



## Canara Bank – Q4FY25/FY25

**"The bank performed well both in business growth & profitability In Q4/FY25 and in the whole of FY 25 crossing a few important milestones"**

### Ajcon Global's observations & views

1. The Bank's NIMs continues to be under pressure as CASA remains a big challenge to the bank.
2. The Bank's asset quality has improved with GNPA & NNPA being brought down to 2.94 % & 0.70 % respectively by keeping fresh slippages under control.
3. Considering the prevailing economic and geopolitical situation, the bank has lowered its credit growth target for FY 26 to 10-11%.

### Q4FY25 RESULT ANALYSIS

- 1) **Net interest income** increased by 3.20% QoQ at Rs. 9442 against Rs. 9149 Crores in Q3FY25 and declined by 1.44% YoY against Rs. 9580 Crores in Q4FY24.
- 2) **Operating profit** increased by 5.70% QoQ and 12.14% YoY at Rs. 8284 Crores against Rs. 7837 Crores in Q3FY25 and Rs. 7387 Crores in Q4FY24.
- 3) **Net Profit** grew by 21.93% QoQ and 33.19% YoY at Rs. 5004 Crores against Rs. 4104 Crores in Q3FY25 and Rs. 3757 Crores in Q4FY24.
- 4) **NIM** increased to 2.73% in Q4FY25 against 2.71% in Q3FY25 and 3.07% in Q4FY24.
- 5) **Cost of deposits** rose to 5.74% against 5.72% in Q3FY25 and 5.50% in Q4FY24. Cost of Funds remained constant at 5.28% against Q3FY25 and increased against 5.00% in Q4FY24. Yield on Advances increased to 8.83% against 8.79% in Q3FY25 and 8.71% in Q4FY24.
- 6) **Total business** rose by 4.59% QoQ and 11.32% YoY at Rs. 2530215 Crores against Rs. 2419171 Crores in Q3FY25 and Rs. 2272968 Crores in Q4FY24.
- 7) **Total Non-Interest Income** increased by 9.46% QoQ and 21.74% YoY at Rs. 6351 Crores against Rs. 5802 Crores in Q3FY25 and Rs. 5217 Crores in Q4FY24.
- 8) **Fee based income** increased by 6.86% QoQ and 20.30% YoY at Rs. 2335 Crores against Rs. 2185 Crores in Q3FY25 and Rs. 1941 Crores in Q4FY24.
- 9) **Treasury income** decreased by 18.84% QoQ to Rs. 995 Crores against Rs. 1226 Crores in Q3FY25 and increased by 15.03% YoY against Rs. 865 Crores in Q4FY24.
- 10) **Cost/Income ratio** decreased to 47.55% against 47.58% in Q3FY25 and 50.08% in Q4FY24.
- 11) **Gross Advances** increased by 2.25% QoQ and 11.74% YoY at Rs. 1073332 Crores against Rs. 1049706 Crores in Q3FY25 and Rs. 960602 Crores in Q4FY24.
- 12) **Total deposits** increased by 6.38% QoQ and 11.01% YoY at Rs. 1456883 Crores against Rs. 1369465 Crores in Q3FY25 and Rs. 1312366 Crores in Q4FY24.
- 13) **Domestic CASA** increased to 31.17% in Q4FY25 against 30.00% in Q3FY25.
- 14) **C/D ratio** fell to 73.67% against 76.65% in Q3FY25 and increased against 73.20% in Q4FY24.
- 15) **Return on assets (ROA)** increased to 1.25% in Q4FY25 against 1.03% in Q3FY25 and 1.03% in Q4FY24.
- 16) **Fresh slippages** rose to Rs. 2655 Crores against Rs. 2363 Crores in Q3FY25 but it decreased from Rs. 3082 Crores in Q4FY24. Recovery + Upgradation decreased to Rs. 1211 Crores against Rs. 1240 Crores in Q3FY25 and Rs. 1449 Crores in Q4FY24.
- 17) **Gross NPA** improved to 2.94% against 3.34% in Q3FY25 and 4.23% in Q4FY24. Net NPAs ratio improved to 0.70% against 0.89% in Q3FY25 and 1.27% in Q4FY24.
- 18) **Write off** increased to Rs. 5022 Crores against Rs. 3896 Crores in Q3FY25 and Rs. 3068 Crores in Q4FY24.
- 19) **Credit cost** increased to 0.92% against 0.89% in Q3FY25 and decreased against 0.96% in Q4FY24.
- 20) **Provision Coverage ratio** increased to 92.70% against 91.26% in Q3FY25 and 89.10% in Q4FY24.
- 21) **The Bank's Capital Adequacy** ratio slightly decreased to 16.33% in Q4FY25 against 16.44% in Q3FY25 and increased against 16.28% in Q4FY24.

### KEY FINANCIAL INDICATORS – Q4FY25

CMP (09.05.2025)	: Rs. 97.64
Face Value	: Rs. 2
Book value per share	: Rs. 97.28
Market Capitalisation (Cr)	: Rs. 88,738.18
Capital Adequacy Ratio	: 16.33%
C/D ratio	: 73.67%
Domestic CASA ratio	: 31.17%
Net Interest Margin (NIM)	: 2.73%
Cost / Income ratio	: 47.55%
Gross NPA	: 2.94%
Net NPA	: 0.70%
PCR	: 92.70%
Slippage ratio	: 0.26%
Credit cost	: 0.92%
Return on Assets (Annualised)	: 1.25%
Return on Equity (Annualised)	: 23.23%



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### Management Comments

- 22) Mr. Satyanarayana Raju, MD & CEO of the bank in his opening remarks, stated that the Bank had grown its global business to over Rs. 25 trillion for the first time in its history, generated over Rs. 5 trillion in business over the last two years, surpassed Rs. 8000 Crores threshold for quarterly operational profit, and generated over Rs. 5,000 Crores of net profit for the quarter ( Q4/25).
- 23) Speaking on the lower NIMs, Mr. Raju stated that "We anticipate that the stress on NIMs will continue for the upcoming quarter because we have already seen two rate cuts and we anticipate at least two more. He further asserted that there is pressure because it takes six months for deposit rates to be reset, whereas the benefits of rate decreases are swiftly transferred to clients who are based on external standards/ benchmarks."
- 24) In response to an analyst's query regarding the NARCL SRs reversal provision, Executive Director Shri S K Majumdar stated that out of Rs. 1,100 Crores net benefit, Rs 500 Crores were actually put into profit & the balance Rs 600 Crores is used for increasing the PCR ratio to bring it at par with some peer banks.
- 25) The bank PLI (Performance Linked Incentive) offered to staff has reached almost Rs. 250 crores leading an increase in the Employees' cost.
- 26) The Bank's Board of Directors have recommended 200% dividend on equity shares, equivalent to Rs. 4/- per share with a face value of Rs. 2/-, for the FY 2024-25, stated Mr Raju.
- 27) **The MD & CEO gave a guidance for FY26 as below ;**
- Business Growth (Global) – 10.50%
  - Advances Growth (Global) – 10/11%
  - Deposits Growth (Global) – 9/10%
  - CASA (Domestic CASA to Domestic Deposit) – 32%
  - NIM (Global)(Annualized) – 2.75/2.80%
  - Gross NPA (Global) – 2.50%
  - Net NPA (Global) – 0.60%
  - PCR (Global) – 93%
  - Slippage Ratio (Global)(Annualized) – 0.90%
  - Credit Cost (Global)(Annualized) – 0.90%
  - Return on Equity (RoE) – 18.50%
  - Earnings per share (EPS) - 19
  - Return on Average Assets (RoA) – 1.05%