

Operator: Ladies and gentlemen, good day and welcome to the Punjab National Bank Q4 FY26 earnings conference call hosted by Elara Securities. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Payal Shah. Thank you and over to you.

Operator: Hello everyone and welcome to the Q4 FY26 earnings conference call of Punjab National Bank. Today we have with us the management of the bank headed by Mr. Ashok Chandra, MD and CEO, Mr. Parma Sivan, Executive Director, Mr. Vibhu Prasad Mahapatra, Executive Director, Mr. D Surendra, Executive Director, and Mr. Amit Kumar Srivastava, Executive Director. With this introduction, I would like to hand over the call to Mr. Ajay Kumar Singh, Strategic Management and Economic Advisory, to read out the disclaimer statement, after which the MD will address the conference. Thank you and over to you, sir.

Management: Good afternoon, ma'am. We require just 2 minutes. Please give us 2 minutes.

Management: Yes, at the outset, let me read the disclaimer. This representation contains certain forward-looking statements apart from historical information. These forward-looking statements involve risks, uncertainty, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Punjab National Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the present date. Now I request the MD to address the analysts. MD sir, please.

Management: Good afternoon, ladies and gentlemen. Welcome to the Q4 and financial year 25-26 analyst meet of the bank. During FY26, the bank delivered broad-based sustainable performance across all core dimensions: customer service, business growth, asset quality, profitability, and operational efficiency. We met or exceeded our stated guidance for the 2025-26 financial year across most key parameters. The only areas of variance were the CASA ratio and margins, which were largely influenced by liquidity and interest rate dynamics.

To drive growth, the bank is sharpening its focus on retail, agriculture, and MSME segments through targeted outreach campaigns. A calibrated network expansion is complementing this. We added 144 branches in FY26 and plan to open 250 more in the current financial year. These branches will be primarily in the southern and western regions. A new zonal office in Bengaluru has already been operationalized to strengthen our presence and execution in the southern region. We are also leveraging digital enablers to accelerate growth and enhance operational efficiency. A key initiative is the Digi MSME Prime scheme launched on our 132nd foundation day, offering end-to-end digital MSME loans up to 10 crore.

We remain highly vigilant on asset quality, delivering a sharp reduction in both GNPA and NNPA. Our sustained focus on profitability has driven sequential growth in operating and net profit, reaching their highest ever levels.

Now I will touch upon the segment-wise business figures, profitability, and asset quality. First, business. The bank's financial performance for the period ending March 2026 reflects steady

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growth coupled with ongoing strategic realignment. Our gross global business reached 29.7 lakh crore, marking a healthy 10.7% Y-o-Y growth. On the asset side, advances grew by 12.7% Y-o-Y to 12.59 lakh crore despite an 18,231 crore reduction in IBPC exposure, which we have done prudently.

Excluding the IBPC book, underlying average growth remains strong at 15% Y-o-Y, reflecting robust core business momentum. Our retail book excluding IBPC grew by 18.2%, MSME by 19.9%, and the agri-priority sector witnessed growth of 16.2%. Future credit growth remains well supported by a strong pipeline. The bank sanctioned over 4 lakh crore in corporate credit lines during financial year 25-26, with 1.18 lakh crore still pending for disbursement.

Global deposits of the bank have reached 17.11 lakh crore, up by 9.2% on a Y-o-Y basis. The CD ratio of the bank is at a comfortable level of 73.6%, which gives us comfort to grow in advances while being mindful of raising high-cost deposits. On account of various customer-centric initiatives and revamped products, the CASA ratio of the bank has stabilized at around 37% and was consistent around 37% in all the four quarters of the financial year.

In CASA, we strategically focused on enhancing our individual savings account balances. Over 35% of our customers are under 30 years of age, giving us a strong foothold in the next-generation segment. We are focusing on serving them across their financial life cycle with tailored digital-first solutions driving long-term relationship value.

Coming to profitability, our domestic NIM stood at 2.61% for Q4, whereas global NIM stood at 2.47%. In Q3, the impact of the December rate cut was limited to 26 days, whereas in Q4 it played out over the full quarter. While we had anticipated an offset through moderation in deposit rates, deposit rates remained sticky and did not fully compensate for the compression in yield on advances.

We expect the margins to improve moving forward and our NIM to witness a Q-o-Q increase from the level of Q4 FY26. We expect our global NIM to remain in the range of 2.6% to 2.7% for financial year 26-27. Operating profit of the bank increased on a sequential basis. Operating profit for Q4 was 7,500 crore as against 6,776 crore for Q4 of 2025. This reflects a growth rate of 10.7%. For the full year, there is a 9.2% growth, well above the guidance of 8% to 9%. Net profit of the bank for Q4 FY26 stands at 5,225 crore as against 4,567 crore for Q4 FY25, reflecting healthy Y-o-Y growth of 14.4%.

Coming to the efficiency ratio, efficiency ratios of the bank are increasing consistently. Our return on asset is at the level of 0.89% for FY26 as against 0.97% for FY25, as the bank has taken a one-time hit on account of switching to the new tax regime in Q1 FY26. In the remaining three quarters, return on asset has consistently remained above 1%, at 1.05% in Q2, and 1.06% each in Q3 and Q4. Return on equity stands at 15.67% for FY26. Our tangible book value per share as on March 31, 2026, is 102.95, which significantly improved from 84.83 as on March 31, 2025. We are quite mindful of improving our cost-to-income ratio, which has reduced to 51.79% in FY26 as against 54.59% in FY25.

Coming to asset quality, our asset quality is improving consistently and our GNPA has reduced to 2.95% as on March 31, 2026, from 3.95% in March 25. Similarly, the net NPA percentage, which was 0.40% in March 25, has reduced to 0.29% in March 26. We are well within our guidance for the

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gross NPA as well as the net NPA ratio. Our PCR stands at 97.14% as on March 26, which is well above our guidance of more than 96% for financial year 25–26.

Total fresh slippages during Q4 2026 were 2,674 crore as against 2,904 crore in Q4 FY25. Our guidance for the slippage ratio was to remain below 1% in FY26 and we are well within our guidance level, as the slippage ratio for the full year is 0.60%. Total recovery stood at 4,082 crore for Q4 2026 and 15,501 crore for the full financial year. Our recovery is 2.48 times the slippages in FY26, reflecting our commitment toward improving asset quality. We have made an additional floating provision of 270 crore on a prudential basis in Q4 FY26.

I will provide analysis on underwriting standards, which will provide confidence regarding the asset quality and underwriting standards of the bank. From July 1, 2020, to March 31, 2026, a period of almost 5.75 years, we have sanctioned around 14.28 lakh crore in loans, out of which we have disbursed 12.46 lakh crore. The outstanding in these loans as on March 31 is 8.75 lakh crore, which is close to 69.5% of our total outstanding loan book. The NPA in this book is hardly 5,034 crore, which is only 0.40% of the disbursed amount under fresh underwriting.

I will talk about the capital. Our capital adequacy is 17.74% as on March 2026, compared to 17.01% as on March 2025, which is 73 basis points above March 2025. Our CET1 capital stands at 13.62% against a regulatory requirement of 8%. Tier 1 capital stands at 15.15% against a regulatory requirement of 9.5%, and Tier 2 capital stands at 2.59% as on March 31, 2026. More than 85% of the total externally rated advances of 25 crore and above are A rated or above, and more than 52% are AAA rated, which indicates our balance sheet strength from a risk point of view.

Institutional participation has strengthened progressively throughout the year, underpinned by our proactive and structured investor outreach across both global and domestic markets. FII holdings increased from 5.71% to 6.39%, while domestic investors' and mutual funds' shareholding rose from 14.67% to 15.95%, signaling rising confidence in the bank's strategy, performance, and future trajectory.

I will talk about digital banking. Punjab National Bank is rapidly evolving into a tech-first financial powerhouse, leveraging advanced AI, machine learning, and analytics to drive unprecedented operational efficiency and growth. We have established end-to-end digital journeys across most lending products, which are being leveraged to scale digital lending and drive growth. We have sanctioned and disbursed more than 20,873 crore through digital mode in Q4 to 4.8 lakh customers. Every third loan is being sanctioned in digital mode in our bank. On a gross basis, the bank has crossed digital sanctions of 1 lakh crore, demonstrating our commitment toward faster technology-enabled credit solutions.

The digital-first approach has shifted the landscape of the bank's operations, with digital transactions now accounting for more than 95% of all transactions. The flagship PNB One mobile app leads the charge, offering 350-plus features and enterprise-grade security like mobile threat detection and SIM binding. There is very good traction in our corporate mobile app, PNB One Business, which serves 3 lakh customers with more than 200 features. The number of WhatsApp banking users has grown by 77%, from 61.5 lakh as on March 25 to 1.09 crore as on March 26. Combined with a robust WhatsApp banking platform and an internet banking ecosystem, PNB is delivering a highly accessible, secure, and automated banking experience built for the scale of

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modern India.

Human resources. Under our Udaan transformation initiative, the bank is driving growth through a robust, objective performance framework aligned with strategic priorities. We have revamped the digital performance management system to strengthen accountability, integrating new-age metrics such as conduct risk and customer feedback, alongside launching the Unnati path to accelerate women's leadership development.

We have also announced the tentative dividend. We need to wait for the AGM approval, but the Board has approved 3 rupees for every 2 rupees of the face value of the shareholding, which almost comes to 150% of the face value. In conclusion, Punjab National Bank is sharpening its strategic focus on core franchise strength with targeted efforts to build a stronger CASA base and expand the RAM portfolio, supporting better margins and operating efficiency. A disciplined approach toward risk management, anchored on containing slippages and accelerated recoveries, continues to reinforce asset quality trends, while digital and workforce transformation are reshaping operating capabilities. The bank has strengthened three important verticals: credit card, cash management services, and supply chain finance. We will see many transactions in the current financial year in this segment. With these structural levers in place, the bank is poised to sustain growth momentum and progressively strengthen its competitive positioning across all segments.

Thank you very much. Along with me, all my executive directors and the top management of our bank are present here. I welcome any clarity or any query or anything which you would like to discuss about the financial results of our bank for 25-26. Thank you very much.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ashok Ajmera from HDFC. Please go ahead.

Ashok Ajmera – HDFC: Yes, thanks for giving me this opportunity. Compliments to Mr. Atul Sahay and the entire team of Punjab National Bank for achieving most of the guidance parameters. It is very heartening to note that the credit growth for FY26 has been 12.7%, which is better than the guidance provided. Everybody was apprehensive about that, but you achieved it. There was reasonably good deposit growth and good business growth as well. Having said that, sir, I have a couple of data points and some comments for discussion.

If you look at the slippages in this quarter, they have gone up slightly higher by almost 800 crore. SMA 2 numbers have come down from 1,800 crore to 450 crore, where the major reduction is in MSME and Agri. Does it mean that many of these accounts have slipped? Since you have only given SMA 2 numbers, we would also like to know the overall color on the SMA book because of the present situation and these slippages.

Management: Thank you very much, Mr. Ajmera. First, I will touch upon the slippages. In this financial year, the slippages are 2,758 crore, and if you compare this with financial year 24-25, the slippages then were 3,001 crore, almost 3,000 crore. We have seen the trend that almost every year in Q4, because of the renewals that fall in the quarter from January to March, and because most of these MSME and Agri loans come up for renewal, there are slightly elevated slippages in this particular quarter compared to Q1, Q2, and Q3. But still, if you see the overall slippages in the bank, it is well within the guidance we provided. It is 0.60%, while our guidance was below 1%. So we have

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kept the slippages fully under control.

I will provide the figures as well. In retail, 439 crore has slipped, compared to 490 crore in the same quarter of 24–25. In Agri, it is 1,069 crore, which was 1,400 crore in 24–25. In MSME, it is 1,100 crore, whereas it was 995 crore. So in almost all parameters we have brought them down and it is fully under control; there is absolutely no challenge. Now, for SMA 2, you mentioned the 500 crore and above category from the analyst presentation, but I will give you the total for SMA 0, 1, and 2. The actual number is 3.30%. It is the lowest ever in our bank. Everything is fully under control. In retail, it is 8.21%, in Agri it is 3.06%, in MSME it is 6.43%, and for others, it is 0.28%. So for almost all segments put together, the grand total is only 3.30% for SMA 0, 1, and 2 regardless of the amount.

Ashok Ajmera – HDFC: Point well taken, sir, and you explained it very well. The ECL guidelines have been finalized by RBI. We have been talking about the preparedness of the bank for the last four to six quarters. Now that the guidelines have come out in full and final form, where do we stand regarding the additional provisions required? You mentioned that you have an additional floating provision of 2,045 crore. Is this to take care of the ECL provisions, and how are we prepared to manage this in the coming years?

Management: If you see our capital position, CRAR, and CET1, in both parameters, we are well above the regulatory requirement. Our capital is 17.74% in CRAR, and the CET1 is 13.62%. We have enough cushion to take care of any requirement that arises from the implementation of ECL from April 1, 2027. That is the first thing. Second, keeping in view the additional provision likely to come, we have already kept 2,045 crore precisely for floating provisions. This can take care of our ECL requirements or any eventuality resulting from the implementation. We have enough room to manage anything that happens in the system. Given the underwriting standards and the SMA position I mentioned, we do not see much of a challenge in implementing the ECL from April 1, 2027.

Ashok Ajmera – HDFC: Okay. I noticed the employee cost has gone down tremendously compared to the last quarter, falling from 5,089 crore to 3,747 crore. Does this mean more provisions were taken in earlier quarters, or is it due to the rate change in pension and other items? What is the reason for the 1,342 crore reduction in this quarter? This was added to the profit; without it, our profitability would have been significantly affected.

Management: Mr. Ajmera, in financial ratios, there will always be "if" factors. I will tell you why and how it happened. Some additional provision was kept during Q1, Q2, and Q3, and some plow-back occurred because of the actual gain. Under AS-15, the bond yield went up. If it had reduced, it would have increased my treasury income. Now, my treasury income is very subdued in this quarter. In the entire system, there will be impacts; here, that impact showed up positively on the AS-15. We calculated the yield prevailing during Q1, Q2, and Q3. When the yield hardened, it affected my treasury income but resulted in a gain through the actuarial calculation. We need to look at how the bank is performing overall. It is not that operating profit happened only once; in all four quarters, we have more than 7,000 crore of operating profit and more than 5,000 crore of net profit. There is consistency in the system, and if you see our charts for net profit, operating profit, ROA, and other ratios, there is very consistent growth. I can assure you and the investors that this consistency will continue.

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Ashok Ajmera – HDFC: Yes, point well taken. Treasury income went down, and that is reflected here because the treasury income loss is offset by the reduction in employee cost. Looking at taxation, in the first quarter, a hit of 5,083 crore was taken for the new regime. Thereafter, it was 1,700 crore, then 1,200 crore, and now 1,852 crore. In this quarter, the profit before tax increased by only 745 crore, but the tax increased by 621 crore, which is almost 85% of the additional profit before tax. Are there still some items in the tax that we do not know about?

Management: I will ask my CFO, Mr. Grover, to answer this.

Management: Sir, we are paying at a rate of 25.168%. For Q3, the rate was 19.44%. We conveyed earlier that in Q3 we had a release of 506.01 crore from earlier provisions made in anticipation of higher tax outflow. So, Q3 had that reversal. For this quarter, the rate is 26.16% against our 25.168%. Sir, we have some disallowances, so we have booked the tax expense this time based on our 25.17% rate. Factoring in those disallowances, it came to 26.16%.

Ashok Ajmera – HDFC: Okay, sir. On the NIM, you provided a very good target of 2.8% to 2.9%, but we landed at 2.57%. Everybody is under that pressure. Going forward, you provided a guidance of 2.6% to 2.7%. Can we not provide a higher guidance like 2.8% or 2.9% and try to achieve it rather than lowering the NIM target? Also, regarding the West Asian crisis and the conflict involving Iran and Israel, have you seen any impact on our accounts, especially MSMEs? Is the pressure being felt, or is it neutral?

Management: First, I will touch upon the NIM part. We could have guided for 2.8% to 2.9%, but considering the prevailing situation and deposit rates which remain at an elevated level, we do not see much change in the first quarter of this financial year on the deposit front regarding rates. Deposits are available and there is no liquidity challenge, but the rate is high. The bond rate is also very high. Things are different at this point. We thought instead of providing a rosy picture and falling short, we should keep the guidance at 2.6% to 2.7%. We will watch the situation for Q1 and Q2 and then decide if it needs to be modified in Q3.

Regarding the stress, as of now, we have not seen any challenge in our book. In fact, we had interactions with our exporters and importers in the affected areas. We conducted two webinars with them and informed them that we are there to protect and help them should any challenges arise.

Ashok Ajmera – HDFC: Okay, sir. Thanks a lot. Technically no problem. All the best to you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Mahrukh Adajania from Nuvama Capital. Please go ahead.

Mahrukh Adajania – Nuvama Capital: Good evening, sir. I have a question on your provisions. Earlier, there was a write-back from IL&FS on one of the accounts and you had not included it in the numbers. This quarter, other banks included Sterling Biotech as a write-back. Have we accounted for the write-back from these two accounts in our numbers? Were they accounted for in Q4, and under which line item?

Management: Sterling has been factored in, ma'am. Sterling is a technical write-off account, so that amount is factored into our operating profit. For IL&FS, the standard provision is still kept. We have not yet included it in our operating profit. We will see in Q1 or Q2, depending on the situation, and then take it back into operating profit.

Mahrukh Adajania – Nuvama Capital: There was also a reversal in your standard asset provision this quarter, which was a negative number. What was that for?

Management: That is because of the June 7 circular implementation. When restructuring is maintained or an account gets upgraded, those reversals happen. There was also a reversal in NPI because of the RBI's modified guidelines.

Mahrukh Adajania – Nuvama Capital: Could you please explain that part again?

Management: There was a release of 727 crore that was kept in the standard account provision due to the large borrower account framework under RBI guidelines. The RBI modified those guidelines effective January 1, 2026, which resulted in that release of 727 crore in the standard account provision.

Mahrukh Adajania – Nuvama Capital: Got it, sir. Thank you.

Operator: Thank you. The next question is from the line of Jai Mundra from ICICI Securities. Please go ahead.

Jai Mundra – ICICI Securities: Hi, good evening sir. What was the average LCR during the quarter and what is our comfort level for next year?

Management: We would like to keep it around 125%, and we were at almost that same level as on March 26.

Jai Mundra – ICICI Securities: In your guidance, I see that you are building in an NII growth of 7% despite expecting slightly better NIMs and credit growth of 12% to 13%. This suggests you are running down non-loan assets, like the investment book. But your LCR doesn't have that headroom. How do you plan to achieve that?

Management: We are working on two things. First, if you look at our CASA growth, particularly individual savings accounts, there has been significant growth. There was 9.2% growth in the individual SB front, which is core deposit. We took many initiatives last year, revamped the CASA products, and opened more than 40 lakh new quality accounts. Traction has been good, and we expect further accretion and new account openings. We expect good traction in CASA deposits this quarter.

Second, the bank is focusing heavily on retail term deposits. Because of these two factors, we expect the cost of deposits to come down moving forward. On the asset side, since last year, we have focused on mobilizing the RAM portfolio – Retail, Agri, and MSME. We have seen the impact, with 20% growth in the MSME front every quarter. MSME is the highest contributor to profitability across banks, as yields are highest in that segment. We want to build a good portfolio there. Agri priority sector grew at 16%, and retail grew at 18%.

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Last year included many outreach programs, and this momentum is continuing. In the first month of this financial year, we held a massive retail outreach in more than 200 centers and generated 9,000 crore in retail portfolio leads. On April 27, we had MSME outreach at cluster centers in 220 locations and mobilized 21,000 crore in leads. On March 8, we will have an Agri expo at more than 200 centers. We are doing these activities so that the dependency on corporate loans, which is currently around 46% to 47%, can be brought down to 40% in the long term, and 42% in the short term. We want the RAM share to reach 60% in the long run and around 58% in this financial year. If that composition shifts, our yield on advances will go up, contributing significantly to our NII.

Jai Mundra – ICICI Securities: That would be key to your new guidance of 2.6% to 2.7%, correct?

Management: Yes, we are definitely going to do this.

Jai Mundra – ICICI Securities: I am trying to understand why you would guide for NII growth of only 7% when you expect NIM expansion and 12% to 13% credit growth?

Management: We have set NII growth at 7% as a conservative level because of the current deposit and asset portfolios. Still, many things have to happen in the system. When the NIM is in the range of 2.6% to 2.7%, we should not expect NII to grow at 10% to 12%. If NIM is improving by only 10 to 15 basis points, NII will be in the same range. We are going to revisit this for the next two quarters. We will watch how deposit rates and credit outflows evolve and revisit the guidance in October.

Jai Mundra – ICICI Securities: Just one data point. What was the absolute amount of the adjustment in employee cost from the yield hardening?

Management: The total positive impact is 2,121 crore.

Jai Mundra – ICICI Securities: Continuing from the previous question, if loan growth remains at 12% to 13% and NII growth is lower than credit growth, then mathematically NIM should decline. How do these three things tally if you expect NIM to expand?

Management: We kept NII at 7% as a conservative level because of the portfolio balance. Our core RAM share in overall credit is around 54%. In this financial year, we are trying to reach 56% to 57%. If that happens, there will be an improvement in our yield on advances. Previously, the bank was heavily weighted toward corporate loans. A year ago, the corporate book was around 49% to 50%, which we brought down to 46%. When the corporate book comes down to 40% and RAM becomes 60%, the lever for NII will improve. In the corporate book, there is uncertainty and daily challenges, which is why we cannot forecast that NII will grow strictly in line with credit growth. We need to redesign the portfolio for sustainable NII growth. Interest rate factors are also present, which is why we kept a conservative NIM guidance.

Jai Mundra – ICICI Securities: This core RAM portfolio and the reported RAM – it looks like the IBPC portfolio is still 70,000 crore. Is that broadly correct?

Management: No, it has come down to 32,000 crore now.

Jai Mundra – ICICI Securities: And this will be at a negligible level by the end of FY27?

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Management: Yes. Last year, we shed almost 19,000 crore, specifically in the retail segment, because these were low-yielding advances. Despite that, we have grown reasonably well. We are going to replace all those low-rate IBPC assets. We expect a further reduction of 18,000 to 20,000 crore. We want to completely exit the IBPC business. Moving forward, you will see a lot of core activity in the retail, agri, and MSME sides.

Jai Mundra – ICICI Securities: Looking at Slide 10, it shows retail at 2,80,000 crore and retail excluding IBPC at 2,51,000 crore, which is roughly 29,000 crore. Is the IBPC only sitting in retail?

Management: Yes, the IBPC is sitting only in retail.

Jai Mundra – ICICI Securities: Regarding NIM, this quarter the cost of deposit declined by only 4 basis points. How should we look at the cost of deposits? Will they continue declining, stay stable, or move up?

Management: We are closely watching our incremental cost of deposits. Comparing January, February, March, and April, there has been a decline in the incremental cost of deposits. Additionally, in FY25, we had a special scheme offering 7.25% and 7.75% for 400 days. Almost 95% of those have been repriced by the end of Q4. Since new deposits are being gathered at a lower cost, we expect improvements in our NIM during Q1 and Q2. I expect about a 5 basis point improvement in the cost of deposit.

Jai Mundra – ICICI Securities: Last quarter, we said there was a 9,000 to 10,000 crore provision shortfall as per the draft ECL guidelines. Does that broad number remain after looking at the final circular?

Management: For the final number, let us wait another two quarters. We have onboarded the digital platform and modeling is in place. But I can assure you that the capital adequacy and floating provisions we have are sufficient to take care of the ECL requirement starting April 1. We do not see any threat to our balance sheet.

Jai Mundra – ICICI Securities: Capital is very robust. Last year we had approval to raise 8,000 crore in capital, but we did not raise any, yet the capital position is 17.74%.

Management: Yes, despite maturities of AT1 and Tier 2 bonds totaling 5,489 crore and not raising new capital, our position is strong. Non-raising of bonds has saved us approximately 175 crore in interest which will accrue this year. This year, 5,890 crore in bonds are completing, and we do not plan to raise capital.

Jai Mundra – ICICI Securities: Do you have the absolute numbers for SMA 0, 1, and 2 at the bank level?

Management: SMA 0 is 24,643 crore, SMA 1 is 13,970 crore, and SMA 2 is 2,922 crore. All put together, it is 41,534 crore, or 3.30%. This is regardless of the amount.

Jai Mundra – ICICI Securities: What was the change in AFS reserves as of March 31 versus December 31?

Management: The fluctuation was mainly due to one particular asset. On March 26, the market fell deeply because of the crisis, and we take the figures as of that day. It has since gone up. I will provide the specific numbers offline. Thank you.

Operator: Thank you. The next question is from the line of Param Subramanian from Investec. Please go ahead.

Param Subramanian – Investec: Good evening, sir. On a run-rate credit cost basis, how would implementing ECL affect your guidance?

Management: For the ECL numbers, let us wait another two quarters. By July, we will have clear visibility. Rough calculations show we are in line with capital requirements and asset quality. We already have a floating provision of 2,045 crore. We are in a comfortable position and will discuss actual numbers later.

Param Subramanian – Investec: Will you be able to deliver over 1% ROE?

Management: Yes, absolutely. We have a 97% PCR. Stage 3 releases can happen once ECL is implemented. Having a 97% PCR, 2,000 crore in floating provisions, and 17.74% capital adequacy should provide confidence. We do not require 5 years to implement; we can do it in 1 or 2 years.

Param Subramanian – Investec: Where are we on term deposit repricing?

Management: Almost 95% of those special deposits were repriced by the end of March. We have not seen a significant reduction in the cost of deposits yet because we expected rates to fall in February and March due to the repo rate cut and inflation trends, but that did not happen. However, incremental deposits mobilized in February, March, and April show a reduction of about 2 to 3 basis points every month.

Param Subramanian – Investec: Will the NIM improvement to 2.6%–2.7% come from funding costs or the loan mix shift?

Management: It will be both. One is the deposit side and the second is the planned increase in RAM share.

Param Subramanian – Investec: On wage revision, when will negotiations and provisions begin?

Management: The wage revision is due on November 1, 2027. It does not impact the 26–27 financial year yet, so we have not started making provisions.

Operator: Thank you. The next question is from the line of Ashlesh Sonjay from Kotak Securities. Please go ahead.

Ashlesh Sonjay – Kotak Securities: Sir, a clarification on the AS-15 provision reversal of 2,100 crore. Was that the amount reversed this quarter?

Management: Total provision for AS-15 was 1,814 crore for this financial year. There was a reversal, but only to the extent of 736 crore. In Q1, we made a provision of 1,185 crore. In Q2 and Q3, we made 700 crore each. This quarter, because the G-Sec rate hardened, further provision was not

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needed. We treated 736 crore as prepaid AS-15, and the balance 1,814 crore was booked as expenditure in employee cost.

Ashlesh Sonjay – Kotak Securities: What is the average yield on the corporate book versus the RAM book?

Management: The corporate yield is 7.55% and the MSME yield is 9%. Our global domestic yield is 8.23%. The corporate loan book gives us a lower yield than the domestic average.

Ashlesh Sonjay – Kotak Securities: Thank you, sir.

Operator: That was the last question. I will now hand the conference over to management for closing comments.

Management: Thank you to all the esteemed investors and analysts. We have a robust system in place and are mindful of growth, profitability, and asset quality. I request that you maintain your trust in PNB. We will continue to deliver consistent profit performance. Thank you very much.

Operator: Thank you. That concludes this conference. You may now disconnect your lines.

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