



Canara Bank Ltd.

Q2FY26 Quarterly Result Highlight

Canara Bank Ltd. posted resilient performance in Q2FY26, clocking strong growth in both advances and deposit book, as well as posting notable improvement in the asset quality.

Gross advances for the quarter grew at robust +13.7% YoY/ +5.0% QoQ to ₹11,510bn, while Deposit growth also matched up the growth momentum coming in at +13.4% YoY/ +4.1% QoQ ₹15,279bn. During the quarter, interest income grew by +6%YoY/ +2%QoQ to ₹315bn while interest expense increased +10%YoY/+2%QoQ to ₹224bn. Resultantly, Net Interest Income stood at ₹91bn moderating -2%YoY/+1%QoQ with Net Interest Margin contracting -34bps YoY/ -3bps QoQ to 2.5%. Other income for the quarter remained higher at ₹71bn up +42% YoY/flat QoQ supported by PSLC assets sale which continue to garner strong demand from the industry. Operating expenses stood at ₹76bn up +15%YoY/flat QoQ mainly on account of +22%YoY/ +2%QoQ increase in other operating expenses to ₹28bn. Core profit thus came at ₹86bn, up +12%YoY/flat QoQ. Provisions were stable during the quarter at ₹24bn, 5%YoY/flat QoQ, leading to PAT of ₹48bn, up +19%YoY/flat QoQ.

- **Assets Under Management** – Global gross advances grew +13.7%YoY/+5.0%QoQ to ₹11,510bn, driven by +17%YoY/+6%QoQ growth in RAM credit to ₹6,711bn, (comprising 58% of loans) while corporate lending grew by +10%YoY/+3%QoQ to ₹4,799bn. During the quarter, retail loans surged by +29%YoY/+7%QoQ to ₹2,512bn. Deposits rose +13% YoY/+4%QoQ to ₹15,279bn, with term deposits rising +14%YoY/+3% QoQ at ₹9,669bn. CASA deposits witnessed healthy growth of +11%YoY/ +8% QoQ to ₹4,281bn, with CASA ratio (as % of Global Deposits) improved ~106bps QoQ to 28.0%.
- **Asset Quality** – Asset quality showed further improvement in Q2FY26, with GNPA declining -138bpsYoY/ -34bpsQoQ to 2.4% while NNPA fell -45bpsYoY/ -9bps QoQ to 0.5%, respectively. Credit cost for the quarter came lower at 0.68% down from 0.72% in Q1FY26.
- **Net Interest Margin** – The bank's NIM declined by -3bpsQoQ (-34bps YoY) to 2.52%. Yield on advances were down -37bpsYoY/-7bpsQoQ to 8.4%, while cost of funds were at 5.2% -5bpsYoY/-6bpsQoQ. Likely to remain stable in 3QFY26, NIM trajectory would recover from Q4FY26 onwards to be supported by focus on ramping up RAM segment.
- **Concall Highlights** – 1) RAM book will grow faster than Corp. book as the management's focus remains on increasing mix to 60%. 2) Canara has the largest book in Gold Loan at ~₹2,110bn which consists of ₹630bn retail Gold Loan while remaining is Agri related Gold loans. 3) Investment in technology continues, largely at ₹10bn per annum while nearly ₹0.7bn exclusively invested on cybersecurity. This investment will continue further at a budgeted FY26 investment of ₹6bn. 4) IPO proceeds from the listing of two subsidiaries is ~₹19.35bn. It will likely aid profitability in Q3FY26. 5) This quarter the bank has received other income from PSLC assets sale worth of ~₹9bn. 6) Sanctioned pipeline of loans currently stands at ~₹500bn.

Outlook and View

Canara Bank posted a **healthy set of Q2FY26 earnings**, aided by robust growth in advances as well as deposits. With MCLR rate cut repricing undertaken across the book, the management believes NIM to recover in 2HFY26. In 3QFY26, other income from stake sale in two subsidiaries i.e. Canara Robeco AMC and Canara HSBC Life Insurance would cumulatively add ₹19.35bn. Thus, additional income from subsidiary stake sale, income from PSLC assets sale and expectation for strong recovery led moderation in credit cost could notably uplift profitability in 2HFY26. At CMP140, the script is already trading above our target price range of ₹132-136 per share. **Thus, we recommend investors to BOOK PROFIT in Canara Bank Ltd.**

Important Data

Nifty	25,763.35
Sensex	83,978.49

Key Stock Data

Close* (₹)	139.60
Market Cap (₹ bn)	~1.27tn
52W High/Low	141.45/78.60
Number of Equity shares (crs)	907.07
Daily Vol. (3M NSE Avg.)	2.8592crs
BSE Code	532483
NSE Code	CANBK
Bloomberg Code	CBK:IN

Close* as on 03 Nov 25

Shareholding Pattern (%) – Sep'25

Promoter	62.93
FII	11.88
DII	12.26
Public & Others	12.92

Financials

Particulars (₹bn)	FY25	FY26E	FY27E
Net Int. Inc.	371	393	434
Net Int. Mar.	2.7%	2.6%	2.6%
Op. Expenses	281	324	336
Core Profit	314	358	371
Provisions	88	98	93
PBT	226	260	278
Tax	56	66	71
PAT	170	194	207
EPS (₹)	19	21	23
BV (₹)	111	132	155
P/E	7.3	6.4	6.0
P/BV	1.2	1.0	0.9

Source: Company, Way2Wealth Research

Relative Performance

Return(%)	1Yr	3Yr	5Yr
Canara Bank	37%	129%	658%
Nifty50	7%	42%	116%
Sensex	6%	37%	106%

Source: Company, Way2Wealth Research

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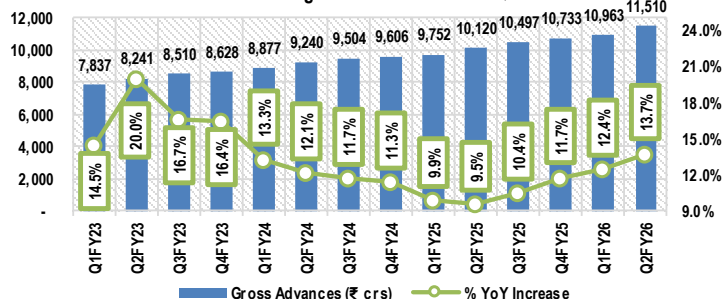
Advance Mix (₹bn)	Q2FY26	Q2FY25	% YoY Chng	Q1FY26	% QoQ Chng
Retail	2512	1946	29%	2354	7%
Agriculture & Allied	2662	2429	10%	2488	7%
MSME	1538	1365	13%	1466	5%
Domestic Gross Advances	6711	5739	17%	6309	6%
Global Gross Advances	58%	57%		58%	
Corp. & Others	4799	4381	10%	4654	3%
Domestic Gross Advances	10814	9541	13%	10321	5%
Global Gross Advances	11510	10120	14%	10963	5%

Deposit Mix (₹bn)	Q2FY26	Q2FY25	% YoY Chng	Q4FY25	% QoQ Chng
Saving Deposits	3,522	3,407	3%	3,417	3%
Current Deposits	759	466	63%	540	40%
CASA Deposits	4,281	3,873	11%	3,957	8%
CASA Ratio	30.7%	31.3%		29.6%	
Term Deposits	9,669	8,514	14%	9,430	3%
Retail Term Deposits	5,637	5,134	10%	5,480	3%
Retail Mix	58.3%	60.3%		58.1%	
Total Domestic Deposit	13,950	12,387	13%	13,387	4%
Overall Deposits	15,279	13,473	13%	14,677	4%

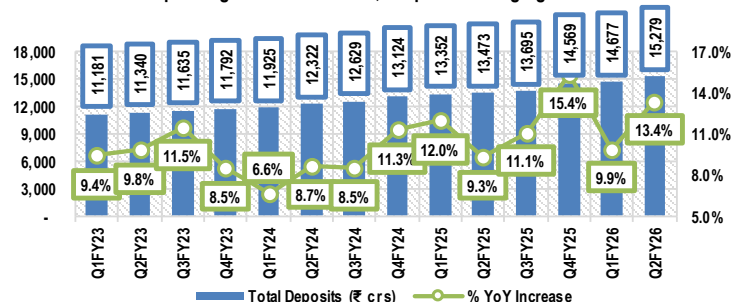
Source: Company, Way2Wealth Research

Financials in Chart

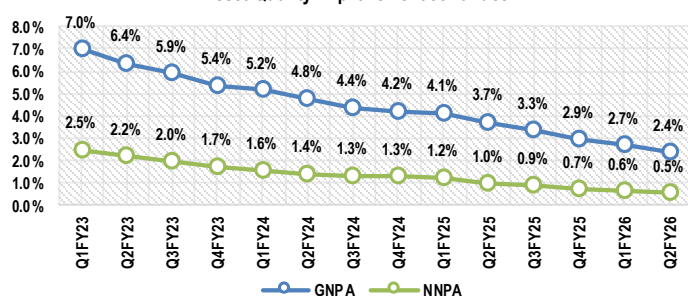
Robust Loan book growth at 13.7% YoY in Q2FY26



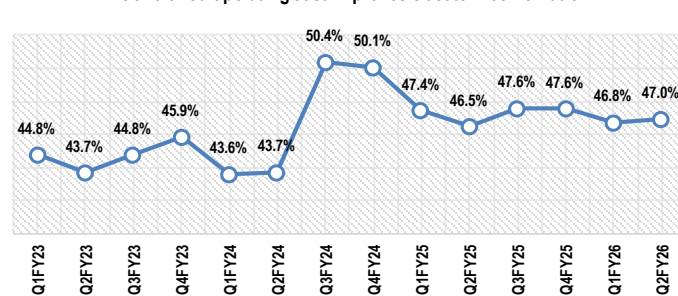
Deposits grow at robust 13%, despite challenging environment



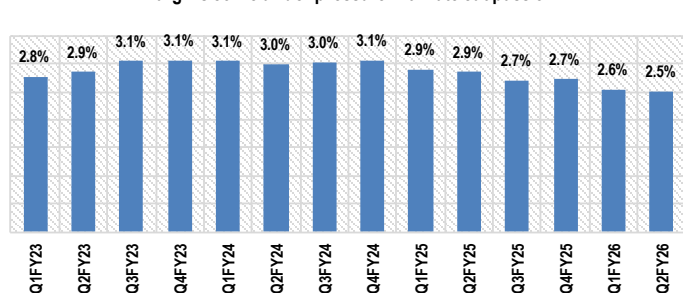
Asset Quality improvement continues



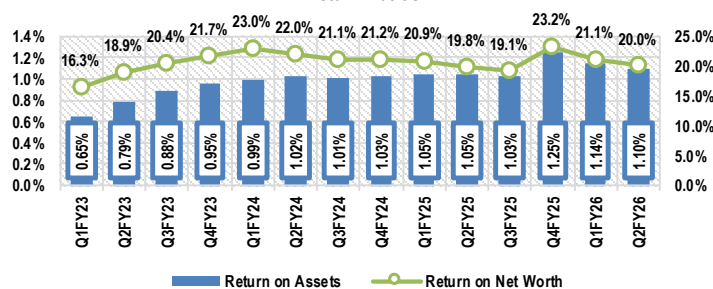
Controlled operating cost improves Cost to Income Ratio



Margins come under pressure with rate cut pass on



Return Ratios



Source: Company, Way2Wealth Research

Quarterly Financials

(₹ bn)

Particulars	Q2FY26	Q2FY25	% YoY Chng	Q1FY26	% QoQ Chng	1HFY26	1HFY25	% YoY Chng
Interest / Discount on advances / bills	231	218	6%	226	2%	457	425	7%
Income on investments	63	61	4%	62	2%	125	121	3%
Interest on balances with RBI & other banks	15	11	32%	15	1%	30	22	35%
Others	7	8	-15%	7	-7%	14	16	-12%
Interest earned	315	297	6%	310	2%	625	584	7%
Interest expensed	224	204	10%	220	2%	444	400	11%
Net Interest Income	91	93	-2%	90	1%	181	185	-2%
Other income	71	50	42%	71	0%	141	103	37%
Total income	162	143	13%	161	1%	323	288	12%
Employees Cost	48	44	11%	48	1%	96	86	12%
Other operating Expenses	28	23	22%	27	2%	55	49	12%
Total Operating Expenses	76	66	15%	75	1%	151	135	12%
Core Profit	86	77	12%	86	0%	171	153	12%
Provisions and Contingencies	24	23	5%	24	0%	47	45	4%
Profit Before Tax	62	54	15%	62	1%	124	107	16%
Tax Expense	15	14	5%	15	1%	29	28	3%
Profit After Tax	48	40	19%	48	0%	95	79	20%
EPS	5.3	4.4	19%	5.2	0%	10.5	8.8	20%

Source: Company, Way2Wealth

Financials

(₹ bn)

Profit and Loss Statement	FY20	FY22	FY23	FY24	FY25	FY26E	FY27E	FY25-27E CAGR
Interest / Discount on advances / bills	504	499	614	782	878	945	1021	
Income on investments	169	170	195	227	246	265	283	
Interest on balances with RBI & other banks	19	22	30	42	47	58	70	
Others	1	4	6	36	27	34	38	
Interest earned	693	694	844	1087	1198	1302	1413	9%
Interest expensed	452	430	530	721	827	909	979	9%
Net Interest Income	241	264	314	366	371	393	434	8%
Other income	149	165	188	190	225	289	274	
Total income	390	429	502	555	595	682	708	9%
Employees Cost	128	127	137	164	179	203	210	
Other operating Expenses	66	71	87	97	103	122	126	
Total Operating Expenses	193	198	225	261	281	324	336	9%
Core Profit	197	231	277	294	314	358	371	9%
Provisions and Contingencies	160	128	135	97	88	98	93	
Profit Before Tax	37	103	142	197	226	260	278	11%
Tax Expense	11	33	36	52	56	66	71	
Profit After Tax	26	70	106	146	170	194	207	10%
Exceptional Item	0	14	0	0	0	0	0	
Reported PAT	26	57	106	146	170	194	207	10%
EPS	3	6	12	16	19	21	23	

Source: Company, Way2Wealth

Coverage

Date	Report / Update	Report Price (₹)	Buy Range (₹)	Target Price (₹)
21-Feb-24	Quick Insight	113.40	110-114	132-136
14-May-24	Q4FY24	109.87		
31-Jul-24	Q1FY25	115.70		
07-Nov-24	Q2FY25	105.00		
20-Feb-25	Q3FY25	87.80		
22-May-25	Q4FY25	107.00		
06-Aug-25	Q1FY26	107.60		

* Report price adjusted to split (1:5) WEF 15-May-24

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Disclosure of Interest Statement: Canara Bank Ltd. as on 4th November 2025

Name of the Security	Canara Bank Ltd.
Name of the analyst	Prasad Hase
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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