Kumar – Participant:**
- So, for the full year, sir, if you can help us that how much, how would this number look like for the full year?
- **Management - Canara Bank:**
- No, Rakesh, if you see, this is a number because, that includes interest from interest rate swaps, SDL, RIDF, etc., including some, as sir said, on income tax refund. These are not steady income sources. So, this can vary based on market conditions. So, it is very difficult to say what will be the figure on a consistent basis. But if you see, there is some sort of consistency which we have maintained over the last year.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- For the last 3-4 quarters, we are maintaining that consistency. If you see that last September onwards, I remember that September, December and March now, there is a consistency. It is around 1,500 to 2,000, and we are able to maintain that consistency.
- **Mr. Rakesh Kumar – Participant:**
- Okay. And secondly, sir, on the non-SLR side, the total non-SLR, if you look at Slide 26, there is a one line has come from, item which is Others, So, there is a 10,000 crore increase in that number, which is reflecting the increase in the total non-SLR also. So, what is that number, sir, which is sitting into the Others?
- **Mr. Debashish Mukherjee – Executive Director, Canara Bank:**
- It is investment in mutual fund. That is around 7,500 crore, roughly.
- **Mr. Rakesh Kumar – Participant:**
- So, in the March part of that...
- **Mr. Debashish Mukherjee – Executive Director, Canara Bank:**
- No, no. It was very small. So, because we had some surplus funds, so, we deposited in this mutual fund and CD. CD is around 3,000 crore. So, if you add that, you will get the number.
- **Management - Canara Bank:**
- And it was a very short duration. As we speak today, that amount is not there in Others. So, it was a short-term investment that we liquid certain amount...

- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- See, whenever you get an opportunity to earn higher yields, these are all the windows available to the banks and they use these for earning higher returns. Because the balance sheets are based on particular specific date, and on that particular date the investment may be outstanding. But it is not that once that is outstanding, it will be there in every quarter that much.
- **Mr. Rakesh Kumar – Participant:**
- Okay. Got it. Thank you, sir.
- **Moderator:**
- Thank you. Due to time constraints, that would be the last question for the day. We hand it over to MD, sir, for your closing remarks.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you. Thank you very much, sir. Whatever we have given the guidance, we will try to do much better than that. And actually 1st Quarter itself is what we are doing is consistency. In our performance, our main thrust area is consistency. There should not be any knee jerks in your performance, whether it is a bottom line or the top line. In the corporate call, we want to show steady growth in all the business parameters without affecting the bottom line, and that will continue, sir. And we will continue to perform. Thank you. Thank you one and all.
- **Moderator:**
- Thank you. We conclude today's meeting. You can all disconnect.
  
- ***END OF TRANSCRIPT***