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PNB's profit zooms 327%, highest in 14 quarters

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NEW DELHI: Public sector lender Punjab National Bank (PNB) on Thursday reported a 327% jump in net profit to ₹1,756.13 crore in the September quarter—the highest in the previous 14 quarters—on the back of higher interest income and improved credit quality.

The bank's net interest income grew about 20% to ₹9,923 crore during the second quarter of current fiscal, while operating profit grew 12% to ₹6,216 crore.

Punjab National Bank MD & CEO Atul Kumar Goel said credit cost will reduce in the coming quarters and profitability of the bank will increase. The net interest income, net profit, and operating profit are highest in the past 14 quarters, he said. "RAM (Retail, agri and MSME sectors) will be the focus areas of PNB. In the first half of current fiscal (April-September), we achieved a profitability of over ₹3,000 crore. I am hopeful that we will be able to maintain the same profitability in the third and fourth quarters," Goel told reporters. The bank will open 100-150 new branches in the current fiscal, he added.

Goel further said there is no stress on the bank's retail loan



Gross NPAs as a percentage of total loans declined to 6.96% at the end of September. REUTERS

portfolio. The portfolio, which includes vehicle, education and personal loans, stands at ₹2.18 lakh crore. Of this, ₹25,770 crore is unsecured loan, including ₹17,467 crore of personal loan. Of the ₹17,467-crore unsecured personal loan, ₹4,056 crore is through digital mode. "From our side, there is no worry on unsecured personal loans... We are monitoring our loan portfolio every fortnight and if we see any sign of sickness or delinquency in personal loan, we do a root cause analysis," Goel said.

RBI governor Shaktikanta Das had earlier this month flagged strong growth in personal loans and said the RBI is closely monitoring the same for any signs of incipient stress. There were

reports that the banking regulator is concerned about the high growth in unsecured loans like credit cards, personal loans and microfinance, which has led to speculation on whether it will follow up with regulations to discourage such growths.

Goel said the provisioning requirement of the bank will reduce in times to come.

The bank's provisioning declined to ₹3,444 crore during the quarter under review, from ₹4,906 crore in the year-ago period.

Gross NPAs as percentage of total loans declined to 6.96% at the end of September, from 10.48% last year. The bank aims to bring down gross NPA to 6% by March 2024, Goel said.

Net NPA is targeted to be brought down to below 1% by the fiscal-end, from 1.47% at present. Goel further said the fiscal-end target of 12-13% credit growth will be achieved. PNB had a 13.8% credit growth in the first half of the fiscal.

He said the bank has the board's approval for raising ₹12,000 crore of capital.

"Of this, we have already raised ₹6,090 crore. We do not have any immediate requirement of capital raising," Goel added.

Shares of PNB closed at ₹69.81 on Thursday, up 0.52% over the previous close on the BSE.