"Punjab National Bank

Q1 FY27 Earnings Conference Call"

July 18, 2026

MANAGEMENT: **MR. ASHOK CHANDRA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PUNJAB NATIONAL BANK**
MR. M. PARAMASIVAM – EXECUTIVE DIRECTOR – PUNJAB NATIONAL BANK
MR. AMIT KUMAR SRIVASTAVA – EXECUTIVE DIRECTOR – PUNJAB NATIONAL BANK

MODERATOR: **MS. PALAK SHAH – ELARA SECURITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Punjab National Bank Q1 FY27 Earnings Conference Call hosted by Elara Securities Private Limited. 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 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. Palak Shah from Elara Securities Private Limited. Thank you and over to you, ma'am.

Palak Shah: Hello everyone and welcome to Q1 FY27 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. Paramasivam, Executive Director; and Mr. Amit Kumar Srivastava, Executive Director. With this introduction, I would like to hand over the call to Mr. Sunil Kumar Goyal, Chief General Manager, Strategic Management and Economic Advisory Division, post which the MD sir will address the conference. Thank you and over to you, sir.

Sunil Kumar Goyal: Good afternoon. I am reading out the disclaimer. The statements made during this meet may contain 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. Thank you and now I am handing over to our MD sir for opening remarks.

Ashok Chandra: Good afternoon, ladies and gentlemen. We have started the financial year on a strong note, building on the momentum of the last few years. Our performance this quarter reflects balanced and sustainable growth across all key parameters: business expansion, asset quality, profitability, operational efficiency, and customer service. We remain firmly on track to achieve the guidance and strategic priorities for financial year 26-27.

Our growth strategy continues to be driven by the retail, agriculture, and MSME segments. We are expanding our customer franchise through focused acquisition, digital-first delivery, and a calibrated expansion of our branch network. During the year, we plan to open 250 new branches with a special focus on strengthening our presence in the southern and western region. Technology and digital transformation remain at the heart of our growth strategy. We continue to invest in digital capabilities, automation, and analytics to enhance customer experience, improve productivity, and build a scalable future-ready banking franchise.

Our asset quality continues to strengthen, supported by disciplined underwriting, robust monitoring, and focused recovery efforts. At the same time, our emphasis on business quality and operational efficiency has translated into steady growth in both operating profit and net profit. With this brief overview, let me now take you through the bank's performance for the quarter.

First, I will touch upon the business growth. The quarter ended June 2026 marked another period of consistent financial performance driven by balanced growth and sustained strategic momentum. Our gross global business reached to INR29.98 lakh crores, making a healthy 10.2% Y-o-Y growth.

Our advances grew by 12.7% Y-o-Y to INR12.73 lakh crores despite a INR22,411 crores low-yielding IBPC exposure reduction, largely from the retail portfolio. Excluding the impact of the IBPC book, core advances recorded a strong 15.4% Y-o-Y growth, underscoring sustained credit demand and healthy business momentum.

Our core RAM book has witnessed decent growth with retail book, excluding IBPC, growing at 17.5%. MSME is growing at 19.8% and agri priority sector at 16.4%. Credit growth momentum is expected to remain strong backed by a robust sanction pipeline. The bank sanctioned more than INR95,500 crores of credit facilities during first quarter of FY2026-27and total of INR1.38 lakh crores is pending for disbursement.

Global deposits of the bank have reached to INR17.25 lakh crores, up 8.5% on the Y-o-Y basis. Our CASA strategy is centered on deepening individual saving account balance, which grew by 9.3% Y-o-Y, reflecting steady customer acquisition and stronger customer engagement. The credit-deposit ratio increased to 73.8%. However, it still provides adequate balance sheet flexibility to support credit expansion while allowing the bank to remain selective in raising higher cost deposits.

Now I will touch the profitability part. Improving profitability remains a key management priority. Profitability is a core agenda item in all our business review meetings with field functionaries and has been incorporated into their performance evaluation framework. In the previous meets, I informed that we will see Q-o-Q improvement in the margins in FY 2026-27 and we have started to witness the same.

Our domestic NIM, which was 2.61% last quarter, it has gone to 2.64%. And the global NIM was 2.47% in the Q4, which has gone to 2.50%. I am confident to witness healthy Q-o-Q improvement in margins in the coming quarters and achieving our guidance for the financial year '26-'27.

Our NII, which was negative in previous financial year, has also turned positive in the Q1 and has remained at INR10,798 crores with sequential growth of 4%. Operating profits of the bank is also increasing on a sequential basis.

Operating profits for the Q1 of this year is INR7,519 crores as against the INR7,081 crores of Q1 of last year, witnessing a growth rate of 6.2%. Our core operating profit, excluding recovery from written-off accounts and treasury gains, have witnessed a Y-o-Y growth of 35.7%. Net profit of the bank for Q1 stands at INR5,253 crores.

Now I will touch upon the efficiency ratio. Our return on asset is consistently above 1% and is at 1.04% in Q1 of this financial year. Our return on equity stands at 17.33%. EPS is 4.57, not annualized for this quarter.

Our tangible book value per share as on 30th June 2026 is 108.58, which has significantly improved from the level of 92.64 as on 30th June 2025. We are quite mindful of improving our cost-to-income ratio and the same has reduced to 50.31% in Q1 of this year as against 55.31% in Q1 of last year.

Asset quality. Asset quality continues to strengthen with gross NPA declining to 2.78% as on 30th June 2026 from the level of 3.78%, 100 basis point decline is there. And net NPA improving to 0.28% as on 30th June from the level of 0.38% as on 30th June 2025, so 10 basis point improvement is there in the net NPA also. This reflects our disciplined credit and recovery framework and keeps us well on track to achieve our financial year '26-'27 guidance for both gross NPA and net NPA.

As of now, 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 PCR stands at 97.23% as on 30th June 2026, which is well above our guidance of more than 96% for financial year 2027. Total fresh slippages during the Q1 of 2027 was INR2,080 crores as against INR1,886 crores in Q1 of FY26.

Our guidance for slippages ratio was to remain below 0.9% in FY 2027 and we are well within our guidance level as slippages ratio for this year is 0.68%. Total recovery stood at INR2,789 crores for Q1 of this year and our recovery is 1.34x of the slippages in Q1 of this year, reflecting our commitment towards improving asset quality.

We have made additional floating provision of INR390 crores on prudential basis in Q1 of this year, making our total floating provision at INR2,435 crores. There is consistent improvement in the SMA book and overall SMA stands at 2.9% of the overall loan book.

I will highlight the asset quality and underwriting standard. In fact, from the 1st July 2020 to 30th June 2026, that is a 6 years period, we have sanctioned around INR14.74 lakh crores loans, out of which we have disbursed around INR12.92 lakh crores loans. The outstanding in these loans is INR8.94 lakh crores, which is close to 70% of our total outstanding loan book.

The NPA in this book is hardly INR5,486 crores, which is only 0.42% of the disbursed amount under fresh credit underwriting, which is for the last 6 years. So, this speaks about the credit underwriting standard of our bank. Now I will highlight the capital structure. Our capital adequacy is 18.13% as on 30th June 2026, compared to 17.50% as on 30 June 2025, against the regulatory requirement of 11.50%.

Our CET1 capital stands at 14.52% against the regulatory requirement of 8%. Tier 1 capital stands at 16.03% against the regulatory requirement of 9.5% and Tier 2 capital stands at 2.10% as at 30th June 2026. More than 86% of the total externally rated advance above INR25 crores are above A rated and more than 52% are AAA rated, which reflects our balance sheet strength from risk point of view.

Bank is doing a lot of activities on the digital front, and digital banking continues to be a strong growth driver for the bank. After crossing the milestone of INR1 lakh crores in cumulative digital loan sanctions earlier this year, we are on track to add another INR1 lakh crores during the current financial year. In Q1 alone, our digital credit sanctions are more than INR19,000 crores.

This growth is being powered by innovative solutions such as Digi Lakhpati Didi, e-Prime Minister SVANidhi scheme and our newly launched emergency credit line, helping us expand credit access and improve customer convenience. Digital adoption is accelerating rapidly. While every third loan was sanctioned digitally in the last quarter of the previous year, today, every second loan is being sanctioned through the digital channel.

On the transaction side, over 95% of the customer transactions are now digital. We are also actively supporting the RBI and government initiatives for CBDC and other digital public infrastructure projects, reinforcing our commitment to India's digital transformation journey. Artificial intelligence is emerging as a key growth and transformation driver for the bank.

We have already deployed AI-powered solutions across customer service, employee productivity, learning and credit processes, delivering tangible business benefits. Going forward, we are scaling AI and machine learning across operations, analytics, risk management, and decision-making with a strong focus on responsible AI governance and regulatory compliance.

We believe AI will be a key differentiator in making our bank more results, efficient and customer-centric. PNB is taking early steps towards becoming quantum ready. We have deployed quantum-safe encryption in customer-facing applications and developing quantum-based banking use cases such as mule account detection. This reflects our commitment to staying ahead in quantum safe banking involvement and innovation.

Bank is doing very well under the human resources front and strengthening the employees' engagement. The bank has partnered with 29 professors of practice and 4 premier institutions, ISB Hyderabad, MDI Gurugram, IPE Hyderabad, and U-Next Learning by Manipal Academy to strengthen capability building through specialized training, research and future-ready learning.

The bank has introduced AR and VR-based training models available in 8 languages to deliver immersive learning and strengthen workforce capability through technology-enabled training. In partnership with Microsoft, the bank has launched an AI training and certification program for all officers to build future-ready digital capabilities.

My concluding remarks, the bank is strengthening its core franchise by expanding its CASA base and accelerating growth in retail, agriculture, MSME portfolio, laying the foundation for sustainable growth, stronger margins and improved operational efficiency.

Our disciplined risk management approach supported by prudent underwriting, controlled slippages and focused recoveries continues to strengthen asset quality while digital and workforce transformation are enhancing productivity and customer experience.

Credit cards, cash management services and supply chain finance continue to emerge as key growth engines, delivering a strong business momentum and supporting diversification of our revenue streams. With a strong balance sheet, disciplined execution and multiple growth drivers in place, the bank remains well positioned to deliver consistent and sustainable value creation.

Thank you very much, and I am open for any questions, clarification related with the performance of our bank.

Moderator Ladies and gentleman, we will now begin the question-and-answer session. The first question is from the line of Mahrukh Adajania from Tara Capital.

Mahrukh Adajania: Congratulations. So, I have a couple of questions. So firstly, in terms of margins, I know you gave your guidance and outlook. But how sustainable are these? Because we are seeing margin expansion at state-owned banks, and we are seeing margin contraction in quite a few private banks. So how sustainable are these margins? Do you think you can hold these margins? What are the pressures of positive triggers going ahead for margins?

And also, in terms of growth, while you've done well on NII, your growth is slightly lower than other PSUs. So, what is the plan here in terms of catch-up and in terms of focus areas? So, these are my 2 questions. And then also, if you could talk a bit about your target of FCNR deposit mobilization and whether you are already seeing good demand or not?

Ashok Chandra: First, I will touch the margin part. And if you recall our interaction in the last quarter, where I had mentioned that almost all the higher deposit repricing -- are likely to be completed by May, and that has already happened now.

And bank has also mindful of the higher cost deposits, and that is the reason we are absolutely not there in the bulk deposit market and the CD market. And very cautiously we have kept the deposit growth at 8.5%. And this has contributed in the deposit cost of deposit and 34 basis point improvement has happened in the cost of deposit if you compare the Y-o-Y.

And we are going to continue this strategy because since beginning I am talking about the profitability and rejigging of the balance sheet we are doing it, like I am talking about the low-yielding IBPC which the bank was holding it. We have started diluting those things and despite diluting INR22,000 crores IBPC Y-o-Y, still we are having a growth of more than 10% in the credit overall.

So this is going to continue and whatever the low-yielding corporate advances are there, that also we have shed to the tune of around INR34,000 crores, INR35,000 crores in the first quarter of this year. And with that we are still able to maintain a growth in the credit and that too the growth in the NII and the NIM.

And this strategy is going to continue till we are coming out of all these low-yielding advances and you will see the improvement in the NII and the NIM in every quarter now onwards. So that is the first point which I wanted to address to you. Second point related with this itself is the growth. Growth if you see, I will give you some numbers.

The retail growth, if I exclude the IBPC, which I am mindful of reducing it wherever the low-yielding the IBPCs are there. If I exclude the from the retail part, we have grown at 17.5% in the core retail. MSME we have grown at more than 19.8%. Agri sector in the priority sector we have grown at 16.4%.

Corporate loan book is also has grown at 10%. So it is only because there are some rebalancing we are doing it in the loan book, we are seeing the overall loan book is growing at around 12.5%. Otherwise, bank is absolutely poised for the good growth with profitability. Profitability is the topmost parameter we have kept ourselves and within that whatever business generation is likely to happen, we will do the business.

Now coming to the FCNR part, I think it is appropriate time this RBI has announced and this has brought down the deposit rate in the market and overall mobilization which the bank has already announced that we are going to mobilize 2.5 billion USD under this route. Already USD425 million we have mobilized till yesterday and we are seeing the good traction.

Whatever the commitment which we have given and we have set the target for ourselves, that is the USD2.5 billion through the FCNR route, we are going to mobilize that and to that extent I think our cost of deposit will also come because you are aware that whatever mobilization we are doing it, it will not go for the CRR and SLR, so that exemption is also there. So finally the cost of deposit will come down in the long run.

Mahrukh Adajania: Okay sir, thank you very much and all the best. Thank you.

Ashok Chandra: Thank you. Thank you, madam.

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

Jai Mundhra: Yes hi sir, good afternoon. Thanks for the opportunity. Sir, you mentioned in your opening remarks that SMA 1, SMA 2 at the bank level is around 2.9%. Can you also share SMA 1 number sir at the bank level?

Ashok Chandra: Yes. SMA 1 is INR7,942 crores and percentage wise it is.

Jai Mundhra: The percentage is okay sir. And SMA 0 sir would be how much sir?

Ashok Chandra: SMA 0 is 1.55%, SMA 1 is 0.62% and SMA 2 is 0.73%. All put together it is 2.9%.

Jai Mundhra: Okay. Okay, sure. And sir, then now last time when we had spoken on ECL, I think the final guidelines have come and you would have had chance to have a thorough look on the ECL. What is your assessment on the transitional provisioning requirement under ECL one time and then if you can talk about the recurring impact because you may have to provide on the non-funded exposure etcetera?

Ashok Chandra: See, the final digital calculations are on way now and last time also I had indicated that in the month of October through the digital route we will be able to figure it out, but rough calculation which the bank has done and last time also we had indicated and as on today also we are in the same range around INR9,500 to INR10,000 crores, that is the one-time exercise bank has to do. And I think going forward also we have seen around 10 to 12 basis point impact will be there on quarter-to-quarter basis.

Jai Mundhra: Okay, sure. Sir, on IBPC, right? So if I look at this quarter presentation, they still have around INR28,000 crores of IBPC, right? So do you think this will run down over the next one, two quarters or the run down could be slightly gradual?

Ashok Chandra: Now fortunately there are around 80% of that is at a very good price. See, why IBPC we had reduced it because of the low-yielding side. Now almost we have cleaned, there are around INR7,000 crores, INR8,000 crores still it is at a lower rate and that is getting matured in this quarter. So we will be totally out from that. So final outstanding for another 90 days or Yes 120 days will be around INR16,000 to INR17,000 crores and that is at a good price that is matching with our requirement, our requirement.

Jai Mundhra: Right. So then no more IBPC drag will be there, right, after this quarter after you let us say remove INR10,000 crores. So that is good. And sir on FCNR (B), you mentioned that you have raised already USD400 million. Are you also offering leverage product or how does this work and what is the blended let us say leverage that you may be offering?

Ashok Chandra: No, we are offering the leverage also, but we have not means exercised and the leverage as of now in a bigger way. Most of these things are coming without leverage. I think 100 out of 425 million, around 200 million -- 200 million has come through the leverage side. Otherwise all the core the deposits under the FCNR are coming. But we have the leverage product and we are working on that.

Jai Mundhra: Okay. And sir if I may last question from my side is sir what has happened to this IL&FS Tamil Nadu Power? I mean there I thought we had excess provisioning there we had resolved, has you accounted everything or what is going to happen there?

Ashok Chandra: No, we are still holding it, around INR1,000 crores provision still we are holding it. That is the kitty we have now on positive side.

Jai Mundhra: Okay. So you -- would you, I mean, so what stops you from not accounting and...

Ashok Chandra: We will use this. In this financial year we will use this. Maybe in Q2 or Q3 we will use that fund.

Jai Mundhra: Do you need any approval from any auditor or RBI to use that or that is your discretion kind of a thing?

Ashok Chandra: No, no, there -- all the approvals are in place now. Nothing no challenge now. We can do that. All those approvals are there.

Jai Mundhra: Okay. All right, thank you sir and all the very best.

Ashok Chandra: Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Aggarwal from Motilal Oswal. Please go ahead.

Nitin Aggarwal: Hi, thanks for the opportunity and congrats on a good number sir. Sir, I have two questions. One is on the provision, that extra provision that you're making quarter every quarter. So what is the overall approach that you're looking at? Like by when do you look to complete this provisioning requirement? Any set timeline that you're looking at in terms of the total coming up to the total number?

Ashok Chandra: Shall I answer now or you have any other?

Nitin Aggarwal: Yes, so okay I'll go ahead with the second also sir. Second question is around the opex growth. Now for us like opex growth this quarter is like a decline and we used to incur a high PSLC cost, so where it has come down and by when do you think we will be able to completely plug this gap and in fact go on to earn PSLC income?

So by how are you seeing that trajectory and therefore overall how are you looking at the cost-income ratio because that has been one of the drag on our ROA versus other banks.

Ashok Chandra: Yes, all the three things I will answer you. First is the floating provision which the bank is keeping it. This quarter we have kept INR390 crores and thereby the total floating provision is INR2,435 crores. We will be doing it in every quarter of this financial year and anyway from the next financial year 1st April onwards, I think ECL has to be implemented.

So in a true way all these floating provision which is there, I think that will be used for the migration purpose now. And thereby what rough estimation which we have done around 10 to 12 basis point on running basis, the credit cost will be there on account of the ECL migration. So this is all about the ECL transmission.

Bank is totally poised to have one-time migration also, that decision we will take at the appropriate time. But we have enough cushion in the capital front. And I think there is no challenge as far as the ECL implementation is concerned. Second part is PCL. I think last year, if you remember in every con-call I was touching upon this point that PNB has a large presence having 10,300 branches and most of these branches are in the agri sector.

So a lot of activities we have started, coming out the agri outreach activity, self-help group outreach activity. And all those efforts have yielded good result. Field has responded very well and the ultimate result is that last year in the first quarter we had incurred INR893 crores, almost INR900 crores to purchase the PSLC and this year that amount is only INR360 crores.

And with this activity which the bank is doing it, I think next year we don't require the PSLC and internally we have set a target at least INR5,000 crores to INR10,000 crores we should be the seller in the market. With the activity which the bank is doing it, with the agri gold loan which was very subdued in our bank and that is growing at 100% now.

So that gives lot of cushion for us to use that PSLC for all those the gap purpose and also for the selling purpose if we have enough in the next financial year. I will give you the number. Last year on the gold loan, our total exposure was INR15,694 crores in the June '25. Today we have INR31,888 crores almost INR32,000 crores. So 103% growth is there.

What was happening, we had only 3,000 branches they were doing the gold loan. Now with the RBI the policies in place, guidelines are there, so there is a full clarity is there on the gold loan front now. So thereby another 3,400 branches we have added this year in the gold loan banking and we have provided all the infrastructure and everything.

So we are expecting that around INR59,000 crores INR60,000 crores our portfolio should be there by end of this financial year. And that will help us in reaching the PSLC as well as if any surplus will be there, I think we will be able to sell it. But definitely next year we don't require the purchasing of the PSLC.

Nitin Aggarwal: Okay, sir. And sir any -- Yes, sorry.

Ashok Chandra: Your third part was the operating profit and the operational cost?

Nitin Aggarwal: Yes, cost income, yes.

Ashok Chandra: See, the cost-to-income ratio every quarter there is a reduction and from 55% last year in the same period, we have brought it down to 50% now. And all those the activity which the bank is doing it, especially the PSLC which the bank was purchasing it, I think all these things are going to help in reducing the cost-to-income ratio and we are setting a goal that we should be I think 47%-48% by end of this financial year.

Nitin Aggarwal: Right sir, that would be very good to see. Thank you so much for answering all the questions.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question is from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.

Sushil Choksey: Sir, congratulations to team PNB for excellent result and a stable outlook. Sir, my three questions are what is treasury outlook? What is our digital spend likely for the bank enhancement of capability this year? And third is in our written-off book and technical written-off book, what is the recovery estimate for the current year?

Ashok Chandra: Yes, first is the treasury outlook. We are expecting that every quarter around INR900 crores to INR1,000 crores we should be able to earn from the treasury side. This is the outlook which we have which we are giving you now. This quarter also around INR1,100 crores we have got the income from the treasury side.

Next is the digital spend. In fact, last year we had taken the board approval of INR3,500 crores and we utilized around 82%-84% of that amount for our various IT and digital activity. This year also our total budget for the financial year is around INR3,400 crores. And we are augmenting our data center. We have come out with a new data center in Gurgaon, very high-tech data center has come out.

And then we are also working on the AI, GenAI, and the quantum technology which I have mentioned in my opening remarks also. Lot of activities, lot of thrust we are giving for improvement of the customer service, product improvement, and the employee engagement through these digital initiatives.

We have come out with the AI-powered customer chatbot which we call PIHU. You can go to our Punjab National Bank website and you can interact with the PIHU for anything related with the reports, services, ATM network, branch network, which is related with the Punjab National Bank, PIHU will provide you and guide you. Then we have also come out with AI-enabled employee engagement, that chatbot is RAHI. So sitting across the counter, our employee can chat with the RAHI and provide the instant solution, instant guidelines to the customer now.

Suppose any customer walks in and he wants to understand, what is the housing loan scheme? What are the documents required? So the employee can just chat with the RAHEE and instantly she can provide the list of all those documents and list of guidelines. So and the third initiative which the bank has taken is the GenAI-based tools for credit note generation and we are extensively using it for the CRM tool now.

For leads generation, sales, marketing, we have extensively started using the GenAI. Quantum technology, in fact, we are one of the leading bank and first bank in the country who has deployed quantum-safe encryption in customer-facing application and developing quantum-based banking use cases such as mule account detection. 86 of our applications which is the customer-facing, we have already deployed the quantum check now and that has been certified by NIST US-based organization.

So bank is doing lot of activities on these areas. Your third point was TWO recovery. TWO recovery, in fact, last year when I had given the guidance, first of all the total recovery guidance we have given for INR13,000 crores total recovery will happen through that route now. Within that INR13,000 crores, INR4,000 crores we are expecting that it will happen through the TWO route now.

Sushil Choksey: Sir, any outlook on all the three subsidiaries, PNB MetLife, PNB Gilts, and PNB Housing? What are we doing? Are we enhancing our stake or any business outlook which you are seeing as a promoter?

Ashok Chandra: Yes, stake enhancement we are not going to do that, but of course we are constantly reviewing their performance and giving a very clear direction because value maximization of the subsidiary is one of our agenda items. And you have seen that PNB Housing, the new MD has come and lot of activities have started in that organization.

Similarly PNB MetLife, their performance has also improved now and PNB Gilts also they are doing very well. So from time to time our interventions are there and we are reviewing their performance and our people are already there on their board now so that we understand that where they are now and what is the support they require from the parent organization. We are committed for the value maximization of our subsidiary.

Sushil Choksey: Thank you for answering all my questions and good luck for the year.

Ashok Chandra: Thank you. Thank you, Choksey.

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

Ashlesh Sonje: Hi sir, good afternoon. Sir, firstly if I look at the processing fee for the quarter that has grown very well by 30% Y-o-Y to almost INR1,000 crores in this quarter. Sir, what is driving this growth? That's my first question.

And secondly sir, if I look you mentioned about shedding some low-yielding corporate advances of about INR35,000 crores in this quarter. If you can just explain what do you mean by low-yielding advances? Is there some threshold that you are looking at and what has happened eventually to these borrowers? Have they have they availed new loans from you at a higher rate or they have gone to another bank or have they gone to the bond market?

Ashok Chandra: See, processing fee last year during the same period was INR728 crores and this year the same period it is INR938 crores. So that is around 29% growth is there. When we are growing in the corporate loan book, last year INR4,00,000 crores of corporate loan book was sanctioned. So wherever the sanctions are there or the NBGs are there, I think we make income by way of processing fee.

It is only because of the growth which is happening overall credit and especially in the corporate loan book, we are getting the good processing fee. And second is the low-yielding advances, which we classify around 7% below. That is the benchmark we have created that whatever the advances are there below 7%, I think in a time-bound manner we should shed it and we are in a position to replace it and replenish it with the high-yielding advances. With all those things we are able to grow at 10% despite around INR40,000 crores low-yielding advances we have shed in the first quarter of this year now.

Ashlesh Sonje: Understood sir. Sir, and the growth in processing fee coming back to that, do you think your ability to charge fees on these loans has improved over the past few quarters?

Ashok Chandra: Yes, it has improved. What we are doing it, we have improved the turn-around time and we are very mindful and we have fixed up the accountability in the team now that the moment any proposal is sourced, let us have the decision immediately yes or no let us decide. That is one area bank has done very well. We have created a tool for that, the TAT tool is there where any proposal that gets emanated at any level, that has to be entered there because that gives you the reference number.

And when the account gets opened in the system in the CBS, that reference number has to be used. So I think we are very guided in the way we are monitoring the turn-around time and I feel that if the decision-making process is good and if we improve that performance, I think pricing becomes the secondary thing item now.

Ashlesh Sonje: Understood sir. Sir, and the other question on low-yielding corporate advances, I was I was trying to ask is what has happened to those borrowers? Have they come back to you at a higher price or they have gone somewhere else?

Ashok Chandra: No, no, many of those loans have been repriced and we are able to sustain them. But there are around INR15,000 crores, INR17,000 crores we have lost it and we have not given the rate which they were asking it and we have allowed to exit from the bank.

Ashlesh Sonje: Understood sir. Sir, a couple more questions, data keeping mostly, if you can share the AS 15 provision which you made during the quarter and if you can also share the quantum of bulk term deposits outstanding. And one more clarification sir, this INR25 billion or INR2,500 crores of floating provision which you have created, is it fair to understand that this is deductible against the INR10,000 crores of one-time provision you require for ECL? So essentially your net ECL one-time provision would be INR70 billion, INR70 billion, INR75 billion.

Ashok Chandra: Correct. It will be. First of all AS 15, this quarter we have made a provision of INR490 crores. And that as per the calculation which the actuary does, based on that calculation it has done now.

Ashlesh Sonje: And the bulk term deposit number if you have handy?

Ashok Chandra: Bulk deposit I think we have 17% to 18%. Percentage wise I can give you. One minute, one minute I will give you. One minute. Bulk term deposit around 18%. Yes, 18% it is.

Ashlesh Sonje: Understood sir. Perfect sir, thank you very much for answering all my questions.

Ashok Chandra: Yes, thank you.

Moderator: Thank you. The next question is from the line of Shreejit Nair from 360 ONE Capital. Please go ahead.

Shreejit Nair: Yes, hi sir, thank you for giving me the opportunity. I just had a question. So you mentioned that this year this quarter PSLC income was lower compared to same time last year. And is that the right understanding?

Ashok Chandra: No, PSLC not income. In fact, bank used to purchase and continues to purchase from the market. In fact, we are the borrower, we are purchasing it from the market. So, for Q1 FY'26 of last year our total operating cost which was spent on PSLC was INR893 crores, almost INR900 crores. This year for Q1 FY'27 it has been reduced to INR360 crores. It is an expense for the bank.

Shreejit Nair: Okay.

Ashok Chandra: It is an expense for the bank.

Shreejit Nair: Okay. And that is the reason why other expenses is lower right on a Y-o-Y, Yes. And what is the reason for lower employee expense on a Y-o-Y basis?

Ashok Chandra: Yes. That is also because of the AS 15 provision is INR490 crores in Q1 FY'27 compared to earlier provision of INR1,151 crores in Q1 FY'26. Otherwise the salary structure and everything is constant, nothing changes.

Shreejit Nair: Okay, Yes. Thank you, sir. Thanks.

Moderator: Thank you. The next question is from the line of Vishal Biraia from Bandhan AMC. Please go ahead.

Vishal Biraia: Hi, two questions. The first one is on the monsoon side. In case we actually end up in a very bad state of monsoon for this kharif season, what do you think could be the potential impact for us? Thank you. I'll ask the second one next.

Ashok Chandra: No, definitely that will be a big challenge on various aspect, not only in agri. Agri-related income wherever it is there, I think that also will get affected. So let us see that how it pans out in another two months' time because last year also we had seen that monsoon came little bit late in various parts of the country.

Yes, so last year also we had seen that monsoon was little bit delayed. So let us see that another two months' time, the August and September, how it happens. But definitely if El Niño factor happens, I think there will be some challenges on the various aspects of the economy.

Vishal Biraia: Okay. And sir on the MSME side, if you can just contrast as to what is driving this 20% growth in disbursements for us. And what portion of this you would think could eventually in case something goes wrong then what portion of this could have benefit under the ECLGS?

Ashok Chandra: See, first of all the underwriting standards have improved in the bank and we have also come out with the digital cash flow-based lending, which got integrated with the various outside network and based on that assessment happens and we are giving the loan now. So that has brought lot of off-take in the MSME segment.

And we know that this is one particular segment where the rough estimate done by the SIDBI, it says around INR25 lakh crores to INR27 lakh crores credit gap is there in this MSME space. So there is enough room for every institution to grow in this particular sector. And with our digital initiative and very good outreach activity Bank is doing it, massive outreach program in every quarter, 200 centers are being conducted for this.

MD, EDs, CGMs, GMs from head office also participate. All those activities and the digital process have given a very good impact and last year throughout the year the growth was more than 20% and this year also the growth is more than 20%. We are expecting that we will be touching a growth of around 25% in the MSME segment. And book is behaving very well, absolutely there is no challenge in the stress or in the NPA.

Vishal Biraia: So for us what would be the mix between secured and unsecured within MSME?

Ashok Chandra: No, it is most of these loans are through the CGTMSE coverage now. That is the best route to do it, because you have around 75% coverage now.

Vishal Biraia: All right, thank you.

Moderator: Thank you. The next question is from the line of Amansingh from ICICI Securities. Please go ahead.

Amansingh: Hi sir, thank you for the opportunity. I have three questions. Firstly on ECLGS, if you can highlight the amount of disbursement under the scheme. Second, so starting this quarter there is risk-based pricing in DICGC premium, so what is the savings for us and which bucket are we falling in? And third if you can highlight the LCR for the quarter.

Ashok Chandra: First, I will give you the ECLGS. We have eligible amount is INR40,000 crores and we have sanctioned INR15,856 crores out of applications received for INR20,370 crores. So INR40,000 is the eligible, INR20,000 crores is the application received, sanctioned is INR15,800 crores, disbursement is INR12,335 crores.

Raman Grover: Actually the point is, we cannot disclose the rating as such. The point is -- savings are as discussed. And by disclosing this you will be able to backward work that rating which we cannot disclose.

Amansingh: Got it. But if you can highlight the LCR for the quarter.

Ashok Chandra: Yes. What do you want sir?

Amansingh: The LCR number for the quarter.

Ashok Chandra: LCR number, Yes. It is 135%.

Ashok Chandra: Last quarter also it was 136%.

Amansingh: Okay sir. Thank you.

Moderator: Thank you. The next question is from the line of Pinaki Banerjee from AUM Capital Private Limited. Please go ahead.

Pinaki Banerjee: Good afternoon, sir. Thanks for the opportunity. Sir, of your corporate loan book of about INR5.15 lakh crores, would you just segregate it sector-wise like how much is the exposure to steel, cement, or infrastructure sector like this?

Ashok Chandra: Yes, I will give you. Infrastructure it is 9%.

Pinaki Banerjee: Okay.

Ashok Chandra: Energy it is 4%.

Pinaki Banerjee: Okay.

Ashok Chandra: Then metal and metal products 1.8%. Roads and port it is 4%. Food processing 2%. Iron and steel around 2%. That is it, Yes.

Pinaki Banerjee: Okay sir. So and sir next question actually in your could you just quantify the personal loan portfolio and what and how much is the segregation between the salaried and the non-salaried class?

Ashok Chandra: No, we don't give personal loan to any non-salaried people. That is the first thing which is our policy, Yes. So our personal loan personal loan outstanding is INR23,727 crores and this entire is the salaried-backed loan now.

Pinaki Banerjee: Okay. Sir, considering the fact that we have we are hearing that the IT sector is going through some amount of turmoil because of this AI-related thing, so has there been any slowdown in your disbursal to any IT employees or something like that?

Ashok Chandra: No, no. No, no. We are not facing any challenge.

Pinaki Banerjee: Okay sir. That's all from my end, thanks and all the best for the future.

Ashok Chandra: Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead. Mr. Kapoor, please go ahead with your question; your line is unmuted. As there is no response, we'll move ahead with the next question, which is from the line of Ankit Bansal from AB India Private Limited. Please go ahead.

Ankit Bansal: Hello.

Ashok Chandra: Yes.

Ankit Bansal: Yes sir, my question sir this quarter quarter-on-quarter profitability remains same around INR5,200 crores. What's the reason sir? Provisions are being less, why the profitability has not increased quarter-on-quarter?

Ashok Chandra: See, we have kept the floating provision of INR390 crores. See, whenever we are in good time, I think we are mindful of providing for the future and we know that from 1st April we are going to have the ECL implementation. So we are augmenting ourselves now itself that there should not be any challenge at the time of implementation.

And this quarter also INR390 crores provision we have kept for ECL. So that is one of the reasons why you see the muted profit quarter-to-quarter, but absolutely I think profit is on track and INR5,000 crores plus we are putting up the profit every quarter. There is no fluctuation is there in the profit. I think you should appreciate that if you put the graph, I think every quarter it is improving now. Yes.

Ankit Bansal: Okay. But sir, do you think this is a good idea as no other bank is doing like you are doing for ECL provision? Like this is hampering your share price sir. Retailers are not able to communicate with the bank like every quarter you are doing this, no other bank is doing this. They are making the ECL provisions just as a one-off at the end of FY27. You are doing quarter-on-quarter and that is hampering the confidence of the investor sir. Are you -- do you think this is a good strategy to just do like this?

Ashok Chandra: I think it is a very, very prudent decision of the management. And see, at any point of time bank has to take a hit on the balance sheet, you are aware of that. 1st April '27, if somebody is not doing it, they will have to provide that. So at that point of time somebody has to take the entire hit. And if I have the cushion, I am providing it so that in future there should not be any surprises.

See, we are very mindful that our operating profits has to grow continuously, net profit should grow continuously, and our all efficiency ratio consistently should improve. And if those all those things are happening and if I have some surplus, I am keeping it for that and that activity will happen till 31st of March only because anyway from 1st April it will get implemented. So after that, you don't require such type of floating provision because ECL will be in place.

Ankit Bansal: Good. Okay sir. But what's the guidance for net NPA and gross NPA for the whole year?

Ashok Chandra: Gross NPA our guidance is less than 2.5% and net NPA it is less than 0.3%. And already our net NPA is below 0.3, we are 0.28%. Gross NPA also last year it was 3.78, we have brought it down to 2.78 in the first quarter itself. So we are all parameter wise if you see the guidance which we have given, we are on track.

Ankit Bansal: Okay sir, okay. Sir, any stress in which sector is you are seeing some -- any starting stress like I have in your presentation see energy is doing good, infrastructure -- sir some pain in textile, chemicals, and steel is been there. Is it the early signs? Can you please just for my guidance?

Ashok Chandra: No, as of now we are not seeing any stress and that is the reason you see our SMA book is one of the lowest in the few years now. 2.90 is the SMA book now for all put together SMA 0, 1, and 2, this is the total outstanding now. So I think on that exhibit we are on a absolutely right track.

Ankit Bansal: Okay sir. Thank you sir, thank you very much.

Ashok Chandra: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to management for closing comments.

Ashok Chandra: First of all, my sincere gratitude to all my analysts and all my investors for reposing faith in our bank. And we assure you on behalf of the entire management of our bank that on a consistent basis we will improve our performance, we will show a good growth, and we will show a good asset quality. I think overall every quarter you will find that growth, profitability, and improvement in the asset quality will happen. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.