“Punjab National Bank

Q2 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Punjab National Bank Q2 FY27 Earnings Conference Call.

As a reminder, all participant 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 the conference call, please signal to operator by pressing star and then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Aggarwal. Thank you, and over to you, sir.

Nitin Aggarwal: Thanks, Sagar. Good evening, everyone. On behalf of Motilal Oswal, I welcome you all to this call to discuss the Q2 FY27 Results of Punjab National Bank. We have with us Mr. Ashok Chandra-ji, Managing Director and CEO, along with his top leadership team represented by Executive Directors, Mr. M. Paramasivam and Mr. Amit Kumar Srivastava, to take us through the key highlights of our quarterly performance.

I'll now hand over the call to Mr. Sunil Kumar Goyal, Chief General Manager from the Strategic Management and Economic Advisory Division to take things forward. Over to you, Mr. Goyal.

Sunil Kumar Goyal: Good evening. Now I'm sticking to the disclaimer. Statements made during this call may contain certain forward-looking statements apart from historical information. These forward-looking statements involve a number of risks, uncertainties, 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 MD sir for his opening remarks.

Ashok Chandra: Good evening, ladies and gentlemen. First of all, I would like to touch upon the state of Indian economy. Indian economy continues to demonstrate a strong underlying growth momentum, supported by resilient domestic demand, infrastructure investment, expanding services activity, and a steadily strengthening financial system.

India recorded real GDP growth of 7.8% in the first quarter of FY26-27 compared with 6.9% in the corresponding quarter of the previous year. Recently, MPC in its meeting and World Bank in its India Development report had also revised the GDP estimates for financial year FY26-27 to 7.1% from the previous estimates of 6.7% and 6.6%, respectively.

On the external front, India's Merchandise exports grew by 17.85% Y-o-Y during the period April to August 2026, reaching an estimated US$215.91 billion. The banking sector characterized by historically low levels of stressed assets and strong profitability is well positioned to play a pivotal role in supporting and sustaining India's economic expansion.

Coming to Punjab National Bank, we sustained a strong business momentum in Q2, marked by a decisive improvement in margins in line with our expectations, continued strengthening of

asset quality and enhanced operating efficiency. Our performance reflects the strength of our franchise and disciplined execution of strategic priorities. We remain firmly on track to deliver our FY26-27 guidance.

Our focus on retail, agriculture, and MSME continues to guide our efforts towards building a diversified and resilient advances book. At the beginning of the financial year, we have targeted to open 250 branches in this financial year with particular emphasis on strengthening our footprint in the Southern and Western regions.

We have already opened 162 branches out of which 119 are in the Southern and Western region. In parallel, we are accelerating our digital transformation to build a more agile, efficient, and customer-centric organization. Our investments in technology, process automation and data analytics are aimed at simplifying banking journeys, improving service delivery, and enhancing productivity while positioning the bank to scale efficiency in a rapidly evolving banking environment.

With this context, let me now turn to the segment-wise performance and key developments during the quarter. First, I will touch on the overall business growth. Our gross global business has reached INR 31.18 lakh crores, registering a robust Y-o-Y growth of 11.9%.

Our advances grew by 14.7% Y-o-Y to INR 13.41 lakh crores despite reducing IBPC exposure by INR 23,700 crores. Excluding this impact, core advances registered a robust Y-o-Y growth of 17.4%, reflecting healthy credit demand and strong underlying business momentum. Our core RAM portfolio continued to deliver healthy growth with retail advances, excluding IBPC growing by 16.3%, MSME by 19.8%, and agriculture (priority sector) by 18.1% Y-o-Y, reflecting broad-based traction across key segments.

Credit growth is well positioned to maintain its strong momentum, supported by a robust sanction pipeline. Bank sanctioned INR 4 lakh crores in FY 2025-26 in corporate credit lines. Further, in the first half of this year, we have already crossed more than INR 2.5 lakh crores of sanctions in the corporate credit. Our pipeline credit is to the tune of INR 1.58 lakh crores, which provides a strong visibility for future credit growth.

Global deposits of the bank have reached to INR 17.77 lakh crores with Y-o-Y growth of 9.9%. Our CASA strategy is centered on deepening customer engagements and enhancing individual saving account balance, which grew by 8.1% Y-o-Y. In the beginning of FCNR campaign, we had targeted to raise USD 2.5 billion, and we have raised USD2.7 billion in a calibrated manner.

The same has been utilized for shedding of our high-cost bulk deposits and CDs. With a CD ratio of 75.5%, we have adequate balance sheet headroom to support planned credit expansion. Accordingly, our deposit mobilization remains measured and strategic with a clear emphasis on optimizing the cost of funds rather than pursuing volume at any cost.

I will touch upon the profitability. Improving profitability remains the bank's foremost strategic priority as consistently emphasized across various forums. As indicated in our previous interaction, we had expected a sequential improvement in margins during FY 2026-27. Our Q2

performance validates this assessment with a substantial improvement in margins during the quarter.

Domestic NIM improved by 10 basis points sequentially from 2.64% to 2.74%, while global NIM increased from 2.5% to 2.58%. We expect this positive trajectory to strengthen further in the coming quarters, supported by disciplined balance sheet optimization. NII increased to INR 11,601 crores, registering Y-o-Y growth of 10.8% and sequential growth of 7.4%, surpassing our stated guidance of 7%.

Operating profit is continuously above INR 7,500 crores mark from the last 3 quarters and stands at INR 7,532 crores for Q2 of this year. Core operating profit, excluding recoveries from written-off accounts and treasury gains, grew by 29.4% Y-o-Y basis and 8% on a Q-o-Q basis. Core operating profit forms 79% of the total operating profit in Q2 of FY2027, which was 64% in Q2 of FY26.

Our fee-based income grew by 16% on Y-o-Y basis, reflecting continued progress in diversifying revenue sources. The bank recorded a net profit of INR 5,532 crores in Q2 with Y-o-Y growth of 12.8%. The bank's overall earnings profile reflects a sustained focus on profitable growth and strengthening core earnings.

Efficiency ratios. Our return on assets has consistently remained above 1% mark and stands at 1.05% in Q2 of this year. Our return on equity stands at 17.32%. Our tangible book value per share stood at INR 111.94 as on September 30, 2026, registering a significant improvement over INR 95.92 as on September 30, 2025.

Our cost-to-income ratio has demonstrated a consistent declining trend, improving to 50.45% in Q2 from 51.20% in Q2 of last year, reflecting our continued focus on operational efficiency and cost optimization. I will touch upon the asset quality.

Asset quality continues to strengthen with the gross NPA ratio declined to 2.55% as on September 30, 2026 from 3.45% as on 30th September 2026. The net NPA ratio has also improved to 0.25% as of September 30, 2026 from 0.36% as on 30th September 2025. This sustained improvement reflects our disciplined credit underwriting, robust monitoring, and focused recovery efforts while keeping us firmly on track to achieve our FY26-27 guidance on both GNPA and net NPA.

We have not seen any material impact of geopolitical tensions on the bank's asset quality. Our slippages remain contained, SMA accounts are stable, and the overall credit portfolio continues to perform well. Our SMA-0, 1, and 2 all combined, is all-time low levels of 2.50% of the overall loan book. Our PCR stands at 97.32%, which is well above our guidance of more than 96% for FY'27.

Total fresh slippages during the Q2 of this year is INR 2,395 crores and our guidance for slippages ratio to remain below 0.9% in FY'27. We are within our guidance level -- we are at 0.77%. Total recovery stood at INR 2,805 crores for Q2 of this year, and our recovery is 1.17 times of the slippages in Q2, reflecting our commitment towards improving asset quality. We

have made additional floating provision of INR 125 crores on a prudential basis, making our total floating provision of INR 2,560 crores.

I will also touch upon the asset quality underwriting standards. From the 1st July 2020 to 30th September 2026, almost 6.25 years, we have sanctioned around INR 15.97 lakh crore loans, out of which we have disbursed INR 14.09 lakh crores loans. And the outstanding in these loans is INR 9.60 lakh crores, which is close to 71.60% of our total outstanding loan book as of today. And NPA in this book is hardly 0.42% of the disbursed amount under fresh underwriting.

Our capital adequacy is 17.95% as on 30th September as compared to 17.19% as on 30th September 2025. Our CET1 capital stands at 14.44% against regulatory requirement of 8%, Tier 1 capital stands at 15.89% against regulatory requirement of 9.5%, including CCB and Tier 2 capital stands at 2.06% as on 30 September 2026. More than 87.6% of the total externally rated advance above INR 25 crores are above A-rated, and more than 52.4% are AAA-rated, which indicates our balance sheet strength from risk point of view.

Our digital transformation is reshaping the bank into future-ready institution, driving superior customer experience, operational efficiency, and sustainable growth. Our H1 FY‘27, our digital sanction has crossed INR 41,500 crores, reflecting strong momentum towards our ambition of adding INR Ione more lakhs crores during this financial year. On the transaction side, over 95% of the customer transactions are now digital, and there is 31% Y-o-Y increase in digital transactions. We have further strengthened our digital payment offering by enabling UPI services for our current account customers through flagship product PNB One business mobile app.

There is good traction in the PNB One business app, and this app caters to more than 4.14 lakhs customers with more than 225 features. We remain at the forefront of supporting RBI and government-led initiative in CBDC and digital public infrastructure. Going forward, we are expanding the application of AI and machine learning across operations, advanced analytics, risk management, and decision-making. Anchored in responsible AI practices, robust governance, and regulated compliance, this initiative will further enhance the bank's agility, productivity, and customer-centricity.

PNB is taking steps towards becoming quantum-ready. We have deployed quantum-safe encryption in 246 of our customer-facing applications based on framework provided by NIST, USA. We are pioneering quantum technologies in banking through our Quantum Finance Innovation Hub at Amaravati, Andhra Pradesh, to advance cybersecurity, fraud detection, and secure digital financial services to strengthen the bank's technological resilience and future readiness.

Now, I will touch upon the most important aspect, that is the human resource. We are investing in targeted capability building through customized certification program in collaboration with IIBF. Bank has launched a large-scale Artificial Intelligence Enablement Program with Microsoft, which has trained 47,545 officers of the bank. These initiatives have equipped our

workforce with future-ready skills and enhancing technology adoption across the bank, and the bank has received Golden Peacock National Training Award for the year 2026.

Through initiatives such as PNB SPARSH offering telecommunication support for mental well-being, regular health checkups and wellness sessions, and childcare facilities, including creche services, we are fostering a supportive and inclusive workplace that prioritizes employees' physical, mental, and family well-being. Our pan-India initiative such as PNB Khel Utsav and PNB Taal Tarang provides platforms for employees to showcase their sporting and cultural talents, fostering a sense of belonging and promoting a vibrant organizational structure.

Now, I will be concluding. The bank is sharpening its focus on profitability by strengthening its savings individual franchise and drive calibrated growth in the retail, agri, and MSME segments to enhance margins, optimize the cost of funds, improve business mix, and deliver sustainable growth in the earnings and returns ratio.

Our robust risk management framework, anchored in prudent underwriting, disciplined credit monitoring, and focused recoveries, is strengthening asset quality and containing credit cost. Credit cards, cash management services, and supply chain finance are emerging as key drivers of diversified fee-based revenue growth.

In parallel, the bank is expanding its growth avenues through the introduction of wealth management services and the comprehensive revamp of trade finance modules aimed at enhancing customer value, strengthening service delivery, and improving non-interest income.

Anchored in a strong balance sheet, disciplined execution, and diversified growth drivers, the bank is well positioned to drive sustainable profitability, strengthening return ratios, and deliver consistent long-term values to stakeholders. Thank you very much, and I am open for any questions or any clarification related with the financial performance of our bank of Q2 financial year FY'26-27. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Kunal Shah with Citi. Please go ahead.

Kunal Shah: Yeah. Hi, sir. Congratulations for good set of numbers. So, firstly, on the utilization of FCNR side, if you can just highlight in terms of how we have utilized it. Was it more towards the repayment of the bulk deposits as well as maybe repayment of some of the low-yielding corporate advances as there is no inch-up on the either on the investments or on the cash side? So, how much of FCNR raise, how it is utilized? That would really be helpful. Yeah.

Ashok Chandra: Thank you, Kunal-ji. We raised USD2.7 billion. And whatever amount we have mobilized, to that extent, our high-cost deposit in the bulk segment and the CD, we have already shed now. So, we have practically utilized the entire amount now.

Kunal Shah: Okay. So, it is just replaced, and that's the reason we are seeing the decline in the cost of deposits.

Ashok Chandra: Absolutely. Absolutely right.

Kunal Shah: Because last time you mentioned like larger part of the repricing is already done, so I think entire benefit would have been because of reprice. So, now, how much is the bulk deposit or the high-cost deposits in the overall deposit base now?

Ashok Chandra: It is around, yeah, 17%, both bulk deposit plus CD put together.

Kunal Shah: And this was last quarter?

Ashok Chandra: It was around 19%. -

Kunal Shah: Yeah.

Ashok Chandra: We had the CD of around INR 60,000 crores, and we have brought it down to INR 40,000 crores now.

Kunal Shah: Okay. So, overall, now in terms of margin, so yield also appeared to have improved, so that is largely because of the repayment of the low-cost, maybe the corporate advances, or anything much to read into this?

Ashok Chandra: Yeah.

Kunal Shah: Almost like 8 basis points increase in the yield on advances? Yeah.

Ashok Chandra: Domestic NIM has gone by 10 basis points, 2.64 in Q1FY'27 to 2.74 in Q2 FY'27.

Kunal Shah: Yeah.

Ashok Chandra: And if you recall my last conversation also, I had indicated that bank is working on the rebalancing of our balance sheet towards the credit portfolio. That is one of the reasons you are seeing the growth in the advances side. We are growing at around 13% to 14%. We are shedding the, low-yielding advances, and to that extent, we are mobilizing the good portfolio now. I think coming quarters also you will see these things are happening, and I think there will be improvement in the NIM further.

Kunal Shah: So, how should margins pan out? We are very comfortable to get into the guidance of 2.6 to 2.7, given that we are already at 2.58 now.

Ashok Chandra: Yes. I think in this quarter also we are expecting that with the strategy which we have put in place, there will be some good improvement. And now, 25 basis points, the repo rate hike which has happened, I think that's also going to add. I'm expecting around 7 basis points to 9 basis points addition should further happen in this particular quarter.

Kunal Shah: So our reset of this entire repo-linked book, 53%-odd that would happen, say, quarterly, or how is it?

Ashok Chandra: No, it is very same day, means the next working day. So the day it gets announced, whether it is increase or decrease, as per the policy, we need to pass it on to those things in the very next working day. So already that we have done it and 56% of our book is linked with the...

Kunal Shah: So 25 basis points of 56% that should clearly reflect in terms of yield in the next quarter itself?

Ashok Chandra: Absolutely.

Kunal Shah: Almost like 10, 12 basis points impact would be there.

Ashok Chandra: Minimum 7 basis point overall impact will be there in the NIM side.

Kunal Shah: Sorry, did not get you, overall 7 basis points, sorry?

Ashok Chandra: 7 basis point improvement, minimum, it should happen in the NIM side.

Kunal Shah: Okay. On NIM, it should be 7 basis point. And on yield, it will be more than 10.

Ashok Chandra: It will be, yes.

Kunal Shah: Okay. Got it. And one last question on the corporate side after long, we saw some slippage. Anything to read into that maybe it's a smaller amount, but maybe what that pertains to almost like INR 300-odd crores and that's leading to slightly higher slippages quarter-on-quarter. And any worry which we would see on the MSME or the corporate or maybe any of the retail portfolio given the Middle East conflict, which is there?

Ashok Chandra: No, there is no impact of the Middle East crisis or the geopolitical tensions. I think it is one-off case. And for a very long time, we haven't seen any corporate loan is slipping to NPA. So I do not think any other stress is there in the system now.

Kunal Shah: And this is domestic?

Ashok Chandra: It is domestic.

Kunal Shah: Okay.

Ashok Chandra: Thank you, Kunal.

Kunal Shah: Thank you.

Moderator: The next question comes from the line of Chanchal, an individual investor.

Chanchal: My question was basically on the write back. I see this quarter the provisions are only INR 97 crores, right? Despite you have INR ,817 crores of NPA provision, an additional INR 1,150 crores standard asset provision. From where does this INR 2,000 crores of write back provision comes from? Is it one time and again, INR 1,150 crores pertains to your retail requirements?

Ashok Chandra: INR 125 crores we have kept as a floating provision. And there was a write-back to the extent of around INR 148 crores. Write-back of provision is there. And we have made some additional provision also to keep the provision coverage ratio intact. So all put together, it is INR 817 crores provision we have made in the NPA book now.

Chanchal: Okay. And my question was basically on the write back. Is there any write-back of close to INR 2,000 crores? It seems like it is there.

Ashok Chandra: No, no, write-back of INR 2,000 crores is not there in NPA.

Chanchal: Okay. [Inaudible 0:23:41] the other question on slippage was already answered. And I also see there is a slippage increase in agriculture sector, right? When I see there is a dotted slippage happening in Maharashtra and Andrah. Do you see further stress in this particular segment?

Ashok Chandra: As of now, the stress is not there, but yes, you are right. I think we need to be very careful and team is working on that. The large scale connector program with the farmers that we have organized now in all the geographies wherever the agriculture loans is there. So we need to be very watchful. We need to have very close liaising with our borrowers. And I think we will be able to navigate this.

Chanchal: Yes. And possibly my last question on your recovery. It seems that we are able to reach INR 5,600 crores. We still have a target of as per guidance more than INR 14,000 crores. So will you be able to reach that? How do you...

Ashok Chandra: Yes. In fact, we were expecting in this quarter to have a recovery in the range of around INR 3,000 crores to INR 3,500 crores. But recovery always happens sometimes you initiate the process, but it slips to the next month or next quarter. So I am expecting at least in this quarter, the recovery should happen in the range of around INR 3,500 crores. So we will be trying to reach that figure around INR 13,000 crores figure. But of course, it is challenging figure, somewhere INR 12,000 crores to INR 13,000 crores will be there.

Chanchal: Congratulations for the best quarter.

Moderator: [Operator Instructions] Your next question comes from the line of Ankit Bansal with AB Investment Limited. Please go ahead.

Ankit Bansal: Hello?

Ashok Chandra: Yeah. Please go ahead. Ankit.

Ankit Bansal: The question was slippages on the corporate loan, can you tell from which sector that has been...

Ashok Chandra: It is a road sector.

Ankit Bansal: Roadways and infrastructure?

Ashok Chandra: Infrastructure, yes.

Ankit Bansal: Sir, like you are doing your best to revive PNB and your efforts have also been seen. Sir, what negative or what environment are you seeing that will affect the bank in a negative way? Like are doing everything right and NPA slippages provision, everything is under control. Bank is doing its best to perform at the highest level. What future negatives are you seeing that can affect the environment of banking that investor can be careful of?

Ashok Chandra: I can tell you that we are in the best position, not only from the PNB angle, I am talking about, but for the entire banking industry, I am talking. See, when the economy is growing at 7.8% and not only the Indian data it shows, even the World Bank report and the IMF has also confirmed that in FY26-27, the GDP growth will be around 7.1%.

If that growth is going to happen and if the nominal GDP will be around 11%, it means that much opportunity is going to come in the country now. And we always say that if 7% plus is the real GDP and around 11% is the nominal GDP, it means around 13% to 14% credit growth should happen in the country. And it is happening. It is getting reflected.

I will tell you that for the last one and a half years, we are talking that and really it is a geopolitical crisis is there. Earlier two three two years back, US, the Russia-Ukraine challenges were there, and now the Middle East crisis is there. So, globally, a lot of challenges are happening, and that is one of the reasons you see, all the countries in the global, they are at the GDP growth of around 3%, 3.1%, whereas the country, India, is growing at this speed.

I'm expecting that, and the all the latest data also shows that all the retail, agri, MSME, a lot of opportunities are going to come. And it is for every institution, financial institution to participate and take the cake from the bigger size which is available in the country now. What I'm expecting that growth momentum is going to continue. Q3 anyway in every financial year, it becomes a very busy season for the bankers. That is the best season for everybody now.

I'm expecting that further 1% or 2% growth should happen in the credit side. And since the repo hike is also there, so there will be momentum, and there will be growth in the NIM and the NII also. All put together, a lot of opportunities are there in the system now.

Ankit Bansal: Okay. Sir, have you used that INR 900 crores provision that you got write-off write-back?

Ashok Chandra: INR 900 crores which one particular account you are talking about?

Ankit Bansal: Yes, yes, yes, that you have not utilized for from the quarters, no? Have you utilized?

Ashok Chandra: We have utilized this quarter. We have utilized in this quarter, and you must have seen in the note also we have mentioned that INR 1,150 crores, we have made a provision in the standard provision now. We have kept extra provision, and we will utilize this at the time of migration in the ECL.

Ankit Bansal: You have not utilized yet?

Ashok Chandra: We have kept it as a provision in the standard account.

Ankit Bansal: Okay, okay. Thank you, sir. Thank you very much. That that's from my side.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question comes from the line of Sameer Bhise with Daiwa Capital Markets. Please go ahead.

Sameer Bhise: Thank you very much for the opportunity, and congrats on a strong quarter, sir. Sir, I don't know if this is covered earlier. Can you comment if we have further improvement left on the cost of funds side or cost of deposits side, and how do you see the trajectory shaping up incrementally? That's my first question, and then I I'll come to second after.

Ashok Chandra: Okay. So, cost of deposit side, September '25, our domestic cost of deposit was 5.18%, which we have brought it down to 4.97%. June '26, it was 5.02%, so every quarter that is coming down. It means the incremental deposit which we are garnering, we are very mindful of the cost of deposit there now.

And we have kept it at a very, very nominal growth which we are envisaging, and consciously we are keeping it at between 8% to 9%. And this quarter, because of the FCNR deposit, it has gone to 9.9%. Otherwise, consciously we are going to keep it between 8% to 9%.

Cost of fund also, we are well within that parameter. And if you see the data, domestic cost of fund was 4.57%, and today we are at 4.34%. Even the global, global cost of deposit also, it has reduced from 5.18% to 4.96%. And global cost of fund also, from 4.58% to 4.35%.

So, a lot of improvements have happened, and we are very, very mindful of garnering any high-cost deposits. In this entire financial year, I am not talking about only Q2. If you see in the Q1 and Q2 put together, absolutely we are totally came down from the CD business. We have not gone for the mobilization of the CD now.

So, bank is putting a lot of focus on the profitability, and in our every review of the zones and the circles, this is the topmost priority. We start with review of these parameters only. And that is the reason in one quarter itself you are seeing the 10 basis point improvement has happened in the domestic NIM now.

Sameer Bhise: Sir, I appreciate the excellent execution. Wanted to understand how should one think going ahead given the way rates are moving?

Ashok Chandra: Going forward also, we are not going to increase the deposit rate. First of all, I want to clarify that because enough liquidity is there, and having 75% CD ratio, I think we are well placed to grow in the credit side to the extent of around 77%, 78% with the present deposit growth now. That is one thing.

And second, from the credit side also, a lot of churning we have done in this particular quarter. And in my remarks also I have mentioned that INR 58,000 crores of low-yielding advances we have shed. See, in this last six months, we have sanctioned 2,50,000 of corporate loan book.

We could have grown 17%, 18% in the corporate loan book, but what we have done now, we have replaced those advances what we are sanctioning at a good rate with the low-yielding advances. And that the entire activity I am going to continue in the Q3 and Q4. I think you will find from all the profitability angles bank will be well poised after this end of this financial year.

Sameer Bhise: Sure. Great, sir. Thank you. Sir, second question slightly more medium-term. Now you have also indicated that obviously the recovery number, you will achieve it, I'm sure, but it is a bit of uphill task. Next year, when we have slightly lower recoveries and probably credit costs start normalizing, how should one think of ROE for next year? Will we still be able to deliver at least 14%, 15% ROE on tangible equity? Is that a fair assumption to make?

Ashok Chandra: Absolutely fair, and I will share some data to you. If you see our core operating profit, the core operating profit is growing at more than 29%. Last quarter also, the core operating profit had grown by 35%. And core operating profit that it is excluding that technical write-off recovery and the treasury recovery. If that is picking up so well, and that is a consistency is there in that. If you see the June quarter, our total core operating profit was INR 5,531 crores.

And in this quarter, it is INR 5,971 crores. Anyway, it is going to continue. It is not going to come down. Further, the activity which the bank has started, and when we are putting a lot of focus on the high-yielding advances, I think this core operating profit will further go up. And that will be the strength of our bank as far as the profitability is concerned now.

Sameer Bhise: So, even if there is some bit of ECL inch-up and lower, say, recoveries and lower trading profits, at least that number should be protected?

Ashok Chandra: Absolutely. ECL has going to be no impact on our book now. We have done the ECL calculation. Last time, I had told that we will have the digital calculation also in place in the month of October, and we have those calculations. What we had envisaged earlier that it will be around INR 9,000 to INR 10,000, roughly it is going to come to around INR 8,000 crores now on the loan book.

Sameer Bhise: Sir, ongoing basis, the run-rate credit cost?

Ashok Chandra: Ongoing basis also, see, the credit underwriting, why the ECL has come down to the extent of around INR 8,000 crores, it is because of the underwriting standard of the bank which has improved now. And I have mentioned in my opening remarks the last 6.5 years the bank which has sanctioned and disbursed, our NPA percentage is only 0.42%.

So, to that extent, our provisioning requirement is going to come down, and I am factoring that also in my credit cost to the extent of around 15 basis points. With that, our credit cost still it will remain between 0.25% to 0.30%. So, rest assured that we are very mindful to provide the ROA of more than 1.04%, 1.05%, and the ROE around 15% to 17% minimum it will be there.

Sameer Bhise: Great, sir. Thank you, and all the best.

Ashok Chandra: Thank you.

Moderator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants in the conference, we request you to limit to two questions each, and please rejoin the queue for any further questions. The next question comes from the line of Jayant Kharote with Axis Capital. Please go ahead.

Jayant Kharote: Thank you for the opportunity. Sir, just clarifying on the previous, you said you are expecting a 15 basis points impact on a steady-state basis from the ECL next year. And with that, where do you expect your credit cost to be running at?

Ashok Chandra: Around 0.25 to 0.30.

Jayant Kharote: 0.2 to 0.3?

Ashok Chandra: Yeah.

Jayant Kharote: Understood. So, sir, just at --if I take your second quarter, you are literally at zero credit cost, and you've done an ROA of 1.09. So that 15 basis points means you have to compensate on the NIMs by then by at least that much, or there are other line items where you have identified that that should compensate for this 15 basis points in your P&L?

Ashok Chandra: See, when at present also, our credit cost is 0.25%. And still I'm committing with the ECL provision also, we will be able to maintain this. See, this 0.25% also, which is the additional provisions which we have made it in the system. This quarter also, we have made extra provision of, in the NPA account itself, we have made extra provision of around INR 700 crores. Otherwise, there was a write-back of provision was there to the extent of INR 146 crores.

So, to keep the provision coverage ratio at around 97% and net NPA under control, we have made this additional provision. We have also made INR 125 crores extra floating provision in this quarter. With all those things, the credit cost is 0.25%. So that will be factored, and that we are doing it every quarter.

Jayant Kharote: Understood, sir. Sir, and what is your total outstanding -- standard provisions which you can use against that INR 8,000 crores to offset?

Ashok Chandra: That is INR 1,150 crores this quarter we have made additional in the standard account. We have kept it now. And INR 2,560 crores, we have kept it in the NPA account as an ECL provision, extra provision. So, this two things put together substantially, it will reduce my burden on the ECL migration.

Jayant Kharote: And you might also make some for the next two quarters to make sure the transition is smooth?

Ashok Chandra: Some amount we will do that. Yeah, around INR 100 crores to INR 150 crores we will keep.

Jayant Kharote: Understood. Sir, second question is on the cost of deposits. At system level, we are seeing CD rates have hardened. Your SA growth this quarter is 1.5%, 2%. While I understand you are willing to take the CD ratio up, but every time you press the pedal on deposit growth, it's going

to be NIM dilutive unless the asset mix is meaningfully different. How do you address the structural problem, sir? The SA growth doesn't seem to be moving up.

Ashok Chandra: SA, there are two components. One is the SB individual, and another is the SB institutional. SB institutional, it is there for all the banking industry, it is coming down because of the government deposits moving to just-in-time deposit to RBI. So, going forward also, there will be decline in the SB institutional. What we are putting focus on the current account and SB individual.

SB individual, we are growing at more than 8.5%. In this quarter also, we have grown at 8.36%. Last quarter, it was at 9.41%. So, a lot of activities we are doing it in the SB individual and the current account. Current account, there has been a good growth, and it was more than 10.76% growth was there in the current account. Almost 12% growth is there.

So, going forward, bank will put a lot of emphasis on mobilizing mobilization of these deposits. Along with that, we are also mindful of mobilizing the retail term deposit, which comes at a reasonable price. So, incremental cost of deposit, bank is putting a lot of focus, and we are not in the CD business at all. We are also not aggressive at all in the bulk deposit.

We are quite comfortable at this point of time to grow the credit around 77%, 78% with the present deposit growth rate.

Jayant Kharote: And your previous comment that you will not take hikes on deposits was about bulk, not retail? Retail TD you are willing to take hikes to get that growth?

Ashok Chandra: As of now, we are not going to change any rate in this particular month now. So, we will be still holding on because we are able to mobilize deposit. Every day we are monitoring it, and we are able to garner the deposit in the retail term deposit and SB individual.

Jayant Kharote: Okay. So, last data keeping Last data keeping question, sir. In the SA book, how much is individual SA and government SA split broadly?

Ashok Chandra: I will tell you, the exact figure I will tell you. See, the total saving deposit is INR 5,42,900 crores. In that, SB individual is INR 4,82,700 crores. And institutional is only around INR 60,100 crores.

Jayant Kharote: And you're saying it's the institutional that is de-growing, and individual is grown 8.5%?

Ashok Chandra: Yeah, individual has grown by 8.5%, and institutional has de-grown by 3.84%. And that is the reason overall CASA it comes down, and CASA growth is only 7.33%.

Jayant Kharote: Great, great. Thank you, sir, and again congrats on the excellent performance on the NIMs that you are guiding since two quarters. Congrats.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question comes from Bhavik Shah with Goldman Sachs. Please go ahead.

Bhavik Shah: Hi, sir. Thanks for the opportunity. Sir, what is the LCR ratio for the quarter?

Ashok Chandra: 133%.

Bhavik Shah: Okay. And, sir, how much of the FCNR (B) was self-funded?

Ashok Chandra: Self-funded, it was around 30%. 70% was the leveraged, 30% was self-funded.

Bhavik Shah: Okay. Understood, sir. And, sir, so how should we think about your recovery from written-off? So, I understand INR 13,000 crores is a overall recovery that you're seeing for the year. Of that, how much?

Ashok Chandra: Yeah, INR 900 crores to INR 1,000 crores I am expecting recovery should happen in the next two quarters also.

Bhavik Shah: Okay. And as in how so confident are you to sustain this pace over the next two years?

Ashok Chandra: Definitely, recovery will going -- it will come down in the coming years now. I think next year we will be keeping the target at around INR 12,000 crores of total recovery. So, what we are doing it, in fact, in the last con-call also, I had mentioned, keeping in mind that recovery in the next two, three years will come down, and going forward also, it will come down because now the slippages are coming down.

So, raw material is coming down, so definitely it will be recovery also will come down. So, what we have done now, the credit card business which we have accelerated, supply chain vertical which we have started headed by a General Manager, and the third is the cash management services. These three activities last year first we put the digital platform in place.

It took five, six months to put in place, and then November onwards, we started this activity. And all these three activities has picked up very well in this financial year. And that is the reason fee-based income of our bank, if you see, it is growing at more than 16% Y-o-Y. So, and this year we have started another two activities.

One is the wealth management services, I think from January onwards that vertical will be in place. And another activity, which we have accelerated is the trade finance model. We are putting it in the full entire thing on the new digital stack. And another 2 months' time, that journey will be through the mobile app and the digital facility.

So these 5 activities put together will navigate our profitability point of view when our the recovery is coming down or the treasury will come down, I think these are the activities which will supplement our profitability.

Bhavik Shah: Understood, sir. This is very helpful. And sir, lastly, sir, in the treasury gains, is there any lumpy one-off gain during the quarter?

Ashok Chandra: No, no, nothing.

Bhavik Shah: Nothing from NSE or anything?

Ashok Chandra: NSE, we had a small amount. So MTM was there in that, but very small amount, not a substantial thing.

Moderator: The next question comes from the line of Jai Prakash Mundhra with ICICI Securities.

Jai Prakash Mundhra: Good evening and congratulations on a good quarter. Sir, I have a few questions. First on the clarification, sir, on ECL, right? So you mentioned that, what the transition impact is needed is INR 8,000 crores and we have already done INR 2,560 crores plus INR 1,150 crores, right? So around INR 3,700 crores we have done and INR 4,300 crores is pending. Is that understanding correct? Or INR 8,000 crores is still needed?

Ashok Chandra: No. We will be requiring only around INR 5,000 crores, that's all.

Jai Prakash Mundhra: Okay. And sir, this is only related to loans, right? There may be ECL impact because of the HTM hardening. Have you taken that or that is outside of this remaining INR 5,000-odd crores.

Ashok Chandra: That is outside. This book -- this is what I am talking about is only the loan book. And yes, rest still the discussions are going on with RBI, and we will see how it comes out, and then we will take a call.

Jai Prakash Mundhra: Right. So sir, in the notes to account, you have also mentioned that because this IFR reserves is no longer needed, some INR 4,000 crores has been added back. Could this be utilized towards, let us say, ECL transition or the HTM, if you were to do MTM on HTM book?

Ashok Chandra: Yes, we will see that because if the -- as it is going to happen for the HTM transition, then I think that amount will be required for that. We will use that.

Jai Prakash Mundhra: Okay. Sure. And sir, on your asset quality, one is if you have given the SMA-1 plus 2 number is at 2.5%, which I believe has improved even from Q1, which was, I think, 2.49% something. You have the number, sir, separately and SMA-1, 2, and 0 also?

Ashok Chandra: Yes, I have that. SMA-0 is INR 16,963 crore, SMA-1, INR 7,463 crores and SMA-2, INR 8,984 crores. All put together, it is INR 33,410 crores. It comes to 2.49%.

Jai Prakash Mundhra: Okay. And sir, in the area or I think a few districts have been declared drought hit. Have you done any rough calculation, sir, if those would require restructuring? That is number one. Or you are seeing delayed recovery in those districts or states, any preliminary assessment there?

Ashok Chandra: No. As of now, see, if you see my SMA-0, 1, 2 book also, those challenges are not visible. But you are absolutely right. We are very mindful of that. Those things may happen in the next 2, 3 months' time. So what we have done now, we have accelerated the activity in the field, connecting with the borrowers, especially in the agriculture segment, a lot of activities in the field level we are doing it to have a very close monitoring.

Our monitoring department headed by the CGM, he is looking into entire aspect. And as of today, when I am talking to you, still the things are fully under control. There is no alarm button to be pushed now.

Jai Prakash Mundhra: Right. But sir, do you suspect any restructuring window to be opened or that has already been decided by SLBC?

Ashok Chandra: No, no. There are, I think, 1 or 2 states they had decided some 2, 3 months back. But on the large scale, we need to wait for some time now. And once the SLBC decides and the local government and the SLBC decides, then there is a proper framework is there as per the RBI guidance we need to restructure those things, and all those things we do that. But as of now, no such things have started happening.

Jai Prakash Mundhra: Okay. And sir, sorry, just to come back on yields, do you have the movement of AFS reserves? I think because the -- so AFS reserves for Q1 and at the end of Q2, and this loss profit of revaluation of investment, which is only INR 32 crores, if you were to strip off NSE, MTM, then how much would that be, if you can provide that number?

Ashok Chandra: Yes, yes. AFS reserve, I think you can -- my CFO is there, who will make the comment.

Raman Grover: AFS reserves in this quarter was minus 128 -- it was total 1,286 negative, cumulative.

Jai Prakash Mundhra: Right. And versus the last quarter?

Ashok Chandra: Last quarter, it was positive.

-Raman Grover: Last quarter, it was positive. INR 463 crores positive.

Jai Prakash Mundhra: And lastly, sir, this gold loan and the progress, sir, I think we -- like you mentioned on CMS and other things. So, I wanted to check on gold loan, what is the quantum, how are we doing?

Ashok Chandra: It is growing at almost 97%, 98% Y-o-Y. So, September '25, the figure was INR 18,300 crores. And now we are at INR 36,000 crores.

Jai Prakash Mundhra: Okay. And sir, you have the breakup between agri and non-agri of the gold?

Ashok Chandra: 74% is agri.

Jai Prakash Mundhra: And similar thing, sir, for PL and credit card, sir, now I think credit card has it reached a decent size or in PL also, personal loan?

Ashok Chandra: Yes, it has started picking very well now. And today, we are at around 11 lakh credit cards. See, it was 6 lakhs on March '25 and March '26, it was 8 lakhs. Today, we are at 11 lakhs now. And this area, we are going in a big way now. So, you remember, we had launched a very high premium PNB Luxury credit card.

And now that number has also crossed almost 27140 number now. So, this activity, bank is putting a lot of focus, a lot of tie-up arrangements, offers we have brought in now. I'm expecting that from next financial year, this particular activity itself will contribute around INR 200 crores of income, fee-based income to the bank.

Similarly, the supply chain where the dealer and vendor financing, which we had started,INR sanction itself is more than INR 7,600 crores and outstanding is INR 5,000 crores. Similarly, the cash management services, which we have started. I think all those areas bank has started putting a lot of focus.

And that is the reason if you see last time also, we had a discussion that pre-operating -- the core operating profit now, excluding the treasury and the recovery, TWO recovery.. In this quarter also, growth is 29%. Last quarter also, it was 35% Y-o-Y growth. So, I think this is one area which is going to bring a stability in our profitability.

Jai Prakash Mundhra: All right. Very well said, sir. Thank you so much and all the very best.

Ashok Chandra: Thank you, Mundhra-ji.

Moderator: The next question comes from the line of Param Subramanian with Investec. Please go ahead.

Param Subramanian: Hi, sir. Congrats on the quarter. Thanks for taking my question. My question is on the provisioning for the quarter. Sir, the provisioning is only INR 97 crores, while you have shown the NPA provision is INR 817 crores. So, what is the balance, sir, which is the negative number here?

Ashok Chandra: See, INR 817 crores constitute the provision which have been made as a floating provision, INR 125 crores for ECL. And the remaining additional provision we have made in our NPA accounts to keep the provision coverage ratio at 97%.

Param Subramanian: No, I got that, sir. I mean, but the P&L provision is only INR 97 crores. So, despite having INR 817 crores NPA provision in the quarter, so this means there is a write-back of provision from somewhere else. That is what I'm trying to understand, how much is this?

Ashok Chandra: INR 798 crores write-back is there.

Param Subramanian: Sir, this is coming from where?

Ashok Chandra: That one account was there, a particular account, there the write-back of provision has happened. One particular account.

Param Subramanian: Okay. Okay. NPA account, is it, or standard account or?

Ashok Chandra: It is a standard account.

Param Subramanian: Okay. Okay, sir. And, sir, in the you know, when you were speaking initially, you said the SMA book, 0, 1, 2, is 2.5%, and that is including all ticket sizes, is it, less than INR 5 crore?

Ashok Chandra: Yeah, yeah, all tickets.

Param Subramanian: Okay. And, sir, if you could kindly break that up into say SMA-0, 1, and 2, if that is available?

Ashok Chandra: SMA-0 Yeah, yeah. SMA-0 Shall I give you the percentage number or you want the absolute number?

Param Subramanian: Whichever way is convenient.

Ashok Chandra: SMA-0 is 1.26%. SMA-1 is 0.56%. And SMA-2 is 0.67%. All three put together, it is 2.49%.

Param Subramanian: Okay, sir. Perfect. That's all I wanted to ask. Thank you so much, and congrats on the call.

Ashok Chandra: Sure.

Moderator: Thank you. The next question comes from the line of Ashlesh Sonje with Kotak Securities. Please go ahead.

Ashlesh Sonje: Sir, just a few questions from my side. What is the retirement-related provision that you have made in the employee expenses line during this quarter?

Ashok Chandra: INR INR 340 crores we have made.

Ashlesh Sonje: And, sir, what was the corresponding number last quarter?

Ashok Chandra: INR –INR 490 crores was there in Q1 FY'27, and this quarter, we have made INR 340 crores.

Ashlesh Sonje: Understood, sir. Sir, and if you can share what is the average yield you have on the gold loan book?

Ashok Chandra: It is around 8.6%.

Ashlesh Sonje: Okay. So, you think this gold loan pricing which is closer to the bottom end of the industry, do you think there is scope to increase it from this level?

Ashok Chandra: The portfolio you are talking?

Ashlesh Sonje: Yeah. So, when we look at the pricing offered by peers on the gold loan portfolio, it varies between this level of, let's say, 8.5%, 9% to as high as, let's say, 20% for some NBFCs.

Ashok Chandra: Yeah.

Ashlesh Sonje: Do you think you can take this 8.6% number, let's say, closer to 9% or 9.5%?

Ashok Chandra: We are I think there will be some increase will happen now. So, somewhere I think 8.75% to 8.9% we'll take it now.

Ashlesh Sonje: But that would be led by the repo rate increase, or you think beyond that also you can increase the spread?

Ashok Chandra: No, repo-linked will do that.

Ashlesh Sonje: Okay. Understood, sir. Sir, and just one last clarification. There used to be this INR 1,200 crores to INR 1,300 crores of provision from the IL&FS recovery, which was available. Has that been fully written back now?

Ashok Chandra: We have done that, and that is the reason we have made additional provision in the standard account now as a part for keeping the ECL provisioning now. So, INR 1,150 crores additional provision we have kept now in the standard account.

Ashlesh Sonje: Perfect, sir. Thank you. Those were all the questions I had.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question comes from Sushil Choksey with Indus Equity Advisors. Please go ahead.

Sushil Choksey: Good evening. Congratulations to team PNB for excellent result.

Ashok Chandra: Good evening, Choksey-ji.

Sushil Choksey: My question was more pertaining to growth outlook rather than the past numbers. Do we anticipate, based on what is credit pipeline, the current Indian economy situation, demand coming from infra, new sectors are emerging, whether it is GPU trade, financing for data centers, power transmission, that you'll out beat the system by few higher basis points and even higher than your estimates?

Ashok Chandra: In fact, absolutely you are right. A lot of activities are happening, and that is the reason last year our credit corporate credit sanction was INR 4 lakh crores. And this year, already within six months' time, we have crossed INR 2,50,000 crores of sanction. It is not the pipeline, it is a sanction we have given now. And still INR 1,57,000 crores of disbursements are going to happen of the previous year sanction and this year sanctions now.

And all those areas which you have mentioned, in fact, these are the emerging areas where the bank is putting a lot of focus now. So, whether it is a infra, power. In fact, renewable energy is the champion sector we have identified, and we are taking up good proposals under this particular segment.

Road anyway it is happening. Petroleum and natural gas, even the chemical, fertilizer, real estate, data center, the food processing we are getting some good proposal, EPC anyway it is there, REIT, InvIT, all those sectors, in fact, a diversified field, bank is taking the exposure now. And actually our corporate loan book should have grown by 17%, 18% plus.

But what we are doing it, and that is the impact you are seeing in on our NIM now, that there was some low-yielding advances which we are supplementing it with this new advances which we are doing it at a higher price now. And this we are going to continue in this quarter and the

next quarter also to have the full the shedding off our low-yielding advances. And maybe fromFY'27-28, I think the profitability will be absolutely there will not be any challenge.

Sushil Choksey: How do you see your balance between RAM and corporate book by the year-end based on the current prospects?

Ashok Chandra: I am expecting that somewhere around 58%, 59% by end of this year will be there.

Sushil Choksey: 58%, 59% on RAM and balance on corporate?

Ashok Chandra: Balance corporate, yeah.

Sushil Choksey: Then you're outbeating all your peers from a perspective of corporate book is concerned.

Ashok Chandra: Yes. I think you are right. Many corporates, they are still at around 40%, 41% now. So…

Sushil Choksey: What kind of CD ratio you expect?

Ashok Chandra: See, I am not averse to the corporate loan book. If I am able to get at the same return from the corporate loan book, we should be very reasonable in the corporate loan book growth also, as well as the RAM growth also. So, basically, our strategy is that wherever we are able to get the pricing which we have set for ourselves that these are return which we should get out of any proposal, whether it is comes from the corporate, or the mid-corporate, or from the RAM, we are able to do that, and we will be doing it. But with that, still we will be holding that around 58%, 59% RAM contribution should be there in the overall credit.

Sushil Choksey: Any view on M&A financing, GIFT City, and your international book?

Ashok Chandra: Yeah, yeah, yeah. M&A, we are very shortly we are going to have an MoU with one foreign bank, and I am expecting that one or two transactions should happen in this quarter. Even the GIFT City.

Sushil Choksey: Any ballpark number?

Ashok Chandra: I think give me some time, I will announce that. Let me have that clarity. Then GIFT City branch also, a lot of activities we have started. Even for the aircraft engines, their maintenance, that funding also we have started there.

Sushil Choksey: So, aviation is one, any other sector where you're seeing? Second thing is a lot of global houses and domestic Indian industry are opening their offices in GIFT City because we escape all the norms which the international guys enjoy through GIFT City. Are we targeting some large numbers, businesses out of there for routing of finances and healthy balances to accrue in GIFT City?

Ashok Chandra: We are planning now. We are planning. In fact, the M&A which we are going to sign with one foreign bank, I think that sort of arrangement we are going to do it in the GIFT City also. And you will see some good traction happening from the Q4 onwards.

Sushil Choksey: Sir, a key question on this, if our ambition and PNB's prospects can be better than many peers to emerge a winner, we need good talent on the sectors which traditionally public sector banks were not permitted, and we may need faster TAT too for such transaction because M&A can't wait.

And you may have alignment with foreign banks, one or 10, that doesn't matter, but ultimately Indian humans have to work faster on the services and capability to even engage in certain transactions. How are we creating a team to accept this kind of business emerging?

Ashok Chandra: See, we have created a separate department in the corporate credit. First, I will talk about the corporate credit. Different verticals are there headed by an industry expert in the infra, in the renewable energy, power sector, transmission. So, there are three, four important key verticals, even the emerging areas, we have created a vertical.

And that is the reason, in fact, we have gone for financing to the defense also, even for the hydrocarbon, I think one another major activity which is happening in the country towards the drone and all, so all those areas bank has started creating the pool and the expertise to do the funding.

Second thing, bank has put a lot of emphasis on the technology side, whether the artificial intelligence, GenAI or the quantum. We have declared in the country now that we are going to have the center of excellence in these three areas. And that we will work not only for PNB, but for the entire financial community now.

I think you must have heard that we are the only bank in the country who have started working on the quantum. And I have mentioned in my opening remarks also that 246of our public-facing applications we have declared the quantum now that has been certified by the NIST USA.

We have also created a Quantum Financial Innovation Lab in Amaravati along with the Andhra government partnership. And that lab is working on three use cases not only for PNB, for the entire financial sector now. So a lot of activities, a lot of talent, the churning we are doing it.

In-house, we have good talent. We have more than 150 good software technology people are there. I think, you assign any job and within 48 hours, they can deliver the things now. That is the stack and that is the talent pool Punjab National Bank is having now.

Sushil Choksey: And my last question. All public sector…

Moderator: Sorry to interrupt Sushil sir, we request you to return the queue for…

Ashok Chandra: No, please. Let him. This is the last question. Choksey-ji, please continue.

Sushil Choksey: Sir, as all public sector banks have expedited their results earlier than most of the private sector banks, any view on consolidation, which is a rumor in the market or the committee is being formed for consolidation for the 2047 vision?

Ashok Chandra: No. This, I am also hearing from you.

Sushil Choksey: Thank you for answering my questions.

Ashok Chandra: Thank you.

Sushil Choksey: Good luck for the year. Yeah.

Ashok Chandra: Thank you so much.

Sushil Choksey: Thank you.

Moderator: Thank you. We will take the last question from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Yeah. Namaskar, sir.

Ashok Chandra: Namaskar.

Saket Kapoor: Sir, thank you firstly for the opportunity. And sir, thank you for a very exhaustive discussion on the operational numbers and clarifying all our doubts. So just to summarize, sir, H2 in all parameters looks to be a better half than what H1 was in terms of the operating performance and with more impetus on improvement in NIMs because of the repo hike. So this understanding is correct, sir, on the summary part?

Ashok Chandra: Yes. Absolutely right.

Saket Kapoor: Okay. And…

Ashok Chandra: Well, not only from the repo rate hike, in fact, I had mentioned in my last conversation also that since the internally bank has put a lot of focus on the profitability. So without repo also, you have seen the growth happening in the NIM and the NII. 10 basis point domestic NIM has gone up without any repo impact. Now, repo impact, which has come, that will add further fuel to increase the NIM now.

Saket Kapoor: Okay. And sir, secondly, when we mentioned in our P&L statement, line number D, wherein we provide two line items, firstly about the provision other than tax and contingency, and then the second line is for the non-performing assets. So that number is only mentioned for our understanding. It does not have any calculative impact in generating the profit. So, can you explain the rationale, sir? Why is this INR 817 crores figure mentioned there and it is not accounted for if it is a profit and loss from…

Ashok Chandra: My CFO will give you the answer

Raman Grover: INR 817 crores, the figure is, that is computed for the purpose of the credit cost. So if you are mentioning INR 817 crores, that is the provision which has been accounted for computation of the credit cost. And INR 97 crores which has been arrived at, there are other provisions, not only in the form of loans, but in the investment also.

As sir has already mentioned in the earlier question that there is a release of INR 798 crores in one account, which was in the form of an investment, NPI provision has been released. So netting that, it comes to INR 97 crores.

Saket Kapoor: Okay. And the total, I mean the net of the figure which will be routed through P&L is INR 97 crores, but the total provision of your non-performing asset is INR 817 crores. That is what…

Raman Grover: Yes, it is INR 817 crores. My loan provision is INR 817 crores. It is a part of the credit cost. The netting of our investment provision is done and in the balance sheets, the netting of the investment is done within the schedule 8.

Saket Kapoor: Okay. And lastly sir, the yield hardens of our government securities for 10 years, what is the impact of that in this quarter? And going ahead, I think there are further 40 basis point, 30 basis point hardening of yield. So, how is our book positioned and what will be the impact in MTM?

Ashok Chandra: There is an impact, negative impact this quarter also. Otherwise, the treasury profit would have been more than INR 1,700 crores, because last year in the same quarter, INR 1,700 crores was our treasury income. So, because of that MTM loss, the profit from the treasury is subdued now. But we are putting a lot of focus on other activity like exchange income, trading income.

So, I'm expecting that around INR 700 crores to INR 800 crores thing should happen in this quarter also. Let us see that how the yield movement happens. Maybe it is a transitory thing where the 7.41 G-Sec yield is there. But that rate will not continue for a long time.

Saket Kapoor: That is correct, sir. But when we look at the P&L part for treasury income, our number for this quarter is INR 2,193 crores. That is quarter-on-quarter up only from INR 2,182 crores. So what explains -- you are mentioning that there is a negative impact. So where is this accounted then, that INR 700 crores?

Raman Grover: INR 753 crores is the income of the treasury income.

Ashok Chandra: Treasury income, yeah. Treasury income is INR 753 crores. Where you are seeing that ?

Saket Kapoor: Sir, I'm just referring to the P&L segment result wherein our treasury operations income is INR 2,193 crores. Page number 12, in our submission to the…

Ashok Chandra: Our CFO will speak to you. But our treasury income is INR 753 crores.

Raman Grover: Our treasury contribution is INR 753 crores. What you are saying, then I will…

Ashok Chandra: He will speak to you

Raman Grover: I will reach out to you on this. I will note it down, sir.

Saket Kapoor: Okay, sir. So, my number is on the call. Kindly get back to me.

Saket Kapoor: And thank you once again sir for answering and explaining to us in a very detailed manner. Yeah. Thank you sir, and all the best wishes.

Ashok Chandra: Okay.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference back to the management for closing comments.

Ashok Chandra: So thank you very much to all the esteemed analysts and investors. I think the faith which you have reposed in our bank, it is our responsibility to continue this momentum. And definitely, going forward, like every quarter, I mentioned that we will maintain the consistency in the growth, profitability and asset quality improvement. I think that trend will continue.

And we are all committed to the important stakeholders of the organization, and we need to deliver the best -- the thing in which is going to happen in the future now. Thank you very much.

Moderator: Thank you. On behalf of Punjab National Bank, that concludes this conference. Thank you everyone for joining us, and you may now disconnect your lines. Thank you.