



Punjab National Bank – Q2FY25

“The bank has broken its own record of declaring highest ever quarterly profit, maintaining a healthy business growth”

Ajcon Global’s observations & views

1. The bank continues to have very good credit & deposit growth, one of the best amongst the PSBs.
2. The bank’s profitability also breaking its own records quarter after quarter which warrants its rerating as the stock is available just about 1.1 time to book value.

Q2FY25 RESULT ANALYSIS

- 1) **Net interest income** is up by 0.39% QoQ at Rs. 10517 crores against Rs. 10476 crores. It is up by 6% YoY against Rs. 9923 crores.
- 2) **Operating profit** is up by 4.13% sequentially and up by 10.3% YoY at Rs. 6853 Crores against Rs. 6581 crores in Q1FY25 and Rs. 6216 crores in Q2FY24.
- 3) **Net Profit** growth came at 32.32% sequentially and 145% YoY at Rs. 4303 crores against Rs. 3252 crores in Q1FY25 and Rs. 1756 crores in Q2FY24.
- 4) **Global NIM** came at 2.92% against 3.11% YoY and 3.07% QoQ globally.
- 5) **Global cost of deposits** has gone up to 5.18% in Q2FY25 (4.86% in Q2FY24) against 5.10% in Q1FY25. Global cost of Funds has gone up to 4.57% in Q2FY25 (4.32% in Q2FY24) against 4.54% in Q1FY25. Global yield on Advances gone down to 8.31% in Q2FY25 (8.15% in Q2FY24) against and came down from 8.33% in Q1FY25.
- 6) **Total business** stood at Rs. 2520246 crores up by 11.9% YoY against Rs. 2436929 crores.
- 7) **Total Other Income** increased by 51% on YoY basis and up down by 26.65% on QoQ basis to Rs. 4572 Crore in Q2FY25 (Rs. 3028 Crore in Q2FY24) as against Rs. 3610 Crores in Q1FY25.
- 8) **Fee based income** increased by 15% on YoY basis and down by 23.88% on QoQ basis to Rs. 1581 Crores in Q2FY25 (Rs. 1375 Crores in Q2FY24) as against Rs. 2077 Crores in Q1FY25.
- 9) **Treasury income** rose to Rs. 1581 Crores in Q2FY25 (Rs. 264 Crores in Q2FY24) as against Rs. 648 Crores in Q1FY25.
- 10) **Cost/Income ratio** was favourable at 54.58% in Q2FY25 (52% in Q2FY24) against 56.09% in Q1FY25.
- 11) **Global Advances** stood at Rs. 1061904 crores up by 3.2% QoQ against Rs. 1028682 Crores in Q1FY25 and increased by 12.8% YoY against Rs. 941721 crores.
- 12) **The total Government guaranteed advances** stood at Rs. 71671 Crores in Q2FY25 as against Rs. 80265 Crores in Q1FY25 down by 10.71%.
- 13) **Total deposits** stood at Rs. 1458342 crores up by 11.3% YoY against Rs. 1309910 crores and up by 3.6% QoQ against Rs. 1408247 crores.
- 14) **CASA ratio** stood at 39.31% in Q2FY25 (42.15% in Q2FY24) and 40.08% in Q1FY25.
- 15) **Return on assets (ROA)** improved to 1.02% in Q2FY25 up from 0.46% in Q2FY24 and 0.82% in Q1FY25.
- 16) **Fresh slippages** increased to Rs. 2070 Crores in Q2FY25 (Rs. 1750 crores in Q2FY24) as against Rs. 1653 Crores in Q1FY25. Cash Recovery + Upgradation stood at Rs. 2915 Crores in Q2FY25 as against Rs. 1720 Crores in Q1FY25.
- 17) **Gross NPA ratio** improved to 4.48% in Q2FY25 as against 4.98% in Q1FY25 and 6.96% in Q2FY24. Net NPAs ratio improved to 0.46% in Q2FY25 as against 0.60% in Q1FY25 and 1.47% in Q2FY24.
- 18) **Credit cost** reduced to 0.08% in Q2FY25 from 0.32% in Q1FY25 and 1.31% in Q2FY24.
- 19) **Provision Coverage ratio** stood at 96.7% in Q2FY25 improving from 95.9% in Q1FY25.
- 20) **The Bank’s Capital Adequacy ratio** stood at 16.36% in Q2FY25 as against 15.79% in Q1FY25. The bank’s capital adequacy ratio improved, crossing 16% for the first time in about a decade, supported by a successful QIP raising of 5,000 crores.

KEY FINANCIAL INDICATORS - Q2FY25

CMP (30.10.2024)	: Rs. 99.96
Face Value	: Rs. 2
Book value per share	: Rs. 98.47
Market Capitalisation	: Rs. 1,14,251.24 Crs.
Capital Adequacy Ratio	: 16.36%
C/D ratio	: 72.82%
CASA ratio	: 39.31%
Net Interest Margin (NIM)	: 2.92%
Cost / Income ratio	: 54.58%
Gross Non Performing Assets	: 4.48%
Net Non Performing Assets	: 0.46%
Provision Coverage Ratio (PCR)	: 96.70%
Slippage ratio	: 0.89%
Credit cost	: 0.08%
Return on Assets (Annualised)	: 1.02%
Return on Equity (Annualised)	: 19.91%



Punjab National Bank – Q2FY25

“The bank has broken its own record of declaring highest ever quarterly profit, maintaining a healthy business growth”

Management Comments

- 21) The bank has achieved a strong recovery performance, with total recoveries more than doubling compared to the previous quarter.
- 22) As on 30th September 2024, the Bank has 10,159 domestic branches and 2 International Branches. Out of total number of branches, the bank has 63.31% branches in Rural & Semi-Urban areas.
- 23) Responding to an analyst query on treasury income, Mr. Atul Kumar Goel - Managing Director & CEO remarked that we are making a decent profit in equities and the bank's trading book is also active.
- 24) When asked about the tax front and DTA, the MD and CEO said that the bank has not changed to the new tax regime; instead, they are still in the old regime because the bank has some outstanding claims. The bank will shift to the new regime in a matter of time, and the ROA will grow by roughly 10 basis points

Ajcon Global Research
Ajcon Global Services Limited
<https://ajcononline.com/>

For detailed Disclosure and Disclaimer, please click the below link: <http://ajcononline.com/disclosure-and-disclaimer-2/>