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Scrip Code : PNB	**Scrip Code : 532461**
National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Date: 13.05.2025

Dear Sir(s),

Reg.: Transcript of the Earnings Call with Analysts/Investors on Financial Results for the quarter/ year ended 31st March, 2025

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the transcript of the Earnings Call with the Analysts/ Investors on the Audited Financial Results for the quarter/ year ended 31st March, 2025 held on 07.05.2025. The same is also available at https://www.pnbindia.in/financials-current.html .

The above is for your information and record, please.

Thanking You
Yours sincerely,

Bikramjit Shom

Digitally signed by Bikramjit Shom
DN: cn=Bikramjit Shom, c=IN, st=DELHI, o=Punjab National Bank, ou=HO Board, serialNumber=6f2651546fb6d9dcaa692694280f1d0198f3f1283652a85f10889a45fae593e8
Date: 2025.05.13 18:45:29 +05'30'

पंजाब नैशनल बैंक P.N.B. शेयर विभाग बोर्ड व समन्वय प्रभाग Board & Coord. Division Share Department H.O.: New Delhi-110075 प्र.का., नई दिल्ली-110075

(Bikramjit Shom)
Company Secretary
Encl.: As above

"Punjab National Bank Q4 FY'25 Earnings Conference Call"

May 07, 2025

MANAGEMENT: **MR. ASHOK CHANDRA - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, PUNJAB NATIONAL BANK**
MR. KALYAN KUMAR - EXECUTIVE DIRECTOR, PUNJAB NATIONAL BANK
MR. M. PARAMASIVAM - EXECUTIVE DIRECTOR, PUNJAB NATIONAL BANK
MR. BIBHU PRASAD MAHAPATRA - EXECUTIVE DIRECTOR, PUNJAB NATIONAL BANK
MR. D. SURENDRAN - EXECUTIVE DIRECTOR, PUNJAB NATIONAL BANK
MR. DILIP KUMAR JAIN – CHIEF FINANCIAL OFFICER, PUNJAB NATIONAL BANK

MODERATORS: **MS. PALAK SHAH - ELARA SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Punjab National Bank Q4 FY'25 Earnings Conference Call hosted by Elara Securities India 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 '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Palak Shah. Thank you. And over to you, ma'am.

Palak Shah: Hello, everyone. And welcome to Q4 FY'25 Earning Conference Call of Punjab National Bank. Today, we have with us the entire management of Punjab National Bank, headed by Mr. Ashok Chandra, MD & CEO; Mr. Kalyan Kumar, Executive Director; Mr. M. Paramasivam, Executive Director; Mr. Bibhu Prasad Mahapatra, Executive Director and Mr. D. Surendran, Executive Director.

With this brief introduction, I would like to hand over the call to Mr. Ajay Singh, General Manager, to read out the disclaimer statement, post which MD sir will address the conference call. Thank you and over to you, sir.

Ajay Singh: Good afternoon, everybody. The disclaimer:

This representation contains 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 under takes no obligation to update forward-looking statements to reflect events or circumstances after the present date.

Thank you.

Ashok Chandra: Good afternoon. I am Ashok Chandra, MD & CEO of Punjab National Bank.

I will just give the snapshot of our performance for the Financial Year '24-'25.

First, I will touch the business performance:

Global gross business of the Bank stood at Rs. 26.83 trillion as of March '25 with the yearly growth rate of 14%. The global gross deposit stood at Rs. 15.66 trillion with a YOY growth rate of 14.4% and global advances stood at Rs. 11.17 trillion with a YOY growth rate of 13.6%. We are well above our guidance for deposit as well as the credit growth rate, which was 9% to 10% for deposit and 11% to 12% for credit. CD ratio of the Bank is comfortable level at 71.28% as of March '25.

Profitability performance:

Coming to the profitability numbers:

The net interest income stood at Rs. 42,782 crores with a YOY growth of 6.7% for Financial Year 2024-'25. NII has reflected marginal dip in Q4 on account of the immediate impact of policy rate cut on asset side.

Our domestic NIM is at 3.08% for Financial Year '25, whereas the global NIM stood at 2.93%. We are in line with our guidance for NIM at 2.9% to 3% for Financial Year '24-'25. The operating profit for the Financial Year '24-'25 is Rs. 26,831 crores which has improved from Rs. 24,931 crores in Financial Year '23-'24 with a growth rate of 7.6%.

Our quarterly operating profit is Rs. 6,776 crores which has improved from Rs. 6,416 crores in the same period last year with a growth rate of 5.6%. The net profit for the Financial Year '24-'25 is Rs. 16,630 crores, recording a YOY growth of 101.7% compared to FY '23-'24 at Rs. 8,245 crore. For the March quarter, net profit stood at Rs. 4,567 crore against the Rs. 3,010 crore in Q4 '23-'25 with a YOY growth rate of 51.7%.

Key Ratios:

The return on asset stood at 1.02% for Q4 Financial Year '25 and 0.97% for Financial Year '25, achieving the guidance for Financial Year '25. Return on equity is 19.23% for Q4 Financial Year '25 and 19.33% for FY'25.

Highlights of our asset quality:

Bank has done very well under the entire NPA management and the preventing the fresh slippages. As far as asset quality is concerned, our gross NPA has reduced from 5.73% in March '24 to 3.95% in March '25. Similarly, the net NPA percentage, which was 0.73% in March '24 has improved to 0.40% in March '25. Guidance for Net NPA was below 0.5% for '24-'25 and we have crossed that guidance.

The PCR of 95.39% in March '24 was improved to 96.82% in March '25, which is well above our guidance of more than 95% for FY '25. Total fresh slippages during FY '25 was Rs. 6,761 crore and Rs. 3,001 crore in Q4. Our guidance for slippage ratio was to remain below 1% in FY 2025. We are within the guidance and it is at 0.73%. The total recovery stood at Rs. 4,733 crore for Q4 2025 and Rs. 14,336 crore for FY 2025. The credit cost is stood at 0.21% for FY 2025 and 0.19% for FY'25, achieving our guidance of credit cost which is below 0.25% to 0.3% for current financial year.

Capital performance highlights of about our capital:

As far as the capital is concerned, the capital adequacy is 17.01% as on 31-3-2025 compared to 15.97% as on 31-3-2024. During Q2 FY'25, Bank raised equity capital of Rs. 5,000 crore through QIP which increased the CET-1 and CRAR by 65 basis points which are subscribed by 8.3x. During Q3 FY'25 Bank raised Tier-2 bonds of Rs. 3,000 crore and the government of India shareholding remains above 70%. Our CET-1 as of today it is 12.33%, AT-1 is 1.72% and Tier-2 is 2.96%. We have also taken the board approval for raising Basel III compliant AT-1 bonds and Tier-2 bonds for Rs. 4,000 crore each.

Highlights of our digital performance:

Bank is doing extremely well in all the area of banking and we have improved lot of digital penetration in all the critical areas. The Bank is focusing on building digital capabilities under the domain of AI, ML, and analytics-based business generation. The same has yielded tremendous results for the Bank. 94% of the transactions are getting conducted in the digital mode in our Bank. The number of activated PNB |ONE mobile app users stood at 2.14 crore as on March '25 as against 1.74 crore as on March 2024. The number of WhatsApp banking users has grown by 115% from 31-3-2024 to 61.6 lakh as on 31-3-25. Sanction under the digital lending journeys were more than Rs. 23,169 crores and every fifth loan is getting sanctioned through the digital mode in our Bank.

We have onboarded 4.29 lakh CBDC customers and 62.93 lakh transactions done through the CBDC app till date. Further mobile launched through corporate mobile banking app for the business people and added, we have added more than 99,000 customers on the app now. Almost all the digital lending platform, digital credit lending platform, we have brought the AI, ML piece like PM Vishwakarma, SVANidhi, PM Surya Ghar, and we are getting the good traction almost all the critical areas of the lending.

If I touch the HR front:

Bank has adopted the new HR ecosystem driven by Project Udaan. And in our Bank, lot of steps have been taken to bring transparency in the transfer, in the performance appraisal and overall in the ecosystem of the HR management.

Last point which I would like to touch is that the officer or the employee who joins in our Bank, their entire life cycle we are mapping up and good leadership development programs are in place. International coaching federations, certified coaches are there. They are also giving coaching to our senior executives of the Bank. So lot of improvements and things, the transparency which we have brought in the HRMS side now.

Finally, if I can conclude, the focus area of the Bank this year will be on customer centricity and enhancing the ease of banking for customers. Focus on ambiance of branches and the ATMs, strengthening our presence in 100 districts, having 66% of the CASA of the country. Focus on product and process improvements across the sector, strengthening market share in the RAM, boosting non-interest income, optimizing costs, strengthening technology, and setting up efficient data analytics center, robust cybersecurity framework and making organization ready for ESG and climate risk. Compliance and good conduct will be the core for the growth, transparency in human resources, which I have already touched, and maximization of recovery and preventing the fresh slippages. These are the core areas on which the Bank is going to work in the Financial Year '25-'26.

Thank you very much and I am ready for any discussion or any question, any clarity. If any of the parameters, if it is required, I am there and my entire top management team is with me now. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mahrukh Adajania from Nuvama. Please proceed.

Mahrukh Adajania: Yes, hello. Good evening, sir. Sir, I had a couple of questions. Firstly, if you see your slippage, then it's higher than what we have seen since Q1 FY'24. So now, will this be the normalized rate of slippage or were there any runoff? That was my first question, and I have a few others.

Ashok Chandra: Yes, good evening, madam. The overall slippages ratio, if I can talk about, it is 0.73% and the guidance which we had given for '24-'25 was below 1%. So we are well within the guidance. Of course, we have seen some slippages happening in the Q4, which is above normal. And mostly, we have analyzed those slippages and that has happened in the agri and the MSME segment. And in the agri and MSME segment also, the slippages which has happened, it is below 10 lakhs segment. So we have strengthened our system now and already in this particular month, April itself, we have made a recovery of around Rs. 288 crore out of those fresh slippages which has happened in the Q4. So I think definitely we will be maintaining the slippage ratio which we have given the guidance this year that below 1% will be the slippage ratio. And the Rs. 3,000 crore slippage which has happened in the Q4, definitely that was an outlier and going forward, we are expecting that the quarterly our slippages will be in the range of around Rs. 1,500 crores to Rs. 1,700 crores.

Mahrukh Adajania: Okay, sir. And my other question is that, a lot of banks have given many details about one big loan transfer to NARCL. So how did that get affected in our book? What were the entries like ICICI, Axis, all of them have given details on how much has been reversed through provisions, if there was anything in interest income that has been taken, the amount etc. So if you could just explain because that's a lumpy account, right? And it's public, like everyone knows which account has been transferred to NARCL that way.

Ashok Chandra: Correct, madam. See, what happened, in the Financial Year '24-'25, through NARCL, we have made a recovery of Rs. 458 crore in the last quarter and in the Q4, which is the account which you are talking about, and Rs. 863 crore total recovery which we have made through the NARCL in FY25.

Mahrukh Adajania: Okay, but so that has been shown as a reversal of provisions?

Ashok Chandra: Yes, ma'am.

Mahrukh Adajania: And has there anything gone via….

Ashok Chandra: That is the reason, madam. If you see, our recovery in the technical write-off in this quarter, Q4 is Rs. 1,800 crore. And if you see our recovery in the Q3, it was Rs. 793 crore. So there has been significant improvement in the TWO recovery in the last quarter. And it is because of that one big account recovery.

Mahrukh Adajania: Okay, but that was you said it's only Rs. 458 crores that way, right?

Ashok Chandra: Yes. Correct.

Mahrukh Adajania: Okay. And that has what has gone through the other income line?

Ashok Chandra: Yes, madam. Yes.

Mahrukh Adajania: And nothing has gone through the interest income line, right? NII line, right?

Ashok Chandra: NII, the total NPA recovery through that NII route is around Rs. 700 crore.

Mahrukh Adajania: Okay and last quarter it was how much, sir?

Ashok Chandra: Last quarter also, see every quarter around the Rs. 600 crore to Rs. 700 crore it goes in the interest income through that recovery channel.

Mahrukh Adajania: Okay sir. Sir and I have just one last question on margins. So our margins did decline a lot in this quarter for reasons explained, right? But that there was a repo rate cut. But also, sir, the deposit cost has gone up a lot. Would that be because of your special deposit scheme? What explains the rise in deposit cost, like the deposit cost that you show in the prese?

Ashok Chandra: Yes. I think that was one of the reasons, we had one special deposit scheme. But what I feel now with the declining scenario of the deposits and the credit, I think definitely the cost of deposit, which have already it is reached at the peak level. I think we are going to bring it down now because already we have withdrawn that special deposit scheme which was there and the different segment also we are going to revisit our deposit rate and maybe some corrections we will be making in the deposit front. So I am expecting that from the Q3 onwards, definitely that impact will be visible on the NII and the NIM front.

Mahrukh Adajania: Got it. But in Q1, it's likely that NII, NIM can fall, that way?

Ashok Chandra: It will not fall. We will remain in the same level because the deposit cost is almost bottomed out now. And going forward, I don't see any rise in the cost of deposit. Rather, the deposit cost will come down. So Q1, mostly we will be at the same level. But definitely going forward, Q2-Q3 onwards, we see improvement in our NII as well as the NIM.

Mahrukh Adajania: Okay, sir. Thank you. Thanks a lot.

Ashok Chandra: Thank you, madam.

Moderator: Thank you. The next question is from the line of Ashok Ajmera from Ajcon. Please go ahead.

Ashok Ajmera: Good afternoon, sir. And congrats to Ashok Chandraji and the entire team of PNB. You are firing on all the cylinders because the business growth is phenomenal. 14% looking at if you compare with the other banks and especially the credit and deposit growth, of course, which has led to the higher business growth. Your deposits are 14.4%, which is I think growth is one of the highest. And, even the credit growth also is 13.6%. Though in this quarter, it is only 0.6%. On the whole, fantastic performance on all this. Now having said, most of the public sector banks also, including even State Bank, has also declared the result. And everywhere we have seen that there may be, first of all, they have moderated their targets for the credit. Like a Bank like, largest Bank has also reduced the credit target from 14%-16% to now 12% in FY'26 which are going very strong. So going forward, sir, for FY'26 and especially in this quarter, which is going to be a, I mean, a lean quarter, even just now we finished Bank of Baroda analyst call also in the morning. So there seems to be some pressure, especially in this quarter, also the current quarter. So, sir, going forward, where do we stand in PNB because excellent performance and I think all past legacy, all negative things have gone and the Bank has started performing very well on all fronts. So this is the first question, sir, that how do you see going forward the business growth, deposit, credit growth, and from where it is going to come?

Ashok Chandra: Thank you. Thank you, Ajmer sir. And if I can talk about the growth. see, credit growth already we have given the direction that '25-'26 also we are going to grow at a rate of around 11% to 12% in the credit and deposit also around 10% growth which we are envisaging and definitely we are going to achieve that. Rather we will cross the projection which we are giving now. And why I am talking about the growth, the reason is that Rs. 1,15,000 crore sanctions are already there with us. There are disbursement which is going to happen for the loan sanction in '24-'25 is around Rs. 85,000 crores. And in this Financial Year, like from 1st April till today, we have given a sanction of Rs. 28,000 in the corporate book. And this I am talking about the corporate book only, where we have given the sanction. And the Rs. 28,000 crore which we have given the sanction, that disbursements are also pending now. So I am expecting that Rs. 1,15,000 crore of sanction which is already there, definitely that disbursements are going to happen in the Q1, Q2, and Q3 onwards.

Then there are another Rs. 21,000 crore of the new business group proposal, NBG we call it. Already we have given the approval and for that we are waiting for the proposals to come and then we will give the sanction. So we have Rs. 1,35,000 crore of corporate book in place and I am expecting with this at least 50% disbursements are going to happen. With that itself we will be able to grow at a speed of more than 10%.

Now second initiative which a Bank has taken about the Retail Agri and MSME segment and if you can recall that a lot of initiative Bank had taken in the month of February. We had 6th and 7th of February we had launched and the outreach campaign for the housing loan and the retail activity. 13th of February for the MSME and 1st of March which we had done for the SSG and the Agri. And all those things have done very well and because of that if you see our RAM sector has also grown at a speed of 16% to 17% in different segments. So we are going to push this

RAM segment very high now and I think there also the growth in the all the retail, agri and MSME I am expecting that there will be a growth of more than 15% to 16%. So all things put together I am expecting that the entire credit growth in the Bank will be in the range of more than 12%.

Ashok Ajmera: Point well taken, sir. Sir, you are the master of recovery, especially in one of the, I mean, you are a parent Bank, you did excellently, I mean, performed. So, on recovery front, sir, now recovery, normal recovery, and recovery from return of accounts. Would you like to give some color on that for FY'26 and especially in the coming one or two quarters? And, coupled with the decision of the Supreme Court on Bhushan Power and Steel, how do you see it affecting those recoveries which have already taken place? And where do we stand on that?

Ashok Chandra: The overall recovery in the Q4, if you see, we have more than Rs. 4,700 crore of recovery. And in that, Rs. 1,800 crore has come from the technical write off. And if you can recall during the analyst meet in the month of last quarter, I had already indicated that there will be around Rs. 1,500 crore to Rs. 1,600 crore of technical write off recovery will happen. And our overall recovery in the Q4 also, we had projected that Rs. 4,000 crore to Rs. 5,000 crore of recovery will happen and that we have done it now. Team has made it possible. Going forward also, I can give you the color for that. Around Rs. 16,000 crore of recovery I am expecting in the Financial Year '25-'26. In that, the technical write off - recovery every quarter, I am expecting that minimum Rs. 1,500 crore will happen. So these are the projections which I am giving and that is in line with the guidance which we have given to the analyst.

Ashok Ajmera: What is the total write off book, sir?

Ashok Chandra: It is around Rs. 90887 crores.

Ashok Ajmera: So we expect about Rs. 6,000 crores. So about 6% to 7% of the total book, maybe 5.5% to 6.5%. That's very good, sir.

Ashok Chandra: This is a minimum which I am talking about, the minimum recovery that is going to happen. See this Rs. 91,000 crore - Rs. 92,000 crore book which we are holding it in that there are very crude assets are also there where we are not going to expect much recovery in that. There are things which has gone in the liquidation also, so all put together it is Rs. 91,000 crore. But actual recovery which is going to happen is almost out of 50% of that only the recovery is going to happen and there we are going to recover around Rs. 6,000 crore. So 10%.

Ashok Ajmera: So, next is on the NARCL, like SRs issued by NARCL, which is government guaranteed. Now, the RBI directive, can value it at the fair value. So, how much profit have we taken on that on SRs issued by NARCL till date, in the last quarter?

Ashok Chandra: Yes, it is around Rs. 1,200 crore.

Ashok Ajmera: Which has gone straight to the bottomline, sir?

Ashok Chandra: Yes, and that has been neutralized with the MTM which we have done in the treasury.

Ashok Ajmera: So earlier, whatever MTM was done?

Ashok Chandra: Yes.

Ashok Ajmera: And last question on this, on the treasury front. Now since the treasury is giving phenomenal income and now also at least two rate cuts, everybody's agreeing up to 50 basis point coming from RBI. So going forward, we will have a phenomenal, I mean tremendous income from treasury book. So any color on the treasury operations for FY'26 and with this kind of windfall which will come in, how do you look at it and how good it will affect the profitability?

Ashok Chandra: I think, see, understanding the rate transition which was going to happen in the month of March and the June, we have built up a good treasury book now, both SLR and non-SLR book also. And we are going to get good dividend out of this investment which we have made in the treasury now.

Ashok Ajmera: Sir, how much MTM profit has gone from the AFS book which has gone directly to the reserve?

Dilip Kumar Jain: Market profit from AFS book which now as per RBI valuation norms, revised valuation norm goes to reserve, AFS reserve.

Ashok Ajmera: What is that figure, sir?

Dilip Kumar Jain: So we have created 2 things. One is about the general reserve, which is Rs. 2,098 crore and AFS reserve we have done Rs. 379 crore.

Ashok Ajmera: Will you repeat that second number, sir?

Dilip Kumar Jain: It is 2,098 crore in the beginning in transition. And for during the entire year, we have done AFS reserve Rs. 379 crore for the entire year.

Ashok Ajmera: Okay, sir. Thanks a lot. And if time permits, I will come back again, sir. Thank you, sir. Thank you and all the best.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question is from the line of Jay Mundra from ICICI Securities. Please proceed.

Jay Mundra: Good evening, sir. I wanted to check what is the amount of wholesale deposits that we have?

Ashok Chandra: Including CD it is Rs. 2,80,000 crore.

Jay Mundra: Right, so sir in your entire deposits of Rs. 15 lakh crore, roughly give or take, let's say Rs. 3 lakh crore is such which will reprice on a faster basis, which is only 20% of the overall deposits. Whereas on your loan book you have very high proportion which at least, let's say the loans which are linked to EBLR and T-bill, which is roughly 50% or over 50% book, which will reprice or which have already started repricing. So in that context, you could have significant margin pressure. I mean, the margin for this quarter ending is 2.81, global margins and we are saying that full year we should be around 2.2 to 2.9. So it looks like that may be very optimistic aspirations.

Ashok Chandra: See, the total term deposit which we are holding it, there is a percentage of the deposit for more than one year is also not very high. So we are expecting that the deposit which is there for three months' time, most of our deposits are in the range of 6 months to 9 months. And that is the reason, in fact, I'm telling also that our pressure on the cost of deposit will bottomed out or it will come down from Q3-Q4 onwards. So till Q2, definitely there is going to be some pressure. But at the same time, the cost of deposit which is there as of now, that is not going to be up now because that is the highest level we have reached now. Now under no circumstances this level is going to up because the deposit rate scenario is already down now and we are expecting that whatever the new accretion that is happening in the system that is far below the rate which we were prevailing earlier. So keeping that in mind and the long term impact of the deposit which is there in our system, I don't see that in the long run we will have any pressure on our NII and the NIM.

Jay Mundra: Okay. So, sir, actually, let me ask you, we have already passed on the repo rate cuts, right? I mean, so this quarter till March end, you would have passed on some impact of the Feb 4 repo rate cut on the loan side, right?

Ashok Chandra: Yes.

Jay Mundra: So now, sir, let us say if in cumulative there are 100 basis points of rate cut, what is your sense that your yield, your blended yield on advances, how much should it decline? Should it decline by let's say 60 basis point on a let's say from fourth quarter to maybe fourth quarter by that time 100 basis point? I mean, so 100 basis point of repo rate cut, what should be the blended decline in your loan yields? Assuming everything is more or less static.

Ashok Chandra: I think we need to go deep into that and we need to do some calculation for that and then only I can throw the figure to you. We will have to factor those things and then only we can calculate. I think we can discuss with you separately and we can give you the entire calculation. What are the RLLRs there, MCLRs there and how it is going to be, if the further 50 basis point rate cut happens, how it happens now? I think we can have one-to-one discussion and I can share all those details to you.

Jay Mundra: Sure, sir. And sir, is there any strategic discount that you offer to your customer which contractually you can reduce that? Is there such mechanism or you think more or less the EBLR linked loans will have a complete passthrough?

Ashok Chandra: No, I didn't get that question.

Jay Mundra: So let's say I am saying, sir, on your loans which are linked to EBLR, so far RBI has cut by 50 basis points. Let us say RBI also cuts by another 50 basis points. So there is a 100 basis point cumulative cut. Do you have any contractual mechanism wherein you may choose to pass on only 75 basis points, saying that you are increasing the spread or you are reducing the strategic discount that you would have offered to those customers or it will be simply more or less 100 basis point passed through to at least to the EBLR customer. MCLR and all those things will change.

Ashok Chandra: See, more or less where it is straight away the rates are fixed with the EBLR, definitely we need to pass on when we are passing on that benefit. But there are certain schemes in the retail segment like housing loan is there and vehicle loan is there, where we have given some strategic discount. There we can revisit if the further rate cuts happens. Then strategic discount which we have given because of some campaigns we are launching it. So we are giving further discount in our RLLR. There we will revisit and we will find out what best improvement can be done now. But wherever the straightaway methods are there, where RLLR based lending are there, definitely when we are reducing because of the repo rate, we have to pass on this benefit to all these people.

Jay Mundra: Right. Understood and last year, I could not understand the security receipts treatment. So we had Rs. 1,200 crores-Rs. 1,300 crores of security receipts, which were above the book value of Rs. 1,200 crores-Rs. 1,300 crores. So that should have been in P&L, right? You said that you have neutralized that gain by MTM. So if you can just explain?

Ashok Chandra: I will ask my CFO to explain it to you.

Dilip Kumar Jain: Mundraji, I think you are rightly observed. But we have taken the entire benefit of this in the revaluation of this entire SRs. We have either released the provision or we have revalued at the NAV value. So this amount is 1,326. But what the impact we have is, we have another securities where we have some MTM losses as well. So those we have provided especially one of the big investments we have. So the net result reflected on Rs. 182 crores positive in the end sir.

Jay Mundra: Okay, understood. Thank you and all the very best, sir. And I will engage you sir on separately for this yield sensitivity.

Ashok Chandra: Definitely, this we will come up, yes.

Moderator: Thank you. The next question is from the line of Kunal Shah from Citigroup. Please proceed.

Kunal Shah: Hi. Sorry. So again to clarify on this SRs, this 182 which is the profit on revaluation of investments, that is the net amount which is getting reflected after 30 crores of credit coming from the government guaranteed SRs. So there would have been some knockoff Rs. 1,100 odd crores which would have been taken, Rs. 1,150 odd crores on MTM on other SRs. So that’s right?

Ashok Chandra: Yes, absolutely right.

Kunal Shah: Okay, perfect. Got it. And secondly, coming on to this deposit question again, so you mentioned like this were largely the special deposit schemes which have now been withdrawn. But what was the tenure of these deposits? And I think maybe just prior to the rate cut, have contracted them at a very high rate. So what is the average tenure of particularly the special deposit rates, which were referred?

Ashok Chandra: It was 400 days deposit.

Kunal Shah: So that will at least take like one year to reflect?

Dilip Kumar Jain: Yes, That's the reason I am telling that in fact of this rate cut in the deposit, we will take at least a Q3 onwards, Q4 onwards, only then we will see the impact.

Kunal Shah: Yes. But still like maybe for 400 days, so it will be almost like more than a year. And given that this was on for almost like last four months, it will take a slightly longer period as well?

Ashok Chandra: Yes.

Kunal Shah: Okay and getting on to SMA slippages as well as agri, so no doubt you indicated, but there is a sharp increase which is there in both of that when we look at it on a nine months and the full year number, particularly agri also sharp rise in SME. These are like less than Rs. 10 lakh loans as you indicated, but any color in terms of where this is flowing from, is it like the area of stress and the initiatives which we are taking to manage this going forward and this will not repeat or this will be contained at the current level?

Ashok Chandra: No, I am very confident that the level which you have seen, think that is the maximum level it has touched. It won't cross the limit which has happened in the Q4. Because in agriculture, if you see the March quarter itself, was Rs. 1,400 crore. And that is the highest it has happened in the last one and a half years and there is a maximum...

Kunal Shah: Which product segments, particularly this Rs. 1,400 crores, which will like within Agri, which is this product segment which is contributing to the maximum pain?

Ashok Chandra: These are all the KCC loans and in that there was repeated restructured loans were also there. So we also didn't allow to do anything in that. So we are allowed to flip it and then we can do the recovery measures also. And in the first month of the 25'-26' itself we have made a recovery of around Rs. 288 crore. So, and that is the highest level it has happened. It is not going to happen in the Q1 or Q2 onwards now. And this quarter, I have already given the direction that it will be around Rs. 1,500 crores to Rs. 1,600 crores, the total slippages are going to happen now.

Kunal Shah: Okay, got it. Perfect. Okay, thanks and all the best.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question is from the line of Vinit Jain, an Individual Investor. Please proceed.

Vinit Jain: Good evening, sir, about the Bhushan Steel which is there in the Supreme Court has denied the acquisition which JSW has done, I wanted to know about that? What is the impact of that in PNB, sir? Do we need to give discount on Quarter 2 and Quarter 3, whatever we have covered? I wanted to know about it, sir.

Ashok Chandra: Of all the lenders, around 32 lenders under this. So a COC meeting is going to happen in 2-3 days and then will take the future course of action, the solution under the law will be considered. And we will go by the best solution. I don't see any challenge in future in recovery mechanism.

Moderator: Thank you. The next question is from the line of Ashlesh Sonjay from Kotak Securities. Please proceed.

Ashlesh Sonjay: Hi sir, good evening. The first question is on asset quality, especially on the recoveries part. You indicated you're guided for a recovery amount of about Rs. 16,000 crores for next year against a recovery of about Rs. 14,300 crore which you have done in this year. What changes next year, that you are confident about a higher recovery?

Ashok Chandra: See, the one thing which is, if you can see in the recovery in Q4, where we put a lot of focus and the drive happened across the Bank, and we have seen the recovery of Rs. 4,700 crore which is highest in all the four quarters. In the recovery under the technical write off itself is around Rs. 1,800 crore. So that gives a lot of strength to us that if we can put the focus and the head office and the circle office and our general office, if they start monitoring the account on a regular basis, connecting with the NPA borrowers, I think definitely this number is achievable and we are going to achieve that.

Ashlesh Sonjay: Okay, and just a follow up, you are not assuming any big chunky recovery from here?

Ashok Chandra: Chunky assets are not there now. I think all the recovery will be in the range of around, smaller accounts definitely, there are a lot of plenty of accounts are there and around in the range of Rs. 25 crores to Rs. 50 crores, plenty of recoveries are going to happen.

Ashlesh Sonjay: Okay, so secondly on the margin front, on the housing loan front, you seem to be growing that book quite well and it seems like PNB is offering a rate of interest of about 8%. Given the expected pressure on yields due to the repo rate cut, it possible that you might consider a hike in the interest rate on the housing loans?

Ashok Chandra: This rate as of now what we are giving, we will continue for that and then we will see what further repo rate cut happens and then the discount which we have given over the RLLR, I think we will revisit that, we will see that. As of now, we don't have any plan to do that. See, housing loans, generally we give this rate with a provision that the team of our Bank will connect with the people. And along with the housing loan, lot of other things also come into kitty. Their personal account also come, and once that personal account comes, then lot of other lending activity also happens. So this is not the standalone we should see the interest rate in the housing loan.

Ashlesh Sonjay: Just one clarification, when do you expect the MCLRs to decline for the Bank?

Ashok Chandra: MCLR one cut we have already given of 10 basis point that is from 1st of May.

Ashlesh Sonjay: One more question. On the tax rate change, when do you anticipate that, anything in the pipeline?

Ashok Chandra: Which one?

Ashlesh Sonjay: On the tax rate, shift to the new tax regime?

Ashok Chandra: This financial year definitely we are going to adopt the new tax rule now. Mostly by Q1 or Q2. By Q2 definitely the new tax regime will be in place.

Ashlesh Sonjay: Thank you, sir.

Ashok Chandra: Thank you.

Moderator: Thank you. The next question is from the line of Rakesh Kumar from Valentis Advisors. Please proceed.

Rakesh Kumar: Yes, hi. Thanks, So a couple of questions, sir. Firstly, like you were discussing on the deposit cost number, that there is an acceleration because of a special deposit scheme. But if I look at your reported deposit cost number, it was close to 5.1% in first quarter. Increase was 8 bps in the second quarter and then 6 bps. And then all of a sudden in this quarter, 12 bps. It is not, it doesn't seem that it is just because of special deposit scheme what we had and what it stands withdrawn right now, but still we have seen 12 bps increase in the deposit costs. So is that there is a large mobilization that we did in third quarter? Is that the reason or there is some other reason why the deposit cost has increased by around 12 bps this quarter?

Ashok Chandra: Yes, that is also one of the reasons. So there was some deposit, bulk deposit and the CD was mobilized in the third quarter and that impact also we have seen, but we have reduced the CD in the this particular quarter, almost around Rs. 10,000 crores to Rs. 12,000 crores of CD we have reduced in this particular quarter itself. And that is one of the reasons if you see the quarter to quarter deposit growth is slightly lower than the earlier quarter now. So we are mindful of taking the deposit at a reasonable cost. And I don't see going forward any further improvement, increase will be there in the cost of deposits.

Rakesh Kumar: It looks very contrary, sir, that we have a credit growth of 0.6%. There is no credit growth actually in the domestic credit growth on a sequential basis. And as you said that we have kind of said some high cost maybe the bulk deposit. If you are setting the high cost bulk deposit, actually something reverse would have happened on the deposit cost number. But still with this kind of balance sheet growth, are reporting with a 12 bps increase in the deposit cost, margin decline of around 12 bps in Q4, numbers are not fitting in completely. So I don't know what is happening here.

Ashok Chandra: No, in the deposit, any impact, suppose we have mobilized some low-cost deposit in the month of February and March. The impact of that deposit, cost of deposit will be visible only after Q2 and Q3 onwards, because there are deposits which we are sticking for one-year period, nine-month period. So actual impact will be in the Q2 and Q3 itself. Because all the low-cost deposit which we have mobilized in the March and the now also, that actual impact will be happening only after the Q3.

Rakesh Kumar: Okay. And sir, if you look at total accumulated provision number, we had around Rs. 66,000 crore in the March '21. Now we have accumulated provision of around Rs. 40,000 crore. Return of loan outstanding remains the same. So obviously, the propensity or the resources what we have to do the recovery from here on, that has come down drastically. So one thing is that what is the interest income accrual that we have done from NPA recovery and TWO recovery in this quarter and this year and how that number will pan out in '25-'26, because the recoverable pool has come down quite sizably. if you can show some lights?

Ashok Chandra: The technical rate of recovery in Q4, it was Rs. 1,800 crores. And overall total recovery in the Q4 was Rs. 4,700 crores. That is the total recovery we have done.

Rakesh Kumar: I was asking sir, of the total recovery, NPA recovery or TWO recovery, what is the interest accrual that we have done?

Ashok Chandra: I am telling you. So Rs. 1800 crore is the technical write off, other than that Rs. 700 crore every quarter, Rs. 600 crores to Rs. 700 crores, recovery goes in the interest. Any recovery which we are doing it in every quarter in the NPA account, around 600 to 700 goes to the NII. And we are also projecting that going forward also minimum 1,500 crore of technical recovery will happen in every quarter. And we are predicting that total recovery will be around Rs. 16,000 crore in the entire year in '25-'26.

Rakesh Kumar: Got it. And the interest income accrual ratio will be the same kind of?

Ashok Chandra: That is the same. That is the trend which we are seeing it for the almost last 6-7 quarter. Rs. 600 crore to Rs. 700 crore it goes in the interest income.

Rakesh Kumar: And considering that the provision that we have taken for employee expenses this quarter and for this year, what are the discount rate assumption that we are working with now?

Dilip Kumar Jain: Let me talk about this government bond rate, any is of 10-year plainly which is available to the public is 6.57%. It is closed on 31st March '25. That was the base to decide all this. 6.57, we have closed.

Ashok Chandra: 6.57%. This is by our CFO, Mr. Jain.

Rakesh Kumar: Okay. Got it. For gratuity, pension, both?

Dilip Kumar Jain: This is the base rate. Actually decide the date on the FIMMDA and everything.

Rakesh Kumar: Okay, and the PPO and the plan asset numbers are broadly the same for pension.

Ashok Chandra: We will get the PPO number and then any difference we provide for the current quarter.

Rakesh Kumar: Thank you, sir.

Ashok Chandra: And I can tell you that sufficient provision has been made in all the pension and gratuity that we have provided.

Rakesh Kumar: I am also quite delighted that what you shared, or the previous MD said that kind of provisioning they were doing for AS-15, we did not see any jump in that number in Q4, so that is quite commendable.

Dilip Kumar Jain: Yes, we planned for the entire year and that you could have seen that we are doing it very professional manner. We had foreseen all these changes, then we have provided. We do not take any big hit in any particular quarter.

Rakesh Kumar: Thank you, sir. All the best.

Moderator: Thank you. The next question is from the line of Gaurav Kochar from Mirae Asset. Please proceed.

Gaurav Kochar: Good evening. Sir, I have two questions. First is, again, having this on margins. Sir, you mentioned that in the first half, at least, there would be some pressure on margins. You exited the year at 2.81 in the fourth quarter. So is it fair to assume that in 1H your margins will be lower than this and in the second half you may recoup back to this 2.81 number that you reported in the 4th Quarter?

Ashok Chandra: First half we will be in the range of 2.8 to 2.9 and going forward definitely we will be trying to reach between 2.9% to 3%.

Gaurav Kochar: Okay, so sir, assuming that we have only passed 25 basis point in this quarter and that too from February when the rate cut happened, there would be further pricing of that plus the additional April months' 25 basis point report rate cut that we will receive. These are the two right now which we have already seen. But if there are further rate cuts that will also have an impact on the 1H sort of and as you mentioned, sir, your deposit repricing will happen with a lag. So what would result in NIM expansion from here? So 2.81, if you're saying we will maintain this, what will offset the pressure on the yields?

Ashok Chandra: Slightly definitely yield will further it will come down because with the downward interest rate scenario definitely yield will come down. But at the same time I am expecting that my deposit rate and the cost of deposit will also come down We have already revisited our deposit rate and going forward also we will study the market because liquidity is enough in the system now and if any further rate cut happens I think we will review our deposit rates once again and we will make some corrections in our deposit rate. And all these things, the impact we will be able to see from the Q3 quarter onwards.

Gaurav Kochar: Okay, got it. And just my second question was with respect to the overall ROA guidance, you mentioned that '26, you want to make ROA of more than 1%. So just trying to understand based on your guidance, the margins will fall by around 10 basis point. And this year we had the evaluation of investment, SR recovery, etc., which may not recur in the next financial year. Also, the credit cost this year was 19 basis point and you mentioned for next year you are seeing less than 50 basis point. So therefore, there could be some increase in credit cost. and this year we made a ROA of 0.97. So assuming your sort of numbers, that also keeps the ROA lower, less than 0.9. So what will drive the ROA expansion from here? Is there anything else that you believe could drive ROA from here?

Ashok Chandra: Always, always there will be something in the kitty which will be going to help now. One is recovery from the technical write-off which we are going to drive it in a very, very big way. Last year, the technical write-off recovery which we have made. This year, already we are projecting that every quarter we are going to make a recovery through the technical write-off is, quarterly it will be Rs. 1,500 crores. So with this itself, we are going to raise around Rs. 6,000 crores, which is going to directly to my operating profit. Second, our investment book and treasury has become very, very strong. We were understanding that the rates are going to come down. So we have built a good volume and good book of the SLR and non-SLR. And the recent OMO operation, which is happening, in every OMO operation, we are making good profit now. So the treasury income and the recovery through the technical write-off, I think that is going to play important role. Overall, recovery also since our total, the provision coverage ratio is more than 96% and the tangible PCR is also more than 90%. So today, other than TWA also, whatever recovery we do, it is going to help us in the right back of provision. So these are the things which is going to help us in this financial year in improving my ROA.

Gaurav Kochar: Understood. Thank you. That's all from my side. All the best.

Moderator: Thank you. The next question is from the line of Apurva from MS. Please proceed.

Apurva: Hi, thanks for taking my question. So just a data-keeping question on if you could help me with the SMA-1 plus 2 loans below Rs. 5 crores?

Ashok Chandra: SMA book?

Apurva: Yes.

Ashok Chandra: You want Rs. 5 crores and above?

Apurva: Less than Rs. 5 crores. It's going to help you with the SMA-1 plus 2 loan book?

Ashok Chandra: Less that Rs. 5 crores in percentage term, total it is there. So 6.7 is our total percentage for all the loans put together.

Apurva: Okay, and what would be the SMA-1 plus 2 number?

Ashok Chandra: SMA-1 and 2 figure madam?

Dilip Kumar Jain: SMA-1 is 22,828.

Ashok Chandra: Percentage?

Dilip Kumar Jain: Percentage, I have to calculate.

Apurva: No problem.

Ashok Chandra: Number is, SMA-1 is Rs. 22,828 crores. SMA-0 is Rs. 49,689. And SMA-2 is Rs. 3,279.

Apurva: Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please proceed.

Piran Engineer: Hi, sir. Congrats on the quarter. Just a couple of questions. You mentioned that Rs. 1,300 crore SR. You mentioned some break up, Rs 458 crores and Rs. 863 crores. Can you just once again repeat what is 458 and what is 863?

Ashok Chandra: See, Rs. 1,325 crore, the SR, we got it to our book now**.** And there was one account where we need to make the MTM provision. So that amount was around Rs. 1,100 crore. So we have netted from Rs. 1,300 crore to Rs. 1,100 crore, and that is a net impact we have given in our income.

Piran Engineer: That I got, which is Rs. 182 crores. But you have two numbers, Rs. 458 crores or Rs. 863 crores? I think one went into other income and one went into, I think 863 went into…

Ashok Chandra: Okay, that is the recovery through the NARCL for the Q4 was Rs. 458 crores and overall in the entire Financial Year recovery was Rs. 863 crores, that I was talking about.

Piran Engineer: Okay, but this is not to do with that one large account that we are all referring to?

Ashok Chandra: Yes.

Piran Engineer: Okay, understood, sir. And also, what sort of OpEx growth are we expecting for FY'26 versus FY'25?

Ashok Chandra: Guidance?

Piran Engineer: Yes, guidance. Like OpEx growth for FY'26?

Ashok Chandra: See, I can tell you, we have given that guidance for our 14 parameters. So credit growth, we are expecting around 11% to 12%. Deposit growth, we are expecting 9% to 10%. And if I come to the operating profit, that is 8% to 9% we are expecting. Net interest income, 7%. NIM 2.8% to 2.9%. NPA percentage wise if I can tell you gross NPA we are projecting below 3% and net NPA 0.3%. PCR already we are at around 96%, so we will be maintaining this level. Credit cost below 0.5% and ROA above 1%. Slippages ratio below 1%.

Piran Engineer: Okay, sir. This was very useful. Thank you so much and wish you all the best. Thank you.

Moderator: Thank you. The next question is from the line of Nalin Shah from NVS Brokerage. Please proceed.

Nalin Shah: Hello, actually it's Kriti Tripathi from NVS Brokerage. First of all, congratulations on a positive FY'25 performance. Just wanted to ask two questions. First is that given such a strong performance in FY'25, and although you have been given conservative guidance, but the performance has been exceptional throughout the year. So can we expect an ambitious target for FY'26 as well in the similar lines or so? And the second question is on the dividend front. So while the payout is appreciated, can we expect a more liberal dividend policy going forward given the years, strong years like FY'25? So just two. Thank you.

Ashok Chandra: Yes, one is that the guidance which we are given, we always feel that whatever guidance we give to the analyst and to the outside stakeholders, I think definitely we should be able to cross that guidelines. So that is one of the reasons we are giving the conservative guidelines and we are very mindful of these guidelines and we are going to cross this guidance this year also. Last year also we had given 11% to 12% guidance in the credit and we have touched almost around 14% growth. Deposit also we had given 9% to 10% and we have crossed 14%. This year also we are giving the same guidance but I am 100% sure that we are going to cross this guidance. Now to your question of the dividend this year also if you see with a share of Rs. 2 we have given Rs. 2.90. Last year it was Rs. 1.5. So almost this year we have doubled. So we are expecting that next year again we will be showing a good performance and definitely all the stakeholders will be rewarded.

Nalin Shah: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Ankit from AD India. Please proceed.

Ankit: Good evening, sir. Sir, my question is, provisions are on very high side and also the fresh slippages. Sir, can you explain what will be the reason?

Ashok Chandra: No, provisions are not very high side, even the slippages also. It is overall slippage is only 0.73% the entire financial year. And provision also, we are already at 97% under the PCR. So, the credit cost, if you see, is already very minimal.

Ankit: Sir, it has risen from 3.9 to 5.9 according to the results, no? I think it's quarter on quarter or YOY?

Ashok Chandra: Quarter-on-quarter.

Ankit: And slippage is also from Rs. 1,700 crores to Rs. 3, 000 crores.

Ashok Chandra: That is correct. See, one particular quarter, this is the Q4, there has been some, the slippages have happened in the agriculture, particularly agriculture segment and some MSME segment, some slippages have happened. And that is almost an outlier. It is, it will not happen in every quarter now because last two years, you see quarter-to-quarter, we have maintained the slippages in the range of Rs. 1,700 crores to Rs. 1,800 crores. And that is the thing which we are expecting in the Q1 onwards also. So that is one quarter where it has happened because of some legacy, some accounts were there some 4-5 years back, some, I think, agriculture, repeated restructured accounts were there. So those accounts have slipped in this particular quarter. And in this slippage already around Rs. 288 crore of recovery have already happened out of this slippages.

Ankit: Okay. Sir, are you seeing any stress in the economy? Likewise, according to this 4-5 year slippage or any new loans, are you seeing any stress? How is the environment in the business community?

Ashok Chandra: No. I am not seeing any further stress in the system and today if you see my SMA book, none of the corporate accounts are appearing even in the SMA 0 also, especially for the Rs. 50 crore and above accounts. We don't have any such account in that particular bracket. There is another one study which we have done from accounts which was sanctioned from 1st July 2020 till today. And what is the NPA that has happened? Almost around 9 lakh crores sanction has happened from 1st July 2020 to 31st March 2025. Total disbursement…

Moderator: Sir, participant line has been disconnected.

Ashok Chandra: Can you connect him, he wanted some clarification. Actually that participant is no longer in the queue. The next question is from the line of Aditi Nawal from RSPN Ventures. Please proceed.

Aditi Nawal: Yes, thanks for taking my question. I just have one data keeping question. So if I look at the OpEx number for this quarter, especially the other expenses, so that is slightly on the higher side, sequentially. So is there any one-off or is there any expense that you want to specifically call out?

Ashok Chandra: Operating expenses. Operating expenses. Okay. So you are talking about other operating expenses?

Aditi Nawal: Yes.

Ashok Chandra: You are seeing from QOQ or?

Aditi Nawal: Both actually, sequentially as well as YOY. So Rs. 2,500 odd crores going to around Rs. 2,900 odd crores?

Dilip Kumar Jain: It is not any abnormal things which has happened. It is the usual expenses that is there in the system. That is the thing which has happened. Not any unusual or any other thing which is there in the system.

Aditi Nawal: So it's a normal BAU expense.

Dilip Kumar Jain: Yes.

Aditi Nawal: So this can be like run-rate going forward?

Dilip Kumar Jain: No, it will remain like this only. There will not be any much fluctuation. And this is normal course of things. See, Rs. 400 crore in a year increase is not a very, very big thing for an organization like ours.

Aditi Nawal: But even sequentially, there's a Rs. 400 odd crore jump, sir.

Dilip Kumar Jain: No. See, the Q4 of FY'24, it was Rs. 2,565 crores, right? And Q4 of '25, it is Rs. 2,900 crores. So YOY variation is Rs. 339 crores. It is YOY variation.

Aditi Nawal: My point is that even in Quarter 3, the other operating expenses will be around 55 crores to 60-odd crores. So sequentially also, there is around 250…..

Dilip Kumar Jain: So, currently also you are telling that Rs. 2,565 to Rs. 2,900 crores, yes. But overall things also, it is almost in the same range. And it is not of any unusual entry. It is in the business cost and business running things which is there.

Aditi Nawal: Got it. Thank you so much.

Moderator: Thank you. I take that as the last question and I would now like to hand the conference over to management for closing comments. Over to you, sir.

Ashok Chandra: Thank you very much to all the well-wishers of our Bank and all the stakeholders of our Bank. Please repose the faith in our Bank. And on behalf of the entire PNB team, I can assure you that going forward also, we will see the same momentum in all the business areas of the Bank and there will be qualitative improvement in all the ratios. So thank you very much once again.

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