

Internal



केनरा बैंक Canara Bank

भारत सरकार का उपक्रम

A Government of India Undertaking



सिंडिकेट Syndicate

Ref.: SD:142/143/11/12::2024-25

10.06.2024

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 - 400051
Scrip Code: CANBK

Dear Sir/Madam,

Sub: Ratings by Moody's

Ref: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015

The Exchanges are hereby informed that Moody's (Rating Agency) has affirmed Bank's Long-term local and Foreign Currency Bank Deposit Rating at 'Baa3' with Stable Outlook. At the same time, Moody's has upgraded the Baseline Credit Assessments (BCAs) of the Canara Bank to ba2 from ba3. We have received the report on today i.e. 10.06.2024.

A copy of the rating letter received is enclosed herewith.

This is for your information and appropriate dissemination.

Yours faithfully,

SANTOSH KUMAR BARIK
COMPANY SECRETARY

सचिवालय विभाग

प्रधान कार्यालय

112, जे सी रोड, बेंगलूरु - 560002

E-Mail - hosecretarial@canarabank.com

Secretarial Department

Head Office

112 J C Road, Bengaluru - 560002

www.canarabank.com

F +91 80 22248831

T +91 80 22100250

MOODY'S

RATINGS

Rating Action: Moody's Ratings affirms ratings of 3 Indian public sector banks; upgrades their standalone credit profiles

07 Jun 2024

Singapore, June 07, 2024 -- Moody's Ratings (Moody's) has affirmed the Baa3 long-term local and foreign currency bank deposit ratings of Bank of Baroda (BOB), Canara Bank (Canara) and Punjab National Bank (PNB).

At the same time, Moody's has upgraded the Baseline Credit Assessments (BCAs) of the three banks to ba2 from ba3.

Moody's has maintained the stable outlooks on the long-term ratings of all three banks.

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBC_ARFTL491450 for the List of Affected Credit Ratings. This list is an integral part of this press release and identifies each affected issuer.

RATINGS RATIONALE

Today's rating action reflects the three banks' improved credit metrics and Moody's view that India's strong operating environment will continue to support their credit fundamentals over the next 12-18 months. The banks' respective nonperforming loan (NPL) ratios have declined, supported by manageable household leverage and healthy corporate balance sheets. Meanwhile, their improving profitability will support capitalization despite strong loan growth and higher risk weight requirements for unsecured lending. The banks' strong liquidity buffers and low reliance on market funds support their funding.

BOB's, Canara's and PNB's NPL ratios respectively declined to 2.9%, 4.2% and 5.7% as of 31 March 2024 from 3.8%, 5.4% and 8.7% a year earlier, supported by lower slippages as well as stronger recoveries and higher write-offs. Although their rapid growth of unsecured retail loans will pose risks to their asset quality, such loans represent a small share of their total loans. The banks have also built adequate loan loss reserves to buffer against future credit losses.

Their improved asset quality has translated into higher profitability because of lower credit costs. However, an increase in funding costs will lead to some moderation in their profitability over the next 12-18 months.

The banks' capitalization will remain stable over the next 12-18 months amid high loan growth. As of 31 March 2024, the Common Equity Tier 1 ratios of BOB, Canara and PNB were broadly stable from the year before at 12.5%, 11.6% and 11.0%, respectively.

Funding and liquidity will remain the banks' key credit strengths, underpinned by their status as public sector banks in India and linkages with the government, which result in good deposit franchises. At the same time, their respective liquid banking assets as a proportion of tangible banking assets have remained above 30% in recent years.

Moody's continues to assume a very high level of government support in the banks' ratings, leading to a two-notch uplift in their Baa3 deposit ratings from their ba2 BCAs.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of BOB's, Canara's and PNB's Baa3 deposit ratings is unlikely because they are at the same level as India's Baa3 sovereign rating.

BOB:

Moody's could upgrade BOB's ba2 BCA if its (1) tangible common equity (TCE) as a percentage of risk weighted assets (RWA) improves to above 13%; and (2) net income as a percentage of tangible assets increases to 1.2% on a sustained basis.

On the other hand, Moody's could downgrade BOB's deposit ratings if India's sovereign rating is downgraded or the bank's BCA is downgraded by more than one notch.

A lowering of BOB's BCA is likely if its (1) asset quality deteriorates, leading to higher credit costs and a decrease in its return on tangible assets to below 0.5% on a sustained basis; or (2) TCE/RWA ratio declines below 7%.

Canara:

Moody's could upgrade Canara's ba2 BCA if its (1) TCE as a percentage of RWA improves to above 13%; and (2) net income as a percentage of tangible assets increases to 1.2% on a sustained basis.

Conversely, Moody's could downgrade Canara's deposit ratings if India's sovereign rating is downgraded or if the bank's BCA is downgraded by more than one notch.

A lowering of Canara's BCA is likely if its (1) asset quality deteriorates, leading to higher credit costs and a decrease in its return on tangible assets to below 0.5% on a sustained basis; or (2) TCE/RWA ratio declines below 7%.

PNB:

Moody's could upgrade PNB's ba2 BCA if its (1) TCE as a percentage of RWA improves to above 13%; and (2) net income as a percentage of tangible assets increases to more than 1.2% on a sustained basis.

On the other hand, Moody's could downgrade PNB's deposit ratings if India's sovereign rating is downgraded or if the bank's BCA is downgraded by more than one notch.

A lowering of PNB's BCA is likely if its (1) asset quality deteriorates, leading to higher credit costs and a decrease in its return on tangible assets to below 0.5% on a sustained basis; or (2) TCE/RWA ratio declines below 7%.

The principal methodology used in these ratings was Banks Methodology published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/409852>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Bank of Baroda is headquartered in Mumbai and reported consolidated assets of INR16.5 trillion (\$197.8 billion) as of 31 March 2024.

Punjab National Bank is headquartered in New Delhi and reported consolidated assets of INR16.0 trillion (\$191.8 billion) as of 31 March 2024.

Canara Bank is headquartered in Bangalore and reported consolidated assets of INR15.4 trillion (\$184.6 billion) as of 31 March 2024.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL491450 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation
- Issuer Participation

- Participation: Access to Management
- Participation: Access to Internal Documents
- Endorsement
- Lead Analyst
- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. For disclosures on the lead rating analyst and the Moody's legal entity that issued the rating, please see the issuer/deal page on <https://ratings.moodys.com> for each of the ratings covered.

Please see <https://ratings.moody's.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moody's.com> for additional regulatory disclosures for each credit rating.

Devang Rajkotia
Analyst
Financial Institutions Group
Moody's Investors Service Singapore Pte. Ltd.
71 Robinson Road #05-01/02
Singapore, 068895
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Alka Anbarasu
Associate Managing Director
Financial Institutions Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Singapore Pte. Ltd.
71 Robinson Road #05-01/02
Singapore, 068895
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR

IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND

MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for

credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese

regulatory requirements.