Canara Bank – Q1FY27

Result Update (28.07.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Strong Business Momentum with Stable Asset Quality Amid Margin Pressure"

Ajcon Global's observations & views:

1. The Bank delivered a healthy operating performance with robust business growth, resilient asset quality, and comfortable capital buffers, while maintaining profitability despite margin pressures from the repo rate transmission.
2. Management's focus on improving CASA, reducing reliance on high-cost bulk deposits, and maintaining disciplined, profitable credit growth is expected to support margin stability and sustain earnings momentum over the medium term.

KEY FINANCIAL INDICATORS – Q1FY27

CMP (28.07.2026)	: Rs. 124.24
Face Value	: Rs. 2
Book value per share	: Rs. 114.05
Market Capitalisation (Crs)	: Rs. 1,12,974.96
Capital Adequacy Ratio	: 17.17%
C/D ratio	: 80.25%
Domestic CASA ratio	: 29.70%
Net Interest Margin (NIM)	: 2.52%
Cost / Income ratio	: 49.03%
Gross NPA	: 1.57%
Net NPA	: 0.36%
PCR	: 94.76%
Slippage ratio	: 0.15%
Credit cost	: 0.49%
Return on Assets	: 1.04%
Return on Equity	: 18.31%

Q1FY27 RESULT ANALYSIS:

1) **Total Deposits** increased by 2.74% QoQ at Rs. 1611685 Crores in Q1FY27 against Rs. 1568678 Crores in Q4FY26 and also rose by 11.63% from Rs. 1443814 Crores in Q1FY26.
2) **Gross Advances** expanded by 4.51% QoQ at Rs. 1293381 Crores in Q1FY27 against Rs. 1237548 Crores in Q4FY26 and also rose by 17.97% from Rs. 1096329 Crores in Q1FY26.
3) **Total Business** rose by 3.52% QoQ at Rs. 2905066 Crores in Q1FY27 against Rs. 2806226 Crores in Q4FY26 and also jumped by 14.37% from Rs. 2540143 Crores in Q1FY26.
4) **Net Interest Income (NII)** surged by 4.15% QoQ at Rs. 10215 Crores in Q1FY27 against Rs. 9808 Crores in Q4FY26 and also increased by 13.39% from Rs. 9009 Crores in Q1FY26.
5) **Operating Profit** was up by 27.79% QoQ at Rs. 8636 Crores in Q1FY27 against Rs. 6758 Crores in Q4FY26 and also marginally increased by 0.96% from Rs. 8554 Crores in Q1FY26.
6) **Net Profit** rose by 7.77% QoQ at Rs. 4856 Crores in Q1FY27 against Rs. 4506 Crores in Q4FY26 and also increased by 2.19% from Rs. 4752 Crores in Q1FY26.
7) **Net Interest Margin (NIM)** edged down to 2.52% in Q1FY27 against 2.54% in Q4FY26 and slightly declined from 2.55% in Q1FY26.
8) **Cost of Deposits** came down to 5.27% (from 5.54% in Q4FY26), while **Cost of Funds** also moderated to 4.87% (from 5.09% in Q4FY26). **Yield on Advances** reduced to 8.00% versus 8.29% in Q4FY26.
9) **Non-Interest Income** jumped by 39.45% QoQ at Rs. 6727 Crores in Q1FY27 against Rs. 4824 Crores in Q4FY26 but dropped by 4.72% from Rs. 7060 Crores in Q1FY26.
10) **Treasury Income** climbed by 288.60% QoQ at Rs. 1057 Crores in Q1FY27 against Rs. 272 Crores in Q4FY26 but decreased by 46.96% from Rs. 1993 Crores in Q1FY26.
11) **Fee-Based Income** decreased by 6.80% QoQ at Rs. 2342 Crores in Q1FY27 against Rs. 2513 Crores in Q4FY26 and was up by 5.35% from Rs. 2223 Crores in Q1FY26.
12) **Cost-to-Income Ratio** dipped to 49.03% compared to 53.81% in Q4FY26 but went up from 46.77% in Q1FY26.
13) **Domestic CASA Ratio** marginally declined to 29.70% in Q1FY27 from 29.84% in Q4FY26.
14) **Credit-to-Deposit (C/D) Ratio** rose to 80.25%, in Q1FY27 against 78.89% in Q4FY26 and also increased from 75.93% in Q1FY26.
15) **Return on Assets (ROA)** came down to 1.04% against 1.10% in Q4FY26 and also declined from 1.14% in Q1FY26.
16) **Fresh Slippages** reduced to Rs. 1781 Crores from Rs. 2771 Crores in Q4FY26 and also declined from Rs. 2129 Crores in Q1FY26. **Total Recoveries, including written-off accounts,** declined to Rs. 2203 Crores from Rs. 2712 Crores in Q4FY26 but increased from Rs. 1919 Crores in Q1FY26.
17) **Gross NPA** improved to 1.57% from 1.84% in Q4FY26 and 2.69% in Q1FY26. Net NPA declined to 0.36% versus 0.43% in Q4FY26 and 0.63% in Q1FY26, respectively.
18) **Write-offs** declined to Rs. 3036 Crores compared with Rs. 3771 Crores in Q4FY26 and from Rs. 3115 Crores in Q1FY26, respectively.
19) **Credit Cost** moderated to 0.49% from 0.59% in Q4FY26 and also dropped from 0.72% in Q1FY26.
20) **Provision Coverage Ratio (PCR)** slightly improved to 94.76% in Q1FY27 compared with 94.21% in Q4FY26 and also improved from 93.17% in Q1FY26.
21) **Capital Adequacy Ratio (CAR)** inched up to 17.17% from 17.04% in Q4FY26 and increased 16.52% in Q1FY26.

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Management Comments

22) Replying to an analyst's query on SMA accounts, Mr. Brajesh Kumar Singh, MD & CEO, said the rise in SMA 0 and SMA 2 was due to temporary movement in a few large government-guaranteed consortium accounts, which have now normalized, with no underlying stress in the corporate portfolio.
23) On ECLGS 5.0, Mr. Singh highlighted that there is a lending opportunity of ₹18,000 crore, out of which over ₹11,000 crore has been sanctioned and more than ₹10,000 crore disbursed. He further added that the Bank expects an additional ₹5,000–6,000 crore of disbursements, which should continue supporting robust credit growth in the coming quarters.
24) Replying to an analyst's concern over higher provisions, the MD & CEO, mentioned that the increase was primarily due to additional provisions for income tax and employee-related provisions for PLI of ₹300 crore, resulting in total provisions rising to ₹3,780 crore in Q1FY27 from ₹2,252 crore in Q4FY26.
25) Responding to a query on ECL preparedness, Mr. Singh, said the Bank estimates an additional ₹10,000–12,000 crore of provisions under the ECL framework but remains well-positioned to absorb the impact, supported by strong profitability and a 17.17% CRAR. He added that the Bank aims to provide for the impact over two years, with no need for additional capital raising.
26) Answering an analyst's query on balancing growth and profitability, the MD & CEO, highlighted the Bank's priority is to improve operating efficiency and protect NIM by increasing low-cost retail deposits, replacing bulk deposits, and maintaining disciplined lending. He added that while credit growth will remain healthy, the Bank will focus on profitable growth rather than pursuing volume at the expense of margins.
27) Addressing an analyst's query on FCNR(B) deposit mobilization and NIM outlook, Mr. Singh, stated that the Bank has already mobilized $775 million in July 2026 and expects to cross $1 billion during the month, while retaining its FY27 FCNR(B) guidance of $2.3–2.5 billion. He reiterated the NIM guidance of 2.50%–2.60%, with efforts underway to improve margins despite a challenging operating environment.
28) Commenting on the gold loan portfolio, the MD & CEO, said the Bank's ₹2.59 lakh crore gold loan book comprises ₹1.51 lakh crore of agriculture gold loans and ₹1.07 lakh crore of retail gold loans, with a prudent loan-to-value (LTV) ratio of 60–65%, providing adequate protection against fluctuations in gold prices.
29) Providing a breakup of slippages to an analyst, Mr. Singh, said total slippages stood at ₹1,781 crore in Q1FY27, led by Agriculture (₹727 crore) and MSME (₹697 crore), while emphasizing that quarterly slippages remained contained at just 0.15% of advances.
30) Commenting on the deposit outlook, the MD & CEO stated that the Bank aims to sustain around 12% deposit growth, driven by strong traction in individual savings and retail term deposits, supported by branch expansion, improved customer offerings, and cross-selling opportunities through its subsidiaries.
31) Talking about the credit pipeline, Mr. Singh stated that the Bank has a credit pipeline of around ₹50,000 crore, including ₹18,000 crore of sanctioned but undisbursed loans and ₹32,000 crore of proposals under appraisal, providing healthy visibility for future credit growth.
32) Responding to a query on the agriculture portfolio, the MD & CEO, said the Bank does not foresee any material stress from the monsoon, with any impact likely limited to the KCC portfolio and mitigated through regulatory relief measures, government support, and insurance coverage.