



Punjab & Sind Bank – Q2FY25

“Good business growth in the quarter augurs well for the bank”

Ajcon Global’s observations & views

1. Having a lower base, the bank has great potential to grow a little faster than the industry and the management puts a lot of effort in that direction.
2. The thrust on digitization has started showing good results for the bank.

Q2FY25 RESULT ANALYSIS

- 1) **Net interest income** is up by 2.71% QoQ at Rs. 873 crores in Q2FY25 against Rs. 850 crores in Q1FY25. It is up by 29.33% YoY against Rs. 675 crores in Q2FY24.
- 2) **Operating profit** is up by 44.48% sequentially and up by 76.15% YoY at Rs. 458 Crores against Rs. 317 crores in Q1FY25 and Rs. 260 crores in Q2FY24.
- 3) **Net Profit** is up by 32.60% sequentially and 26.98% YoY at Rs. 240 crores against Rs. 181 crores in Q1FY25 and at Rs. 189 crores in Q2FY24.
- 4) **NIM** was up at 2.71% against 2.33% YoY. In response to an analyst's query about NIM for the entire year, the MD & CEO of the bank, Shri Swarup Kumar Saha, expressed confidence in achieving targeted NIM of 2.75% plus by the end of March.
- 5) **Cost of deposits** has gone up to 5.74% in Q2FY25 against 5.64% in Q1FY25 and 5.60% in Q2FY24. Cost of Funds has gone up to 5.79% in Q2FY25 against 5.70% in Q1FY25 and 5.67% in Q2FY24. Yield on Advances has increased to 8.75% in Q2FY25 against 8.70% in Q1FY25 and 8.62% in Q2FY24.
- 6) **Total business** increased at Rs. 215057 crores against Rs. 198387 crores up by 8.40% YoY and Rs. 208331 crores up by Rs. 3.23 % QoQ.
- 7) **Total Non-Interest Income** increased by 33.96% on a YoY basis and 85.05% on a QoQ basis to Rs. 359 Crore in Q2FY25 against Rs. 268 Crore in Q2FY24 and Rs. 194 Crores in Q1FY25.
- 8) **Fee-based income** increased by 35.88% on a YoY basis and 45.90% on a QoQ basis to Rs. 178 Crores in Q2FY25 against Rs. 131 Crores in Q2FY24 and against Rs. 122 Crores in Q1FY25.
- 9) **Cost/Income ratio** decreased to 62.82% in Q2FY25 against 72.40% YoY and 69.67% QoQ.
- 10) **Total Advances** increased at Rs. 91032 crores by 3.75% QoQ against Rs. 87738 Crores and up by 11.14% YoY against Rs. 81906 crores.
- 11) **Total Government guaranteed advances** stood at Rs. 12412 Crores in Q2FY25 as against Rs. 14842 Crores in Q1FY25 and against Rs. 15082 Crores in Q2FY24.
- 12) **Total deposits** came at Rs. 124025 crores up by 6.48% YoY against Rs. 116481 crores in Q2FY24 and up by 2.85% QoQ to Rs. 120593 crores in Q1FY25.
- 13) **CASA ratio** was down YoY at 30.43% in Q2FY25 against 31.19% and 31.62% in QoQ.
- 14) **C/D ratio** grew at 73.40% against 70.32% YoY and 72.76 % QoQ.
- 15) **The bank’s Return on assets (ROA)** improved to 0.65% in Q2FY25 from 0.52% in Q2FY24 and 0.50% in Q1FY25.
- 16) **Fresh slippages** reduced to Rs. 230 crores against Rs. 340 crores YoY and Rs. 276 Crores in QoQ. Total Recovery + Upgradation stood at Rs. 327 Crores in Q2FY25 as against Rs. 594 Crores in Q2FY24.
- 17) **Gross NPA ratio** improved to 4.21% against 6.23% YoY and 4.72% QoQ. Net NPA ratio improved to 1.46% against 1.88% YoY and 1.59% in QoQ.
- 18) **Credit cost** came at 0.11% in Q2FY25 against (0.40) % QoQ and (0.05) YoY.
- 19) **The Bank’s Capital Adequacy ratio** came at 16.89% against 17.23% YoY and 17.30% QoQ.

KEY FINANCIAL INDICATORS - Q2FY25

CMP (22.10.2024)	: Rs. 49.13
Face Value	: Rs. 10
Book value per share	: Rs. 13.16
Market Capitalisation	: Rs. 33,299.26 Crs.
Capital Adequacy Ratio	: 16.89%
C/D ratio	: 73.40%
CASA ratio	: 30.43%
Net Interest Margin (NIM)	: 2.71%
Cost / Income ratio	: 62.82%
Gross Non Performing Assets	: 4.21%
Net Non Performing Assets	: 1.46%
Provision Coverage Ratio (PCR)	: 88.56%
Slippage ratio	: 0.28%
Credit cost	: 0.11%
Return on Assets (Annualised)	: 0.65%
Return on Equity (Annualised)	: 10.91%



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Management Comments

- 20) In response to an analyst's query on an update on the dilution of government of India shareholding, the bank management said that it has approved 2,000 crores QIP & merchant bankers are taken on board.
- 21) The bank has taken numerous cyber security safeguards since it has a strong IT infrastructure and continues to invest as needed to build a future-ready bank said Mr Saha.
- 22) Over the next three to six months, the bank will undertake numerous adjustments and improve its digital journey. The PSB Unlc app now has a rating of 4.70 in the Google Plus store, the highest among public sector banks, he added.

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