



Ref.: SD:230/231/11/12::2023-24

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

Sub: Q1 FY 2023-24 Earnings conference call with Analysts / Investors – Transcript

Ref: 1. Our letter Ref: SD:197/198/11/12::2023-24 dated 14.07.2023

2. Our letter Ref: SD:189/190/11/12::2023-24 dated 13.07.2023

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 FY 2023-24 held on 24.07.2023.

The transcript of Q1 FY 2023-24 Earnings conference call is uploaded on Bank's website and the same can be accessed through below link:

https://canarabank.com/User_page.aspx?othlink=383

This is for your information and records.

Yours faithfully,

**SANTOSH KUMAR BARIK
COMPANY SECRETARY**

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Q1 FY24 Earnings Conference Call/Analyst Meet
Monday, 24th July 2023

– **Mr. S.K. Majumdar – CFO, Canara Bank:**

– I, S.K. Majumdar – CFO, Canara Bank, heartily welcome all our investors and analysts for this call. Today we have here with us our MD & CEO – Shri. Satyanarayana Raju ji, Shri. Debashish Mukherjee, Shri. Ashok Chandra and ED – Shri. Hardeep Singh Ahluwalia. All three EDs are present. And, we also have with us the members of the senior management. How do you like to do? Raju sir... would you like Mr. Raju to give a brief presentation and then start, or straightaway you want to start?

– **Speaker – Antique Stock Broking Ltd:**

– So, good afternoon everyone. On behalf of Antique Stock Broking, we welcome you all. We have on the Canara Bank management team Mr. K. Satyanarayana Raju – MD & CEO, Mr. Debashish Mukherjee – Executive Director, Mr. Ashok Chandra – Executive Director, Mr. Hardeep Singh Ahluwalia – Executive Director, along with senior members of the team. Thank you sir for giving us this opportunity to host the call. Without further delay, I hand over the call to MD sir for his opening remarks, post which, we can open the floor for any queries. Thank you and over to you sir.

– (no audio)

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

– So, good evening to all of you, all the well-wishers, investors and analysts. For the current year quarter June, Canara Bank's global business has grown year on year at 9.38% and stood at 20.80 lakh crores. Our Gross Advances have shown a 13.27% growth year on year, and stood at 8.87 lakh crore. We have recorded our highest Operating Profit and Net Profit with a profit year on year growth rate of 15.11%. The Operating Profit stood at 7,604 crores, and our Net Profit stood at 3,535 crores with a year on year growth rate of 74.83%. This high Operating Profit and Net Profit is possible with our Net Interest Income growth of 27.72% year on year, and stood at 8,666. Our RAM credit grew at 12.89% year on year. It is in line with our Total Advances growth so that we could maintain our corporate and RAM percentage of 45% and 55%. Our Gross NPA has come down to 5.15% with a year on year decline of 183 bps. Our Net NPA has come down to 1.57% with a year on year decline of 91 bps. These two things we could achieve with our PCR crossed 88%. This is an improvement of more than 350 bps. Our RAM sector growth, led by... our gold loan has improved... it almost recorded a 30% year on year growth and stood at 1,29,800 crores. Our Retail Credit has grown at 10.64% and within this Retail Credit, our housing loan is the major component which has grown at year on year 13.64% and stood at 85,884. Our Return on Equity has now reached 22.95% with a year on year improvement of 662 bps. Our Cost to Income ratio has gone down to the bottom. It is almost best so far in the last several years, that our Cost to Income has reached 43.61% with a year on year improvement of 115 bps. Our Return on Asset almost reached 1% and stood at 0.99%

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with a year on year improvement of 34 bps. Our CRAR is maintained continuously above 16%, whereas our peer banks are at 14-15%. Our Net Interest Margin (NIM)... last year the cumulative NIM is 2.95. As against that, our NIM in the current quarter, we could maintain at 3.05%.

– And, these are all the few features what we could share with you. Now the dais is open to you for interacting. I have along with me, our Executive Directors Shri. Debashish Mukherjee sir, Ashok Chandra and Hardeep Ahluwalia. Now the dais is open for interaction. We are open for answering any of your queries or clarifications.

– **Moderator:**

– Okay. So, we have our first question from Mona Khaitan. Please go ahead.

– **Ms. Mona Khaitan:**

– Hi sir, good evening. Thank you for taking my question. I just have two questions sir. I just wanted some more clarity on the gold book which stands at about 1.3 lakh crore today. How much of this would be agri v/s non-agri? What would be the yields here? And, if you could just give some colour on what sort of branch network is also enabled for gold lending v/s couple of years back? Thank you.

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

– Actually, in the gold loan portfolio, our average yield is around 8.80. In addition to that... I'm speaking about the interest yield. Total out of this, majority of this is from agriculture lending. The reason is, our composition of the branches is such that 60% is in rural and semi-urban. In the urban and metropolitan our gold loan composition is comparatively less. There, we are getting on an average, around 7,000 under retail and 4,000-5,000 under MSME. These two are there. If you remove that, the remaining entire portfolio is agriculture. How we are able to establish this growth is, just doubling that in 3 years i.e. we have identified certain pockets where we felt that very heavy potential is there, and we have identified almost close to 500 jewel loan shops. We have created within the branches, separate cells equipped with staff and machinery. These jewel loan shops have been given quality testing machines, and these people will be exclusively for delivering the gold loan product. So, that has helped us in... actually, a customer raises a loan against gold only in an emergency. So TAT matters for growth. That TAT we addressed by creating exclusive counters in various branches... not only in these 500 branches, but in almost 1,500-1,600 other branches separate counters have been created to address this and to promptly respond to the request of the customers. That has created a confidence among the public, and whatever growth is there now, that would be walk-in growth.

– **Ms. Mona Khaitan:**

– Okay. So, while you said majority of the book is agri-gold, what would be the percentage, if I may understand better?



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

– That's what I'm saying, around 85% would be agriculture gold madam. The reason is, majority of this gold loan portfolio is from... 60% is from rural and semi-urban.

– **Ms. Mona Khaitan:**

– Got it. And, when I look at your network of 9,600 hundred plus branches, how much of it is enabled for gold lending, if I may understand?

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

– Actually, 9,200 of our branches are retail branches, and almost more than 6,000 branches are opened for gold lending. But, gold loans in the north sector is minimal, because there it will take to pick up, but there is growth. But when you compare volumes from South India and North India, there is ample difference. But, majority of the 1,30,000 business, around 80% of it is from South India.

– **Ms. Mona Khaitan:**

– Got it. And just one final point on this. So, if I have to look at 2-3 years back, what would be the network against the 6,000, which is today gold enabled for you?

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

– Almost 100% we doubled that network madam. Earlier it was around 3,000, now we increased it to 6,000.

– **Ms. Mona Khaitan:**

– Got it. And, just one last thing on the provisioning side. Apart from your PCR provisions or NPA provisions and general provisions and standard assets, what else do we hold on the prudential side, if anything? Standard prudential provisions?

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

– Actually, whatever the stipulated provisions, beyond that generally, they are under the regulatory requirements, based on which we follow that provisioning. But, NPA... within this quarter, in this we are provided more than 800 crores beyond the requirement. We have provided more than 800 crores beyond the stipulated requirement, to strengthen our PCR. And every quarter almost we are doing that to strengthen our PCR, but historically, our PCR compared to other peer banks is at the lower side. So, till we reach at par with other banks, we continue to provide this additional amounts every quarter, to see that our PCR crosses 90%.

– **Ms. Mona Khaitan:**

– Got it sir. Thank you. I'll come back in the queue.



- **Moderator:**
- Thank you. We have our next question from the line of Mahrukh Adajania. Please unmute yourself and go ahead.
- **Ms. Mahrukh Adajania:**
- Hello sir, can you hear me?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes, you can speak.
- **Ms. Mahrukh Adajania:**
- Sir, so my first question is on your margins. So, your margins improved slightly in the 1st quarter, but your deposits have not grown because your liquidity is good. So, when your loan growth actually picks up in the busy season and you will have to mobilise much more deposits, how will your margins behave? Will you be able to maintain margins given that yields will now be stagnant, or will margins fall if deposit mobilisation increases?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Madam, you're aware that earlier, our CD ratio was only 73%, and there is a scope to go up till even 78%. In the start of the financial year, we said that the CD ratio we are looking at is 75% and we are moving on that. Keeping that, we expect that our credit growth will be much higher than our deposit growth. And, in the 1st quarter on quarter also, our deposit growth is around 1% to above 1%, it's that there is no growth in the 1st quarter. There is a growth in the deposits, but that has impacted that. So, whatever the high cost of deposits are, all of our existing deposits have been repriced, and there is no such pendency at our level. So, our interest expense has already reached the peak at that level. But whatever future growth, still in our existing system there is a cushion for us to expand our CD ratio; that is one plus point for us.
- The second plus point is, we have taken enormous number of initiatives targeting CASA. On the first working day of this current financial year on April 3rd, we have taken several initiatives aiming only for focus on CASA and liability products. This CASA, we have introduced first time in India targeting salaried class by offering term life insurance from 1 lakh to 6 lakhs, depending on their gross salary, in the form of four products – Silver, Gold, Diamond and Platinum. And earlier, before launching this product, our entire bank, the salaried class customers were around 11 lakhs. But, by introducing this in the 1st quarter itself, in the last 3 months, we got traction. We could onboard more than 3,10,000 customers who have opted for Canara Bank as their salary disbursing account.
- The second one is, for non-salaried class, we also introduced a select product with zero charges. This is especially for urban and semi-urban areas. This too got good traction,



and we could onboard in the last 3 months, more than 70,000 such... in these accounts, the average balance will be little high, and those customers we have opened more than 72,000-73,000.

- We also introduced a Relationship Manager concept from 1st July onwards in 5,000 top savings bank concentrated branches covering 80% of High Net Worth individuals of our bank. So, we feel that this also will support our CASA efforts in the coming quarters. You can look that, Canara Bank even under such circumstances, could maintain and not see further in CASA, because savings bank, even quarter on quarter, we could see more than 1.5% growth. The overall CASA is stagnated in the last quarter. But, if you look at the savings bank growth, around 0.57% growth is there quarter on quarter.
- These initiatives... in addition to that, whatever term deposits growth... and we also launched recurring deposit aiming for 1,000 crores target; several initiatives have been taken. These things will compensate our interest rate expenses. But I agree with you, that there is stress on interest expenses, but we are confident that we can manage our NIM at 3 and little above 3.
- **Ms. Mahrukh Adajania:**
- Okay, that's so helpful sir. Sir, my next question is really on loan growth. You think you'll be able to maintain 13% loan growth, or it could get higher in the busy season, on a year on year basis?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- From the bank's side, we have given a guidance that this year we show a reasonable growth of 10.5% in the loan growth. But, when I interacted last time with all of you, we are told that... we had informed you that we are expecting our credit growth will be between 12% to 14%. Generally you are all aware that, in the 1st quarter, the credit growth will be comparatively sluggish when you compare it with the remaining quarters. But in the 1st quarter itself, in domestic credit, we have shown more than 3%. Even if you take that 3% into 4 quarter, we are already achieving what we have promised. There remaining... this much I can tell you that, whatever growth rate we have shown to you, that will be a minimum growth rate.
- **Ms. Mahrukh Adajania:**
- Sir, I just have one more question on PSLC. PSLC income usually comes in the 1st quarter or will it come in all quarters, because it's big obviously!
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- No madam. Generally, in every year, PSLC, in the 1st quarter, you get higher margins. So generally, banks prefer to take the advantage in the 1st quarter. 2nd quarter something will be there, but not in line with the 1st quarter.



- **Ms. Mahrukh Adajania:**
- Okay. And 3rd and 4th nothing much, right?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Nothing much, very nominal amount.
- **Ms. Mahrukh Adajania:**
- Okay. So, this kind of reflects the full year PSLC income also.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes madam, definitely.
- **Ms. Mahrukh Adajania:**
- Okay sir. Thank you so much. All the best!
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Thank you madam.
- **Moderator:**
- We have our next question from the line of Sridhar Shivaram. Please unmute yourself and go ahead.
- **Mr. Sridhar Shivaram:**
- Thanks. Good evening sir. Sir, my question is more to get some guidance from the management on how we should look at the numbers at the current financial year. One is, Operating Profit, you've grown at 15% roughly in the 1st quarter. Is it fair to expect an Operating Profit growth somewhere in the range of 15-16% for the full year? And the second one is on the provisioning. Roughly about 2,700 crores of provisioning for the 1st quarter. Should we expect around 10,000 crores full year provisioning numbers?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- The first one was Operating Profits, right? Operating Profit last year, we could show 20% sir, but this year, because of that high interest rate regime and the interest expenses for mobilising the deposits, there is a stress on our margins. That's why we could show only 15.11%. We expect that in the current quarter also, the stress will continue on the interest expenses. So, the next... one the liquidity in the system improves, in the 3rd and 4th quarter, we may see a slight decrease in this interest expenses. Since it's double-digit at this moment, we are confident that we can manage the double-digit growth. But, our endeavour is to maintain the present growth that we have shown.
- The second one was regarding PCR, Provision Coverage Ratio?



- **Mr. Sridhar Shivaram:**
- No, I asked about absolute provisioning? 10,000 crores, full year numbers.
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Yes sir, definitely. Actually, if you compare it to peer banks, our Provision Coverage Ratio was historically low. But now we could recoup to a major extent, but still there is a gap between Canara Bank and other public sector peer banks; there is a gap to fill to strengthen our balance sheet. That's why, even in the initial stages, we have given a guidance to you that every quarter we will continue to strengthen our PCR. In that direction only, we are providing this 2,400-2,500 crores. That will continue till we cross that 90% PCR.
- **Mr. Sridhar Shivaram:**
- Based on this, roughly, is it fair to expect that we'll reach somewhere in the 15,000-16000 crores full year PAT number?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Sir, the 1st quarter we have given you 3,535, right? And, you can probably look at our last 11-12 growth that we showed. Quarter on quarter too, you can see what we are showing. That graph would give you a clear picture on that. Just look at our Net Profits. 1 year back it was 2,022, now we are 3,535. Every quarter on quarter also we are steadily growing, and we expect that the next 3 quarters also, we'll continue this steady growth. But absolute numbers, let us see. We will definitely be much above than whatever guidance we have given.
- **Mr. Sridhar Shivaram:**
- Sir, my last question is on the dividend policy. Last year you paid Rs. 12 dividend, which is roughly around 20-22% of the profit. Is that a consistent number we should expect even for the coming year?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- Actually, being a public sector bank, we are supposed to announce a minimum 20% of our Net Profit as our dividend. So, how much dividend we pay depends on my Net Profit. But, we continue to give that minimum 20% dividend every year.
- **Mr. Sridhar Shivaram:**
- Okay. So then, if all goes well, your dividend could be in the range of Rs. 18-20?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- It's left to you and your imagination.



– **Mr. Sridhar Shivaram:**

– Okay sir, thanks a lot and best of luck! We're happy shareholders.

– **Moderator:**

– Thank you sir. The next question would be from the line of Jay Mundhra. Please unmute yourself. Jay, your voice is not very audible.

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

– You ask your question, we'll try to understand.

– **Mr. Jay Mundhra:**

– (26.25 - unclear) of your corporate loan of around 4 lakh crores. (26.32) How much of that should be (26.38) in Quarter 2?

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

– See, what I understood is that you asked about corporate credit growth. Okay, repricing of the corporate. Almost 80% of the corporate repricing is completed, because in many of corporate where short term loans are there, there only pricing is the concern. For all the long term loans, pricing has been taken care of initially also. In these short term loans, we have already taken care of 80% and we are continuing to reprice that. You can see that has reflected in our average yield on advances. Our average yield on advances as on date is 8.43%. It's the highest so far in the last several quarters. That is continuing while we're even taking up proposals in the future, because ample scope is there, growth is there, demand is there. We have seen so much traction in the corporate side also, but while funding, the pricing is also making our decision in favour of that. That's why, we are selective both on the security side, the rating side, as well as on the pricing side. This attitude, this approach will continue in the future also.

– **Mr. Jay Mundhra:**

– Okay sir. My question is, if you look at the yield on advances, while they are top as per the investor presentation, but I think QoQ they have only increased by 5 bps, because the March number that is shown in the presentation is for full year FY23. So, what I was trying to understand is, of the 4 lakh crore corporate loans, how much is yet to reprice in maybe the 2nd quarter? So, you said 80% has already been repriced.

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

– That's what I said. 80% has been repriced. The remaining 20% will be there, because most of the corporate lending is MCLR linked. In our total assets, 52% is MCLR linked. Within this 52%, already 80% has been repriced, and the remaining 20% will be repriced whenever it comes for that annual resetting.

– **Mr. Jay Mundhra:**

- Understood sir. Sir, coming to your ROA guidance, this quarter we have delivered 1% and we are guiding for 1% for full year. However, if you see this quarter of around 4,800 of pre-tax profit, we have around 1,500 crore plus coming from PSL, which should decline significantly as we go ahead in the year. So, what is the offset sir? I mean, how would you recoup the loss of income from the PSL, going into the next quarters?
- **Mr. K. Satyanarayana Raju - MD & CEO, Canara Bank:**
- If you look at the last 2 years or 3 years balance sheet, in June our major contribution would be PSLC compared to the OP as well as the NP. The same tempo is continued in the current quarter also. But with the same background, last 2-3 years also, September to March, we could show that minimum 15% growth rate both in OP, and a good growth consistency in Net Profit also. The reason is, quarter on quarter, you will get better revenues in different areas. In the 1st quarter, we might be dependent on PSLC. But, in the 2nd quarter, because already the stabilisation has happened in the 1st quarter itself, we have seen 3% growth in advances, of course, which might have happened majorly in the June quarter. Which is why, in the 1st quarter, we might not have gotten the benefit out of NII. But in the 2nd quarter, since already 25,000 crores absolute number advances have increased, and the more and more disbursement we look at, partly we wish to compensate with the interest income sir.
- The remaining partly... in the 1st quarter, generally you look that the recoveries will be comparatively lower than the other quarters. Look at the March quarter. We could recover the technical written-off, which was around 2,200. As against that, in the 1st quarter we could recover only 790. So, there is a huge scope on that. We have a book of almost 66,000 crores of written-off accounts, which in the 1st quarter why the attention would be less is, the majority of the staff members will be transferred, their positions are changed, many people will be in the stabilisation area. But, when it comes for the 2nd quarter to 4th quarter, the recovery under the technical written-offs are D4 or last assets, whatever... Where the 100% provision has been made, there the recoveries will be very high.
- The third one is the fee income. Fee income also contributes quarter on quarter. There is an increase, atleast 9-10% every quarter, and in the 1st quarter generally, it will be less. So, these are all the options we have on that, and with these options what we are expecting is, we could maintain whatever we have shown growth in the current quarter, the same thing can reflect in that. It's not that we're totally dependent on PSLC.
- **Mr. Jay Mundhra:**
- Understood sir. And was there any...
- **Moderator:**
- We would request you to please come back in the queue, we have a lot of participants waiting. Sorry for that. Okay. Jay, we would request you to please come back in the



queue. The next question would be from the line of Mr. Saket Kapoor. Please unmute yourself and go ahead.

– **Mr. Saket Kapoor:**

– Hello. Sir, you can hear me?

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

– Yes. Good evening, Saket.

– **Mr. Saket Kapoor:**

– Yeah, good evening, Sir and thank you for this opportunity. Sir, if you look at your interest, you can hear me now, Sir?

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

– Yeah, tell me.

– **Mr. Saket Kapoor:**

– Yeah Sir. If you look at your interest on balances with the Reserve Bank, that has been at the highest number of 1,105 crores. So, what should be penciling in going ahead from this line item and also Sir, on the other others there is a figure of 474 crore under the interest earned. So, what is the composition of the same and what should we read into it going ahead right from these two-line items? Sir, one more question here Sir. Please, you please answer this first.

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

– See, our CFO is there, he will answer your question, but actually let me clarify to you afterwards he will tell you that other interest income is overnight whenever you want to invest the CBLO or anything, these interest in which the amounts will be captured on this whenever you have surplus liquidity you will invest on overnight or some those things CBLO and all those things that's the actually the amount we capture it. Generally, it carries on the same level of quarter-on-quarter increase whatever it is there it will be on those 1,100 to 1,400 that's the range generally it will happen. So, now the CFO, so you can speak to it.

– **Mr. S.K. Majumdar – CFO, Canara Bank:**

– As our MD Sir are said that if you see that, that is quarter-on-quarter also, last quarter it is consistently showing an improvement over the period. It was 1100-1500; 1100 last quarter and 1500 this quarter. So, it's a component as you yourself said it's a



component of interest on call money and deposit with banks, reverse repos, CBLO. So, this is a figure which we feel that it will be almost consistent. I think it should be above 1000 crores which we expected to garner maybe a bit more also in the medium term, this much only we can tell you. There is not much apprehension there and as and even if there is a shortfall here, that should be compensated by interest on advances.

– **Mr. Saket Kapoor:**

– CFO Sir, you are clubbing both the figures, that is 1100 and 400?

– **Mr. S.K. Majumdar – CFO, Canara Bank:**

– No, no, no. I am telling you that I am only giving you a figure of interest on interest.

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

– You are clubbing both and telling that?

– **Mr. S.K. Majumdar – CFO, Canara Bank:**

– Yes, yes.

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

– Yes Sir, he is clubbed both and he has given that answer.

– **Mr. Saket Kapoor:**

– Okay and this will be a consistent number going ahead also?

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

– See, when you have a surplus liquidity, we use that for this head of account. If we don't have surplus, that means this money will be diverted to disbursement in the loans, then that will earn much more than that. That will reflect in the interest income.

– **Mr. Saket Kapoor:**

– Okay. MD Sir, you mentioned about pressure on the yields going ahead and that is because of our liability side

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

– No, just let me clarify to you, it's not on the stress on the yield, Sir, I told you that stress on the margins because of the more interest expenses.



- **Mr. Saket Kapoor:**
- Yes Sir, but the net yield will be lower if there is a higher interest expense?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- That's what Sir, even with that whatever the initiatives we have taken already against the first question, I think I answered that how many initiatives we have taken on the CASA front to garner the more low cost deposits with that, we are confident that we can manage at 3 and little above.
- **Mr. Saket Kapoor:**
- Okay. A small point and then I'll come in the queue. Firstly, Sir, for this year, we are looking at NIM is above 3%. We closed last year at 2.9 and this year, I think
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Yes Sir, last time cumulative it is 2.95 as against the guidance of 2.90. This time we have given a guidance of 3.05. We are confident that we will manage, we will maintain above 3.
- **Mr. Saket Kapoor:**
- 3.?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- That's what Sir, 3.05, we have given the guidance.
- **Mr. Saket Kapoor:**
- I joined the queue.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- 3.05, we are given the guidance, but we are confident that we will maintain above 3.
- **Mr. Saket Kapoor:**
- Okay. Sir, I'll join the queue again.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Thank you.



- **Moderator:**
- Thank you, Saket. The next question we have from the line of Pritesh Bam. Please unmute yourself and go ahead.
- **Mr. Pritesh Bam:**
- Hi, can you hear me?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Yes, Pritesh ji, good evening.
- **Mr. Pritesh Bam:**
- Good evening, Sir. Two questions from my side, just needed from the GECL. How much is the book and how much were the NPA from that book, if any?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Last time when we are shared with you, we were at very raw calculations. Sir, you're asking about GECL?
- **Mr. Pritesh Bam:**
- Correct.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- GECL, we are sanctioned actually 21,000 crores. Out of that 19,000 crores were disbursed. As on date, the balance outstanding was around 13,400 odd. Out of this 800 crores slipped to NPA.
- **Mr. Pritesh Bam:**
- Okay and the restructured number as well Sir, if you can give that as well, outstanding restructure?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- No restructure everything, RF1, RF2, and MSME restructuring everything, earlier it was 23,000 crores, now it has come down to the around 16,000 crores out of that 3400 crores for NPA.
- **Mr. Pritesh Bam:**



- Got it. Sir, our SME book also on quarter-on-quarter has moved up. Anything to read into that, it's about 3400 crores from
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- No Sir. SMA always you should look at not sequentially basis, year-on-year basis only you should look at that. Because the first quarter generally in banking industry – no, no, just first quarter in the banking industry, the transfers and all seasons will be there. The first quarter little less will be there, but you look at that the slippages in the first quarter of last year, it is 3940 crores, whereas against that the current years slippages is only 3482 crores, 3400 crores. If you look at only SMA 01 and 02 is higher in the first quarter is it generally happens in the first quarter as agriculture NPAs reflect more because the sowing season starts only from the June 15th and it will be available up to the September 30th. All these loans which falls due for the renewal from the 1st April to June, that will come for the renewals only in the June through the September 30th. Then automatically this pressure will come down, little pressure will be there - is there already in MSME, which we are focusing on well within our appetite. What we have given that to you look at that the percentage also total SMA 1.29% to it has come down to 1.11%.
- **Mr. Pritesh Bam:**
- So, this total SMA 1 is more of agri which you're saying, it's moved up because of that?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- You're looking at SMA 1, that is a quarter-on-quarter, it has increased to 3482. The majority is from agriculture and MSME. The agriculture generally in the first quarter that will start renewing that limits. Suppose when the due date is over, it reflects in the SMA 0 and 1. Once it has been renewed that account will go to the standard asset. The farmers will come for renewals generally from the June 15th onwards and the current quarter that will be drastically has come down, will come down. Otherwise, there is no such threat on that.
- **Mr. Pritesh Bam:**
- Sure, Sir. Thank you so much.
- **Moderator:**
- Thank you, Pritesh. We have our next question from the line of Ashilesh Sanjit. Please unmute yourself and go ahead.
- **Mr. Ashilesh Sanjit:**



- Hi team, good evening. Sir, just one question from my side. Do you see there is a need for you to raise term deposit rates over the next few quarters to garner term deposits?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- No Sir, literally that is not required because our retail term deposits is growing. You just look at that almost today as on date, we already grown 2% of that from April to now. We got almost 8000 crores incremental growth in the retail term deposits at this current rate of interest. So, when every day almost we are seeing a more than 150 crores additions to my term deposits in the retail term deposits. When that accumulation is there, that is enough to meet my requirements because I already told you that our CD ratio, we have ample cushion that cushion we want to use it for effective utilization of resources.
- **Mr. Ashilesh Sanjit:**
- Okay. Sir, in that context, where do you expect your quarterly cost of funds to trend over the next few quarters?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- See that's what Sir, the present liquidity unless otherwise in the market liquidity improves the rate of interest on term deposits may not come down and the current quarter we don't see any such softening of rate of interest because in the 1st July onwards, we have experienced a little softness in the June month and May 15th onwards to June 30th and we could replace major part of our bulk deposits with little lower rate of interest, but again and we have seen that July 1st onwards the rates are little tightening and the market rate is little high. So, unless the liquidity in the market improves, the present to high rate of interest on the term deposits will continue. We don't see any change in the current quarter. Maybe the December quarter and March quarter, once the liquidity in the system improves, the rate of interest may be a little softer.
- **Mr. Ashilesh Sanjit:**
- Okay, Sir and just on last data keeping question, can you give a break up of your slippages across segments for the quarter?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Yes Sir, you can look at that around 1300 crores, 1380 MSME Sir, around 800 crores is agriculture, 600 crores is retail, and around 400 crores is mid-corporate.
- **Mr. Ashilesh Sanjit:**



- Okay, perfect Sir. Thank you.
- **Moderator:**
- Thank you, Ashilesh. We have our next question from the line of Rakesh Kumar. Please unmute yourself and go ahead.
- **Mr. Rakesh Kumar:**
- Hi, thanks. Thanks a lot, Sir.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Good evening, Rakesh Ji.
- **Mr. Rakesh Kumar:**
- Good evening, Sir. Thanks for the opportunity, Sir. So, Sir, firstly the question was related to the recovery on written-off of loan number which is 796-crore in the Slide #16 and then we have some other figure you know given on Slide #28?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- 891, somewhere it has been given 891, somewhere it has given 796. The reason is, where the 796 is the book balance, where the remaining amount 100 crore is the interest on the technical written-off accounts, so total together when it comes for there it is 891. This is the book balance because in the profit you can book directly this is what the slot, they have shown under this slide is only our recovery towards the book balance of technical written off Sir.
- **Mr. Rakesh Kumar:**
- Okay. Is there anything in the interest income line also coming from here?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Yes, Sir.
- **Mr. Rakesh Kumar:**
- How much is that number, Sir?
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- The balances are 891-796, it is 103 crores, Sir.



- **Mr. Rakesh Kumar:**
- 796 yeah. Correct and Sir this FX gain number is like you know what is happening there, could you just you know slightly elaborate, there is a quite a lot of volatility in that number FX gain
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Which one?
- **Mr. Rakesh Kumar:**
- FX gain under every income number.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Sir, we have our treasury head with us. So, Mr. Janardhana Rao. You're on mute. You unmute and speak. He is there? He cannot speak? Janardhana Rao? So otherwise our Mahesh?
- **Mr. Mahesh Pai, Canara Bank:**
- Yeah, actually this number you are referring to is the June 22 number, which is 952 and you are asking the question of 236, this is what you are asking I believe.
- **Mr. Rakesh Kumar:**
- Correct Sir and like what is the underlying, you know, situation
- **Mr. Mahesh Pai, Canara Bank:**
- Sir, underlying transactions are the foreign exchange gains which has happened. This has reduced because of the spreads in the exchange transaction which has come down hugely because of the US interest rate hikes. So, if you see June 2022, the premiums were at the highest and presently the premiums are at the lowest. So, this is the number which reflects that. So, from now on, we expect that the premiums to go up. So, this number should go up technically from now on.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- In March, we have gone to the bottom, but now in the current quarter we have seen slightly increase. We expect that this increase will continue slowly.
- **Mr. Rakesh Kumar:**



- So, in the FX transaction only like the value part is changing or there's any like you know change in the total transactional volume also for us?
- **Mr. Mahesh Pai , Canara Bank:**
- So, it doesn't depend on purely on the transaction volume. If you see the volume would have been remained more or less constant. This depends on the gain which you get out of the funds deployed in dollars.
- **Mr. Rakesh Kumar:**
- Okay.
- **Mr. Mahesh Pai - Canara Bank:**
- The market premiums.
- **Mr. Rakesh Kumar:**
- Got it, got it, got it. Understood. So, thirdly Sir on this staff cost, have we started making any provision for the terminal benefits obligation because there is
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- No, terminal benefit always, it will be provided quarterly, Sir, there won't be any complacency on that. The staff benefits even beyond that we have moved and November onwards actually the wage revision is due further revision last November onwards. So, first five months we have provided 70 crores per quarter almost to 350 crores - 350 to 370 crores we provided, but this quarter we have provided beyond that almost we have taken 115 per quarter. That means we have provided additional 350 crores only towards the wage revision, expected wage revision by the bipartite settlement whatever it is going to enter into the IBA and the Trade Unions effective from last November. So, total more than 700 crores. Now, as on date within this eight months, we have provided already.
- **Mr. Rakesh Kumar:**
- Okay and anything for pension, gratuity
- Moderator:
- We would request you to please come back in the queue.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**



- The pension, whatever the funds actually is whatever we are supposed to provide everything has been taken care quarterly.
- **Mr. Rakesh Kumar:**
- Thank you. Thank you so much, Sir. Thank you.
- Moderator:
- Thank you, Rakesh. The next question is from the line of Nihal. Please unmute yourself and go ahead.
- **Mr. Nihal:**
- Hello, Sir.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- Good evening, Nihal.
- **Mr. Nihal:**
- Yeah, good evening. The quantitative number looks quite good. My question is on the qualitative side what the company is doing to track customer retention, customer satisfaction, and encourage transparent banking, but to take an example, my father passed away three months back and he was an employee of Canara Bank and even after three months his account has been freezed and my mother is waiting for the terminal compensation. So, this is just an example and this is the case of Canara bank employee.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- My request to Nihal, can you send it to my mail that - what are the details because we created in MD Secretary for a personal mail on that and with there are certain people are working on that and I myself is personally monitoring and one more thing for customer redressal resolution, first time in the bank, we have created a vertical and is now presently headed by a General Manager. We are paying a so much attention on that to give a best customer service to the possible extent for consistent improvement on that. You also might have seen that whenever you go to that branches, there is a huge change on the even ambiance even the basic facilities it is to be required for the customers. The third one is the from July 1st onwards to take care of retention of customer only, mainly the retention of customer is aimed for that the relationship manager concept why we brought it that in 5000 branches we introduced where we felt that the savings costs are concentration is available and with these 5000, we have identified a top 200 customers of that particular branch and with this we are covering



80% of our top SB individual balance outstanding. So, our SB individual balance outstanding is around 2,60,000 and with this we are covering almost 2,10,000 to 2,15,000 in their accounts. These customers have been now here afterwards we are providing personal relationship manager concept and whom we have marked to them that has been displayed in our website itself for genuineness and from head office itself we have written directly letters to the respective individual customers and there afterwards, we are also taking several initiatives on the customer redressal systems that we are onboarding a complete comprehensive the customer relationship with software, whatever it is there, which is under the process of procurement. Once the CRM package is introduced, this retention will be much more closely micro level, we can observe these things and whatever the inconvenience caused to you, I'm extremely sorry for that, Nihal. If you can send the details to me, I'll take it as personally and see that it is addressed immediately.

– **Mr. Nihal:**

– Sounds fine, but Sir if you can 51:28 overlapping.

– **Moderator:**

– Sorry Nihal, we request you to

– **Mr. Nihal:**

– That would be great to track customer retention and second,

– **Moderator:**

– The next question is from the line of Sushil Choksi. Please go ahead.

– **Mr. Sushil Choksi:**

– Congratulations to Canara Bank team and management for excellent result.

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

– Thank you. Thank you, Sushil ji.

– **Mr. Sushil Choksi:**

– Sir, my sheet indicates that we are very conservative and whatever we are speaking today and I'm happy to note that we will outperform. Sir, can you throw some light on some initiatives which you have taken over last one or two quarters whether it's technology, subsidiary listing, the road map 52:13 Voice Breaking and various other initiatives, the technology tie up was in the news about IBM, we rolling out a big

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tender. The second thing is outlook on treasury at the terminal end of the year of where would you be on the gross NPA, net NPA, and credit cost because I think we maybe heading toward single digit that is below 1% on the net NPA and based on technical recovery, where would you see our end of the year kind of numbers?

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

- Sir first, I'll touch upon that is NPA ratio. Gross NPA, we have given the guidance at 4.50 and the net NPA we are told that it is 1.20, but definitely by the end of this quarter, we will be below than that whatever the guidance has been given that much I can confidently say to you. regarding the initiatives what we have taken the technology side, let me share it with you. Sir, I'm very happy to share with you that the Canara Bank has been ranked #1 consecutively second financial year by the MEIT; Ministry of Electronics and Information Technology. Based on that rankings, the rankings will be happened on the both public sector and private sector. Total 47 banks performance will be taken into account on various parameters like how their digital journeys are happening, how their digital transactions are happening, how their merchant onboarding is happening at rural or northeastern or various areas. Based on this their rate, the banks the marking 400 and last year also previous year also Canara Bank has rated #1 and this year also we continued to be rated just recently 10 days back only the MEIT has come out with their ranking and the Canara Bank has continued its #1 rank.
- The second one what I want to share it with you is the transparency in our onboarding any vendor management. The vendor management, the onboarding last continuously 2 years Gem portal, the Canara Bank is the highest, the procured through Gem portal promoted by the expenditure ministry that shows that whatever our internal investments what we are making on our new initiatives are a capital expenditure that we are most transparent bank on India among all private and public sector banks and as you are told they're rightly that the news item is the IBM or Kendrell which is 3000 crores worth of contract that has been almost finalized Sir. The results have been announced that is of it is in the process and not only this Sir, we have gone for the RFP for end-to-end digital lending which is already almost to final stage for selecting that, then continuous CRM package, the Customer Relationship Management package, then the co-lending package. This is also it is there and the onboarding the video KYC, this is also is there on that and several such initiatives we are going on that. We are the bank though we have been identified on the third instant that for introducing the CBDC, but the onboarding both customers as well as in the merchant side we are the #1 bank as on date in India Sir, the CBDC, our app is well received. Our mobile app Ai1 in the July after 15th if you can look at that, that this is the highest rated public sector any mobile app that we got the on the Play Store, the Google Play Store or whatever the Play Store. Is there that rating has happened at 4.506 and we are the first banker who has the RuPay credit card has been integrated with the UPI payments. We are the first bank we are coming out with our self-help groups on-us and off-us dual

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authorization through the BC points. We are the bank, we are very active on NCMC for commutation whatever the mobile cards what you are using, your existing RuPay card will be replaced that your existing RuPay card can be used in all wherever NCMC integration is there in the all railway metro railway stations, metro journeys, are even transportation areas and all and we are the first banker who has onboarded bill payment due for the Oman customers across the board like that many technical initiatives we are taking, our MEIT ranking continuously the second year that shows that our whatever the efforts, we say less, but we do more. That has been proved once again in the technology front. In the business front, in the first quarter itself we have taken several initiatives like already we told that innovative products we have launched in CASA to attract the customers. We have launched one bank, one call center that is 1800-1030. This call center through this call center 24 X 7, 365 days, 35 services can be availed in 12 languages that has been created, that has helped us a lot to reach the customer. The one more is we are very active in spreading the QR code and the audio systems to the merchant establishment. We are targeting for the street vendors where the Prime Minister, PM Swanidhi, the beneficiaries are there. Those beneficiaries we already covered more than 1 lakh such customers have been provided with this QR code and onboarding them on the digital transactions. In this among 11,000 people have been given the first time in the public sector banks that audio system has been introduced and provided to the customers and these initiatives will continue in future also. Both the service, the people who comes to the branch we are giving innovative products. The people the younger generation who does not want to come to us for them also we are aiming and introducing so many new products. There are several new other products on the loan side as well as in the CASA side targeting the targeting sectors women as well as the younger generation, but those products are in research side. We have completed that still it is said to be in the UAT, we may launch in the next quarter and the regarding the treasury, I request our Mukherjee Sir to pay on that little, he will share it with you that's what is going to be by the end of this year whether we are expecting the same returns or any increase in the returns under that.

– **Mr. Sushil Choksi:**

– Sir, you forgot about – Sir, no problem, I will ask the question after Debashish Mukherjee Sir.

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

– Fine Sir.

– **Mr. Debashish Mukherjee – ED, Canara Bank:**

– No, it's fine. Thank you, Sir. With regard to Treasury, as we are all aware, it is market driven and because of this rising yields at the present scenario things are not doing as



much as we would expect, but in the days to come when some yields decrease, there we are going to, we are poised to make some better profits, so that is with regard to the Treasury. With regard to the Treasury, I would like to mention a few more points that. During June, our portfolio MD is comfortable at 4.74, AFMD is comfortable with 3.45 and then our PV 01 AFS and HFT is 7.81 crores. Portfolio yield has increased from March 23 to 6.85%. Overall, a healthy portfolio which we are going to carry forward in the coming quarters as well.

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

– Choksi Sir, you were asking something?

– **Mr. Sushil Choksi:**

– Yes Sir, either yourself or the Dada can answer outlook on subsidiaries and the road map which you have already decided or working on?

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

– Sir, we have actually subsidiaries and associates and regional rural banks total together 13 are there in our bank. This June quarter we displayed already that they everybody is earning the net profits. No subsidiary or associate is incurring any loss on that and these profits also showing a steady growth on that. You have seeing that Can Fin Homes whatever the market has reacted. We have taken several initiatives on both side and all those things and I am sure that Can Fin Homes will continue to work on that. The remaining two we have promised, we are given a guidance to the stakeholders that the Canara HSBC and Canara Robeco that we have initiated to come out of that public issue IPO and that action has been just started. It takes a minimum 15 months Sir, 15 to 18 months. We expect that the next financial year in the second-half of that next financial year, these two companies may come out for the IPO and there again I shared with you that our credit card division, we would like to shift it to our 100% owned subsidiary, for that we identify our Canara Bank Financial services, but there the Canara Bank Computer Services, CCSL where our share price, our shareholding is only 69%. We are already written to the remaining 3 stakeholders for purchasing of - we expressed our interest to purchase that remaining 31% stake that negotiations are on, we are hopeful of getting it completely by the, I think around in the next quarter, Sir.

– **Mr. Sushil Choksi:**

– Sir, my last question is that we have proved our number from last quarter on ECL provision much lesser than what you had spoken Sir, that would be icing on the cake, so can you highlight that number?

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



- Yes, Sir. Actually, initially in the last quarter whatever we have shared that's a rough calculation on very initial stages, but there afterwards we sought some clarifications. We also reworked on our calculations and all it has come down more than 50% of what we actually last time shared with you and thereafter so further tuning, now it has come down to the around Effect is only 2 to 2.25% of effect and now further we are onboarded consultant on that to further guide in this regard once he will be with us for next one year till that is implemented Sir, so that we take his expertise in further reducing these things and we are sure that we will be in line with the other banks and it will be around only 2%.
- **Mr. Sushil Choksi:**
- Sir, thank you for answering all my questions and all the best to Team Canara for the years to come.
- **Moderator:**
- Thank you so much, Sir. Thank you so much. This would be our last question for the day. I request MD Sir for his closing comments.
- **Mr. K. Satyanarayana Raju – MD & CEO, Canara Bank:**
- So, thank you so much Sir for everybody whatever the we thank to all our well-wishers and investors and all. With your great support, we want to continue our steady growth. We are very, very much particular about the consistency in our growth and that consistency will reflect in all our key parameters in quarter-on-quarter. We assure you on behalf of all the entire top management that this consistency will continue in the coming quarters too. Thank you very much, Sir.
- **Speaker – Antique Stock Broking Ltd:**
- Thank you, Sir for giving us this opportunity to host this call. I request everybody to sign off. Thank you.

End of Transcript