



Punjab & Sind Bank – Q1FY26

“The bank's overall performance is down on a quarterly basis, but its profitability has significantly improved on a YoY”

Ajcon Global's observations & views

1. While the asset quality has improved, we will look for more loan growth, particularly in the retail and MSME segments.
2. The digital push under the EASE framework is expected to give good results in coming quarters.
3. With comfortable CRAR, the bank is well-positioned to handle higher credit growth in FY26 targeted at 15-16 %.
4. Lower CASA is a perennial problem for the bank, which requires continued efforts with renewed vigour.

Q1FY26 RESULT ANALYSIS

- 1) **Net Interest Income** decreased by 19.79% QoQ and up 5.88% YoY at Rs. 900 Crores in Q1FY26 against Rs. 1122 Crores in Q4FY25 and Rs. 850 Crores in Q1FY25.
- 2) **Operating profit** down by 33.82% QoQ but up 70.35% YoY at Rs. 540 Crores in Q1FY26 against Rs. 816 Crores in Q4FY25 and Rs. 317 Crores in Q1FY25.
- 3) **Net Profit** decreased by 14.06% QoQ and up 47.80% YoY at Rs. 269 Crores in Q1FY26 against Rs. 313 Crores in Q4FY25 and at Rs. 182 Crores in Q1FY25.
- 4) **NIM** increased to 2.52% in Q1FY26 from 2.47% in Q4FY25 and decreased to 2.69% in Q1FY25.
- 5) **Cost of deposits** decreased to 5.66% in Q1FY26 from 5.74% in Q4FY25, but slightly increased YoY to 5.64% in Q1FY25.
- 6) **Total business** increased by 0.76% QoQ and 10.94% YoY at Rs. 231132 Crores in Q1FY26 against Rs. 229379 Crores in Q4FY25 and Rs. 208331 Crores in Q1FY25.
- 7) **Non-Interest Income** decreased by 30.62% QoQ but increased 141.75% YoY at Rs. 469 Crores in Q1FY26 against Rs. 676 Crores in Q4FY25 and Rs. 194 Crores in Q1FY25.
- 8) **Fee-based income** decreased by 18.64% QoQ at Rs. 144 Crores in Q1FY26 against Rs. 177 Crores in Q4FY25 and down YoY by 18.03% from Rs. 122 Crores in Q1FY25.
- 9) **Cost/Income ratio** increased to 60.55% in Q1FY26 against 54.61% in Q4FY25 and down from 69.67% in Q4FY24.

KEY FINANCIAL INDICATORS – Q1FY26

CMP (23.07.2025)	: Rs. 31.10
Face Value	: Rs. 10
Book value per share	: Rs. 15.95
Market Capitalisation	: Rs. 22,273 Cr.
Capital Adequacy Ratio	: 17.90%
C/D ratio	: 76.19%
CASA ratio	: 30.59%
Net Interest Margin (NIM)	: 2.52%
Cost / Income ratio	: 60.55%
Gross NPA	: 3.34%
Net NPA	: 0.91%
PCR	: 91.77%
Slippage ratio	: 0.21%
Credit cost	: 0.02%
Return on Assets (Annualised)	: 0.67%
Return on Equity (Annualised)	: 9.67%

- 10) **Total Advances** rose by 0.35% QoQ and 13.92% YoY at Rs. 99950 Crores in Q1FY26 against Rs. 99605 Crores in Q4FY25 and Rs. 87738 Crores in Q1FY25.
- 11) **Total Government guaranteed advances** increased QoQ to Rs. 14027 Crores in Q1FY26 against Rs. 14020 Crores in Q4FY25.
- 12) **Total deposits** rose to 1.08% QoQ and 8.78% YoY at Rs. 131182 Crores in Q1FY26 against Rs. 129774 Crores in Q4FY25 and Rs. 120593 Crores in Q1FY25.
- 13) **CASA ratio** down at 30.59% in Q1FY26 against 31.43% in Q4FY25 also down from 31.62% in Q1FY25.
- 14) **C/D ratio** marginally decreased to 76.19% in Q1FY26 against 76.75% in Q4FY25 and up YoY 72.76% in Q1FY25.
- 15) **Return on assets (ROA)** decreased to 0.67% in Q1FY26 from 0.79% in Q4FY25.
- 16) **Fresh slippages** decreased to Rs. 203 Crores in Q1FY26 against Rs. 268 Crores in Q4FY25 and Rs. 276 Crores in Q1FY25. Total Recovery + Upgradation decreased at Rs. 350 Crores in Q1FY26 against Rs. 891 Crores in Q4FY25.
- 17) **Gross NPA ratio** decreased to 3.34% in Q1FY26 against 3.38% in Q4FY25 and 4.72% in Q1FY25. Net NPA ratio also down to 0.91% in Q1FY26 against 0.96% in Q4FY25 and 1.59% in Q1FY25.
- 18) **Credit cost** decreased to 0.02% in Q1FY26 against 0.34 in Q4FY25.
- 19) **Capital Adequacy ratio** increased to 17.90% in Q1FY26 against 17.41% in Q4FY25 and 17.30% in Q4FY24.
- 20) **Provision Coverage Ratio** further improved to 91.77% in Q1FY26 as against 91.38% in Q4FY25 and 88.08% in Q1FY25.



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Management Comments:

During the interaction with analysts, the management commented as under:

- 21) The bank took substantial strides to extend its network and delivery methods, establishing four new zonal offices in Agra, Moga, Patna, and Varanasi. It intends to open more than 200 new branches this year, mostly in southern, central, eastern, north-eastern, and western India. The bank also plans to increase its Business Correspondent network from 2,282 to 4,000 by year-end.
- 22) The bank offered new initiatives, including digital SEC and MSME loans starting at ₹25 lakh and soon to be raised to ₹1 crore. It has introduced various value-added products in both the asset and liability divisions.
- 23) In response to an analyst's concern over slow credit growth, rising SMA-2 accounts, lower recoveries, and a decrease in AAA-rated advances. Shri Swarup Kumar Saha, MD and CEO, emphasized that while the Q1 is typically slow, the Bank experienced good YoY profit increase. The SMA-2 rise was driven by a government-backed account, and lesser recoveries followed a huge one-time Q4 recovery. The move from AAA to AA assets was purposeful for higher margins.
- 24) Responding to a query about the impact of rate cuts and the composition of the bank's loan portfolio. Mr. Saha responded that 46% of its books are linked to EBLR, with only minor MCLR cuts implemented thus far. To address margin pressure, the bank has shifted to higher-yielding assets and lowered deposit rates. These initiatives are expected to help margins stabilize by the Q4.
- 25) Answering an analyst's question about demand patterns in the MSME and corporate categories, as well as the bank's loan pipeline. Mr. Ravi Mehra, ED, stated that the company has a sanctioned but unutilized pipeline of approximately ₹7,000 crore. MSME demand is driven by cluster-based sectors such as sports products and hosiery manufacture, particularly in Punjab. The corporate concentration is on infrastructure, road development, and renewable energy projects.

Shri Swarup Kumar Saha gave the following Guidance for FY 25- 26

Deposit Growth – 8/10%
Advances Growth – 15/16%
RAM % to Total Advances - >57%
Gross NPA - <2.5%
Net NPA - <0.75%
PCR – 92/93%
Recovery and Upgradation - >Rs.1000cr
Credit Cost (Annualised) - <1%
Slippage Ratio (Annualised) - <1%
NIM – 2.75/2.80%