

Result Update (06.05.2026)

“Stable Performance with Strong Asset Quality and Digital Momentum; Despite NIM Pressure”

Ajcon Global's observations & views

1. Profitability remained healthy aided by lower provisions and moderation in operating expenses, while digital adoption and branch-led expansion continued to strengthen the core franchise.
2. The Bank also maintained a prudent stance by creating additional floating provisions (₹2,045 crore), strengthening preparedness for ECL implementation and potential geopolitical risks.
3. While near-term margin pressure and cautious NII guidance may impact sentiment, strong asset quality, prudent provisioning and improving operational efficiency support the bank's long-term growth outlook.

Q4FY26 RESULT ANALYSIS:

- 1) **Global Deposits** grew by 3.1% QoQ to Rs. 1711126 Crores in Q4FY26 against Rs. 1660290 Crores in Q3FY26 and increased 9.2% YoY from Rs. 1566623 Crores in Q4FY25.
- 2) **Global Advances** rose by 2.2% QoQ to Rs. 1258559 Crores in Q4FY26 against Rs. 1231238 Crores in Q3FY26 and surged 12.7% YoY from Rs. 1116637 Crores in Q4FY25.
- 3) **Global Business** increased by 2.7% QoQ to Rs. 2969685 Crores in Q4FY26 against Rs. 2891528 Crores in Q3FY26 and rose 10.7% YoY from Rs. 2683260 Crores in Q4FY25.
- 4) **Net Interest Income** down by 1.45% QoQ to Rs. 10380 Crores in Q4FY26 against Rs. 10533 Crores in Q3FY26 also dipped by 3.5% YoY from Rs. 10757 Crores in Q4FY25.
- 5) **Total Other Income** decreased by 17.12% QoQ to Rs. 4162 Crores in Q4FY26 against Rs. 5022 Crores in Q3FY26 and also down by 11.75% YoY from Rs. 4716 Crores in Q4FY25.
- 6) **Operating profit** rose by 0.25% QoQ to Rs. 7500 Crores in Q4FY26, against Rs. 7481 Crores in Q3FY26 and increased by 10.68% YoY from Rs. 6776 Crores in Q4FY25.
- 7) **Net profit** rose by 2.45% QoQ to Rs. 5225 Crores in Q4FY26 against Rs. 5100 Crores in Q3FY26 and it was up by 14.41% YoY from Rs. 4567 Crores in Q4FY25.
- 8) **Global NIM** decreased to 2.47% in Q4FY26 against 2.52% in Q3FY26 and 2.81% in Q4FY25, respectively.
- 9) **Fee based income** rose by 14.25% QoQ to Rs. 1956 Crores in Q4FY26 against Rs. 1712 Crores in Q3FY26 and increased by 8.79% YoY from Rs. 1798 Crores in Q4FY25.
- 10) **Global cost of deposits** has gone down to 5.05% in Q4FY26 against 5.09% in Q3FY26 and 5.36% in Q4FY25.
- 11) **Treasury income** decreased by 81.08% QoQ to Rs. 253 Crores in Q4FY26 against Rs.1337 Crores in Q3FY26 and also decreased by 76.53% YoY from Rs. 1078 Crores in Q4FY25.
- 12) **Cost/Income ratio** decreased to 48.42% in Q4FY26 against 51.91% in Q3FY26 and fell from 56.21% in Q4FY25, respectively.
- 13) **The total Government guaranteed** decreased to Rs.62334 Crores in Q4FY26 against Rs. 75742 Crores in Q3FY26 and Rs. 68865 Crores in Q4FY25, respectively.
- 14) **CASA ratio** marginally dipped to 37.0% in Q4FY26 against 37.1% in Q3FY26 and 38.0% in Q4FY25, respectively.
- 15) **Return on assets (ROA)** remained same at 1.06% in Q4FY26.
- 16) **Fresh slippages** increased to Rs. 2674 Crores in Q4FY26 against Rs.1824 Crores in Q3FY26, respectively. Cash Recovery + Upgradation decreased to Rs. 1690 Crores in Q4FY26 against Rs. 1693 Crores in Q3FY26 and Rs. 2205 Crores in Q4FY25, respectively.
- 17) **Gross NPA ratio** improved to 2.95% in Q4FY26 against 3.19% in Q3FY26 and 3.95% in Q4FY25, respectively. Net NPAs ratio improved to 0.29% in Q4FY26 against 0.32% in Q3FY26 and 0.40% in Q4FY25, respectively.
- 18) **Credit cost** down to 0.30% in Q4FY26 from 0.46% in Q3FY26 and 0.21% in Q4FY25, respectively.
- 19) **Provision Coverage ratio** improved marginally to 97.14% in Q4FY26 against 96.99% in Q3FY26 and 96.82% in Q4FY25, respectively.
- 20) **The Bank's Capital Adequacy ratio** rose to 17.74% in Q4FY26 against 16.77% in Q3FY26 also increased against 17.01% in Q4FY25.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (06.05.2026)	: Rs. 110.18
Face Value	: Rs. 2
Book value per share	: Rs. 114.77
Market Capitalisation	: Rs. 1,26,767.16 Crs.
Capital Adequacy Ratio	: 17.74%
C/D ratio	: 73.6%
CASA ratio	: 37.00%
Net Interest Margin (NIM)	: 2.47%
Cost / Income ratio	: 48.42%
Gross NPA	: 2.95%
Net NPA	: 0.29%
PCR	: 97.14%
Slippage ratio	: 0.94%
Return on Assets (Annualised)	: 1.06%
Return on Equity (Annualised)	: 18.00%



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Management Comments

- 21) In his opening remarks, the MD & CEO of the bank Shri Ashok Chandra highlighted that Punjab National Bank delivered a broad-based performance across business growth, profitability, asset quality, and operational efficiency during FY26, meeting or exceeding guidance across most parameters, barring CASA and margins due to liquidity and interest rate pressures. Management reiterated its focus on strengthening the retail, agriculture, and MSME franchises through targeted outreach and calibrated branch expansion, with 144 branches added in FY26 and plans to open 250 more branches in FY27, primarily in southern and western regions. The bank also created an additional floating provision of ₹270 crore on a prudent basis during Q4FY26.
- 22) He further highlighted improving investor confidence, reflected in rising institutional ownership, alongside strong progress in digital transformation initiatives. The bank sanctioned and disbursed ₹20,873 crore through digital channels to 4.8 lakh customers during Q4FY26, with every third loan now being sanctioned through digital mode. Management emphasized that technology-led initiatives, AI-driven capabilities and end-to-end digital lending journeys are helping improve operational efficiency, accelerate retail sourcing and strengthen customer experience.
- 23) In response to an analyst's query on elevated slippages and SMA trends, Shri Ashok Chandra stated that the increase in Q4 slippages was largely seasonal, driven by review and renewal cycles in MSME and Agri portfolios during the January–March quarter. Despite this, FY26 slippages remained well within guidance at 0.60%, reflecting continued control over asset quality.
- 24) Shri Chandra further added that overall SMA levels remain comfortable, with total SMA 0/1/2 at a historic low of 3.30%, indicating limited stress across segments and a stable credit environment. Management reiterated that asset quality remains fully under control, with no material concerns visible in the portfolio.
- 25) Addressing an analyst's query about ECL preparedness, MD & CEO stated that the bank remains well-prepared for ECL implementation, supported by strong capital buffers (CRAR:17.74%, CET1:13.62%) and floating provisions of ₹2,045 crore. He added that healthy underwriting standards and stable SMA trends are expected to limit any material impact from the transition.
- 26) Responding to an analyst's query on NIM outlook, Shri Chandra stated that the bank has adopted a prudent NIM guidance of 2.6%–2.7% considering elevated deposit costs and prevailing interest rate environment. Management indicated that while liquidity remains comfortable, funding costs continue to remain high and the bank may revisit guidance after assessing trends in Q1/Q2FY27.
- 27) The MD & CEO also highlighted that the bank has not witnessed any material stress in its portfolio due to the ongoing West Asia conflict. Management has proactively engaged with exporters and importers through regular interactions and webinars, while reiterating the bank's commitment to support customers in case of any adverse developments.
- 28) Responding to an analyst's query on the sharp decline in employee costs during Q4FY26, Shri Ashok Chandra stated that the reduction was primarily driven by actuarial adjustments under AS-15 and reversal/plough-back of excess provisions created in earlier quarters. He highlighted that higher bond yields adversely impacted treasury income but positively influenced actuarial calculations related to employee benefit liabilities.