



“Punjab & Sind Bank Q2 FY-26 Earnings Conference Call”

October 17, 2025

MANAGEMENT: Shri Swarup Kumar Saha, Managing Director, and Chief Executive Officer
Shri Ravi Mehra Executive Director
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Moderator: Mr. Ganesh Shankanawar



Moderator: Good afternoon, everyone. My name is Ganesh Shankanawar, the moderator for today's earnings call. I welcome and thank each one of you for joining us today for the Q2 FY 26 earnings call.

Please note that this conference is being recorded and all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the opening remarks by the management. Should you need any assistance during the conference call, please raise your hand on the Webex panel or press *3# on your phone. I would now like to introduce the management of Punjab & Sind Bank. We have with us today Shri Swarup Kumar Saha, Managing Director and Chief Executive Officer, Shri Ravi Mehra, Executive Director, Shri Rajeeva, Executive Director and Shri Arnab Goswamy, Chief Financial Officer. I would now like to hand over the conference to Shri Swarup Kumar Saha, MD & CEO for the opening remarks after which, we will have the forum open for the interactive Q & A session. Thank you and over to you sir.

Mr. Swarup Kumar Saha: Thank you Mr. Ganesh and good morning everybody. I welcome you all on behalf of Punjab and Sind Bank for the Q2 earnings conference call. As we all know that the bank has been progressing steadily and we are happy to state that yesterday our Board has approved the Q2 financial results of the bank. We have already disclosed to the stock exchanges and the presentation has already been uploaded. I hope many of you must have got the time to go through that. However, in terms of the today's earnings call, I would just like to set the tone with some of the key highlights of the Bank's Q2 performance. The total business of the bank grew by 12.19% Y-o-Y to Rs.2,41,272 Crore and that showed a sequential improvement of 4.39%. The deposits grew by 9.42% and stood at Rs.1,35,706 Crore with a sequential improvement of 3.45%.

The Total Advances of the bank grew by 15.97% Y-o-Y with a sequential improvement of 5.62% and stood at Rs.1,05,566 Crore as on 30th of September. The RAM (Retail, Agri, MSME) advances collectively grew by a healthy rate of 20.23% and we have also seen various improvements in the efficiency parameters.

First of all, I would like to touch on the asset quality. The Gross NPA has improved sequentially and it now stands at 2.92% as of 30th September. The Net NPA has also improved by 63 bps Y-o-Y and stands at 0.83%. The PCR has improved by 332 bps on a Y-o-Y position and stands at 91.88%.

With respect to the asset quality, I would also like to highlight that the slippages are getting contained quarter on quarter. If you see the traction of the Bank's slippages over the last four or five quarters, it has shown good reduction and these slippages were contained to



the level of Rs.164 Crore in the September quarter. The recovery & upgradation also continues to be supporting the bank's overall objectives and the recovery upgradations increased by 14.37%.

In terms of the overall efficiency parameters, the operating profit increased by 10.26%, the net interest income increased by 8.82%. The net profit of the bank stood at Rs.295 Crore showing an increase of 22.92%. The capital adequacy is still strong; we have been growing so it has shown a marginal dip from 17.90% but we are still at a very healthy level of 17.19%.

With respect to the key highlights on other parameters on a half yearly basis, you will find that in slide number 14 we have highlighted some of the key highlights on the half yearly basis also. The Gross NPA is down, Net NPA is down and PCR has improved significantly. For the Half Year, Operating Profit increased from Rs.775 crore to Rs.1045 crore on a Y-o-Y basis, Net Profit has also increased from Rs.421 crore to Rs.564 crore on Y-o-Y basis. Cost income ratio has come down from 65.96% to 61.20%. The net interest income growth has been robust. There has been a slight dip in the net interest margin and we understand the reasons for that and we'll answer the questions that you will have on this subject. The Return on Assets also has shown uptick in the half year.

The SMA 1 & 2 has also shown improvement during this period. The slippage ratio has been contained to 0.17%.

Now, the SMA 1 & 2 are at Rs.176 crore and Rs.184 Crore compared to Rs.679 crore and Rs.408 crore in the last year in the same period of time. The capital adequacy stands at 17.19% which is a very healthy capital adequacy and yesterday the board has approved the further capital raising plan of the bank with the Rs.3,000 Crore of Equity and Rs.2,000 Crore of Bonds, that's Rs.5,000 crore over a period of one year depending on the market conditions and it will be raised in tranches.

Additionally, the board of the bank has also approved, if required, the mobilization of some more infra funds and we have got approval for Rs.3,000 Crore for this period. Overall, the bank has taken various measures for improving its performance in terms of various customer centric products. We are now offering various digital products on the retail and MSME segments. The retail, we are already in the digital cycle of giving Vehicle Loans and Housing Loans on the retail segment, Housing Loans up to Rs.1 crore and Vehicle Loans up to Rs.50 lakh. We have also increased the MSME digital lending level from Rs.25 lakh to Rs.1 crore. These are also showing good traction in the bank and it also helps us to reduce turnaround time and attract young customers. We're also taking various initiatives on the expansion of the bank in various geographies. We have talked



about this and we have a plan of opening 200 branches in the next one or two years. We'll continue to pursue that.

Many branches are getting identified, premises are getting finalized, staffs are being recruited. So, we will see the traction of those branch expansion actually coming into reality from Q3 onwards.

For our special focus on the MSME advances, we are opening various MSME cluster focused branches. Recently we did a big program of opening the MSME cluster for sports industry in Jalandhar, Football Chowk wherein the Secretary DFS was also there to inaugurate the branch. It was a big achievement for the bank in terms of spreading our wings in specialized areas in the state of Punjab, a significant network for our bank. So we would like to continue our focus on Punjab also as we give importance for expansion of the bank in the other geographies of the country. We also have now implemented fully, the smarter acquisition of bank accounts through tab banking that has now been fully implemented in the metro and urban branches, and we are also slowly going to implement them in the rural and semi urban areas that gives us a new way of customer acquisition on a paperless mode. The tab banking enables staff to go to the doorstep of a potential customer to open the accounts on a paperless mode. Whether it's a new to bank or an existing customer opening additional accounts. So that's another important development that has been put on the ground. The savings account has been fully operational now. We are now going to start, very shortly in about a month or so, the current account acquisition also through this Tab banking. So, it will not only give the bank better perception of smarter acquisition of banking but will also take care of various compliance matters regarding KYC etc, which the regulator wants us to be very careful about. As we also promised earlier, we have also implemented to a large extent, our goals for the upgraded call center, which is now helping us to a large extent for collection efficiency at this point of time and that's why you will find that the SMA, particularly in the SMA 0 segment will go down slowly and slowly because we are getting a very good support from this latest version of the of the call center. They are making a lot of outbound calls on the SMA 0 & 1 customers, which is facilitating the branches to be much more proactive.

Of course, nothing can be completed in the bank without the support of the human resources. So, from that angle also, we have now engaged a global consultant for revamping our ways of improving the efficiency of the branches and improving the productivity of the branch, business per branch, business per employee. So that's in a very advanced stage of implementation and this will include not only scientific target setting, it also includes the scientific ways of assessment of performance and we can differentiate performance from non-performance in a much more scientific way. The



concept that is getting implemented in the bank is based on the best practices that have been implemented across the industry, across various banks. So, with this Navjyoti project, which we have named it, will help enable the bank to improve our performance at the ground level. I'm very sure the results of this project will soon be available to us going forward once it is fully implemented by Q3 and we will get the full benefit out of that from the next year onwards. Various other projects, the centralized finance that is also under a very advanced stage, we're going to implement that very shortly in Q3, our project is on track with the objective of improving our Forex business which we are not in a big position now. So, I think this this will be a great enabler for the bank, of course, to improve the forex business. Apart from these initiatives, the bank also is now much more focused on customer centricity, customer grievances, customer experience also. The updated call center, as we talked about a few moments ago, will not only help the bank on the collections, it will also help the bank on address addressing the various grievances that come, particularly in this very challenging environment on the digital ecosystem that is in front of us. Also, the call center will bring to the table the customer relationship management with AI and AI tools which will help the bank to do a lot of data culling out to improve our cross selling and also follow up on a very scientific manner the leads that come through the various channels of the bank. So, these were some of the elements of new developments that we are contemplating to implement. We had made four new zonal offices in the bank in terms of improving the delegation more to the field. There were a lot of branches, particularly in some zones for control, so we opened four Zonal offices from April which are already functional. Going forward, we have already got a board approval for going ahead with four zonal offices in various locations like Odisha, Chhattisgarh, Karnataka and Himachal Pradesh. So those are the four locations where, going forward, we intend to open zonal offices. As we expand our network in these areas, we will be able to get more and more business out of these areas as well. Various controlled measures, various system upgrades are happening on the IT front, on the cyber security front, we are revamping and continuously monitoring our cybersecurity mechanisms.

We have integrated with I4C where we are now also having a collaboration with RBI Innovation Hub for various mule accounts identification and taking preventive measures for the same. So, a lot of collaborations are also happening with various activities and great efforts are now being put on innovation as well.

A very experienced person in the market will join us very shortly as an advisor on how to do business innovation through AI. I think that's the area we are working very closely and we'll continue our journey on that. One more information is that the bank has also got the board approval for the opening up branch in the gift city and we are now moving to RBI



for the necessary approvals. We'll await the decision of RBI, the correspondence has just been initiated. So, we hope that going forward, subject to the approval of the regulator, we will be in a position to open one branch in the gift city, which will give us a good traction on the Forex business as well. So, that was the summary of our performance for Q2. Thank you very much for your patient hearing and now our team is ready for the question and answers. Thank you very much.

Moderator: Thank you, sir. We will now begin the Q & A session.

Mr. Ashok Ajmera: Good morning, sir. It's very heartening to note that a lot of new initiatives or I would say the bumper kind of Initiatives are taken by the bank now and lot of approvals are in place from your board to almost revamp the entire operations of the bank so as to make it at par with the many of the other PSBs. So that is very, very heartening to note sir. Compliments for that. Having said that and especially this initiative of opening an SBU in gift city definitely with the kind of audience, the kind of customer base which you have, a lot of business from foreigners and NRI's can be fetched through this branch in the SBU in the gift city.

I mean, you will have a very good prospect there once you have the SBU in place. Having said that coming back on the results, the results for this quarter are reasonably good unlike the last quarter when the growth was absolutely muted.

In this quarter, you've done well on the credit front and deposit front also. But sir, on the credit front we are still at around 5.98% of the credit growth in the six months and as per the target of 16% to 17%, I believe we'll have to go for another Rs.9000 crore to Rs.10000 crore of the business. So how are we placed there? What kind of sanctioned pipeline or the proposals which are under consideration do you have and whether we are growing all this organically or you have some co-lending models or through NBFC models. So how are we going to achieve this target of credit growth though you are comfortable on capital adequacy and deposit growth is also reasonably good? Another one is that there is a little pressure on the operating profit and I believe this operating profit has actually has gone down in this quarter as compared to Rs.540 crore to Rs.505 crore but mainly because of the reduction in the non interest income and there also it is mainly on the investment, you know, like on the profit on sale of investment and the revaluation there as against Rs.210 crore collectively we are only Rs.60 crore on this. So, there is definitely a pressure on the treasury side of the profit. So, on that, how do we see the incoming next two quarters, the performance here on the treasury front, so as to bring back the operating profit at a good level? Thereafter sir, the pressure on the CASA still continues, you know we are trying to basically go out of that 30%-31% but rather than that we are



slipping little bit in every quarter on that. So, of course you are putting a lot of efforts on that. So, this is also if you can throw some light, you have done well on the SMA front, on the asset quality front. The last one is that that EASE framework of the digital how it has placed last quarter you had said that it will be fully in operations and it will start yielding very good results. So, where do we stand on the digital fronts? In this round, these are the few observations and some questions.

Mr. Swarup Kumar Saha: Yeah, thank you Mr. Ajmera for your lovely questions and I think it's all very appropriate. On the 1st part of your question which was also on the growth in advances. As you have noticed in our guidance in the Q1 itself, we had kept a guidance of growth of 15% to 16% in the advances side and the last quarter, the advances grew by 13.92%, i.e. nearly 14%, this time it is at 16% Y-o-Y with Q-o-Q growth of 5.62%. So, we are in track and we are very confident that this 15%-16% is realistically achievable, and we don't see any challenge in that direction.

With respect to your question on your whether the growth is organic or co-lending etc. Primarily it is organic, the things are moving better nowadays. We have a portion of co-lending, but the co lending contribution to the growth is much less than the previous, so we are now more predominantly growing organically while we are taking a bit of a support from the co-lending component. The organic growth has improved quite well. That's why you'll find the reflection in the business per branch which is increasing by 12.4% to Rs.148 crore. So, that shows how we are placing ourselves in in terms of the growth story, organic or inorganic and continue to focus on the organic growth primarily. In terms of the operating profit, yes, you are absolutely right. The operating profit has dipped compared to Q1 though it shows while growth of 10% plus, but yes, it is because of the lesser contribution from the treasury. You have already mentioned the numbers, the Q1 and the Q2 numbers. This is a common phenomenon across all the banks. You must have seen that because of the movement of the market in a bit of a reverse direction in Q2, the treasury contribution has not been to the extent of Q1, but going forward, I have a feel that this contribution is going to come back and the recent market dynamics that is playing out post the MPC minutes that has been published two days ago and the overall global ecosystem, I think the treasury yields are going to be a much more positive for the banks and therefore I feel that the treasury income will come back in Q3 and Q4 very shortly. In our non-interest income, we'll continue to focus on recovery. That's the point also I'd like to mention here that one of the major components of the non interest income is recovery in the TWO accounts. In this quarter, we felt a bit short of our expectations in the actual recovery in our TWO accounts because of certain accounts which did not materialize, which were very hopeful to come by 30th of September. But I'm very sure those accounts



for some technical reasons which we could not appropriate by 30th of September will come back in the Q3 quarter and we expect that the performance in this quarter in the recovering the TWO accounts will be more than what it is in the previous two quarters. So, the non interest income is a very important component and we will continue to also focus on core fee income and try to improve our businesses on the non-fund business, prevent as much leakages as possible. We have zero tolerance on leakages now in the system. The systems are getting much more qualitatively robust in terms of recovery of these charges and other components of the fee income. Of course we'll continue our journey in the collaboration of the 3rd party product business. So that's an area where we'll continue to focus very, very heavily on in the bank in terms of increasing the non interest income of the bank.

Your 3rd point was on the CASA. Yes, CASA has been a challenge in the entire banking industry, but what is noticeable in this quarter's performance of the bank is though our ratio continues to dip slowly and slowly, but the growth of the CASA in this quarter has been at 8.97% and that's a green shoe we will be continuously working on. The incremental quantum of CASA has improved while the ratio will be a monitorable point for all of us, but as long as we get the CASA component in our bank in terms of volumes, it will help our cause in terms of reducing cost of funds.

4th off-course is your point on EASE reforms, I'll let Mr. Mehra to talk on this subject on our ease of doing business. There are two parts in it, I'll conclude by just saying that in terms of the Government of India initiative of EASE reforms, we were the top improver amongst all the public sector banks in the last version of EASE 7.0. We are expecting that we'll continue our journeys under that collaboration under EASE reforms. As far as the digital journeys of the bank of Ease of doing business, I'll request Mr. Mehra to touch upon. One more point was of course on the pipeline on the advances, which you had asked, I think we have more than Rs.10,000 Crore of advances in the pipeline which we can account for.

Mr. Ravi Mehra: Good afternoon, with regard to the digital lending front, I just want to inform you two three points. First is, as just informed we have already initiated the digital lending of car loan through STP journey and assisted mode as well and the amount of up to Rs.50 lakh rupees for MSME it is up to Rs.1 crore and Housing Loan it is up to Rs.1 crore. More importantly, since the day we have launched it on 4th of November 2024 till 30 September, approximately 60% of the vehicles loans are being sanctioned through digital journey itself; around 35% of the home loans are also being sanctioned through this digital journey. We are definitely moving towards this Ease of doing business and improving the customer experience as well. We are also going to add some other products



in the digital part, like commercial vehicle and some other government schemes as well. So hopefully the numbers are going to improve and what we are targeting is to take around this vehicle sanction to around 70% by this financial year end.

Mr. Ashok Ajmera: That's very good to know sir, because this digital thing has been a little issue few years back in our bank, so that's a very welcome sign that some of our digital initiatives have started yielding results, you know, the numbers and figures that can be verified.

Mr. Swarup Kumar Saha: Yeah, I'll just like to compliment what Mr. Mehra said regarding the future initiatives under this factor is that we are also now in a very advanced stage of implementing further products under this digital lending scheme.

Mr. Ravi Mehra: Some other products also like commercial vehicle we are going to introduce and MSME going forward, once things are stabilized, the MSME sanction amount will also be increased up to Rs.5 crore shortly. Some of the other government schemes which are related to this lending particularly are also going to be on this digital platform.

Mr. Ashok Ajmera: That's very good to know sir. If you permit one more this thing on this, on this capital raise where you got the approval of Rs.3,000 crore. I mean we are still with the government holding of 93.85%. So, do you think that you will use this entire Rs.3,000 crore opportunity in this financial year only or you may go for Rs.1,500 crore this year and maybe Rs.1,500 crore later in the 1st half of the next year, some part?

Mr. Swarup Kumar Saha: Yeah, 1st of all it will be as per the market conditions, that's the bottom line. Number two, it will be in tranches, so we will see after Q3 what is the situation in the market and where we are placed. We would like to be much more conservative at this point of time in terms of the guidance of future. Maybe when we meet next time, we'll have a much more concrete situation to tell you as to the appropriate time which we will explore, but not in Q3. Q4 we will see if possible, we'll look into it, but a formal guidance when we meet next time.

Mr. Sukrit Patil: My name is Sukrut Patil from Fintrade Private Limited. I have just two questions. You have outlined the plans to expand Punjab & Sind Bank's reach and improve the digital capabilities. What are the biggest execution challenges you foresee in scaling these initiatives especially in terms of adoption, customer on-boarding and regulatory alignment. How are you preparing the bank to overcome these hurdles while maintaining service quality? Yes, sir. Thank you.



Mr. Swarup Kumar Saha: Yeah, thank you Mr. Patil. See, we are working on two areas, one is expansion and one is the digital. First of all, we are under a very strict regulatory environment, so there is no compromise and there's zero tolerance against any violation. So, we are very conscious of what we do in our bank and how we go forward in our corporate goals.

In terms of expansion, we are talking about increasing our network in the areas where we are not visible at this point of time, particularly in the areas other than the northern region. So, we are expanding far and wide in Maharashtra, Chhattisgarh, Karnataka, Orissa, Andhra, Telangana, Tamil Nadu and North East, these are the primary areas of expansion. We have also opened new zonal offices in Varanasi, Patna, Agra so there will be some expansion in these areas as well.

So, we will comply and with the expansion there's no such challenge in terms of expanding the network. Ultimately an expansion means acquisition of new business and every new branch which that we opened has to acquire a critical amount of business immediately so that becomes an additional business opportunity for the bank in that area. We need to deploy people as well, we need to deploy resources in the proper direction. Our technology systems, our digital systems have to be in a perfect balance. So, we closely monitor our technology initiatives that we take in terms of various corporate goal posts. As I said in my opening remarks that one of the critical things that we have implemented is acquisition of savings accounts through the Tab Banking system. So that gives us an opportunity to tap customers, particularly the new generation customers that we need to acquire in our bank. So, we would like to have more and more new gen customers that we can bring to our fold and we need to ensure that the customers we onboard digitally on STP process, our business rule engines are robust and that's why we have kept very strict BRE's for the onboarding of such customers. In fact, in our setup that we have done so far, we take a lot of feedback from the field and the feedback mechanism is very robust in our bank and we try to understand what is going right and what we need to do with some course correction. From that perspective, we have created a business rule engine based on the best practices and we find that the average conversion rate comes to around 35% of our overall leads that we get. That shows that the system is robust. So as far as the challenges are concerned, I think the main thing is that how do we make our systems as robust as possible so that going forward when we expand whether organically or in a digital front, we are in the safe zone.

Mr. Sukrit Patil: Fair enough, I think this is good guidance and which we will look forward to. My final question is with the rising competition and evolving credit demand, how are you planning to protect net interest margin and maintaining asset quality as especially in



segments like MSME, Agri and retail. What financial controls or portfolio strategies are being prioritized to manage risk and sustain the profitability? Yes, sir, thank you.

Mr. Swarup Kumar Saha: So, I'll just try to tell you is that the question is on the protection of NIM on the RAM. Yes, there is a pressure on the entire system at large. So, what we are doing is that we are trying to cull out those products where we can revise our product range and focus on those products which gives us better yields, particularly on the gold loan side, on the mortgage loan side, the personal loan side. So, these are the products which we like to focus on going forward. If you see in our presentation, we have shown how our product mix is move moving towards, tilted towards these sorts of products than what it was done earlier. In fact, in the credit portfolio also on the corporate side you will find that there has been a slight migration from the AAA's to the AA's and the AAA component is going down and the AA is going up. So, we get margins from that side also and we are very conscious on how do we do our risk-based pricing. We have implemented the RAROC system, the risk-based analysis on how we price our products. So, whether it is agriculture or MSME, whether it is retail or whether it is corporate, the pricing of the products is very important and our risk management team, our ALCO continuously monitors the yields on the various products that we get quarterly, how our growth story is playing out, how our yields are against those advances. So, these are the things that we do for mitigating the obvious impact on the NIM that happens with the regulatory changes on the repo rate cuts. Ultimately it is a product mix, which is very important and analyzing those products in a better way. More and more customized products are also getting introduced in the bank, which we are now having and were not there earlier. We are having a specialized product for every segment of the society. Like I'll tell you one example. Equipment financing on the MSME side, this is one area which we were not there in a big way. So, we have revamped our MSME equipment financing model and created a product which will enable the bank to generate business.

Food processing is another area which is a champion sector identified for the bank in terms of sectoral areas and we find a lot of traction happening in that area as well. So, these are the products that will help us to mitigate and protect our margins.

Mr. Rohan: Yeah, so sorry I joined a bit late, but on the impact of the draft ECL norms, did you share some comment and how are you structuring the calculation? How have you divided the loan book in various segments? If you can broadly give some color around that, the thought process on how you will approach the ECL framework?

Mr. Swarup Kumar Saha: See the approach has now been more or less in the draft guidelines that has been announced. There's limited scope in terms of the approach, we



will follow the guidelines, it has just come out and we are examining it. On the bottom-line front we don't see any significant impact on our overall scheme of things going forward. In terms of the granular areas and the exact quantum of the impact, I think Reserve bank has given us a lot of room for us to explore things and therefore we will be able to share more color on this maybe in a subsequent quarter going forward. The bottom-line perception of this is that it's much easier than what we contemplated and we think that will not have much impact on the bank's overall corporate goals.

Mr. Rohan: Sure, so just one clarification here on the SMA provisioning that will come under ECL in the provision that you will need to maintain, is it very close to the flow that RBI is prescribing or is it at a different level?

Mr. Dheeraj Gaur: Good afternoon. So, at present for SMA there is nothing, right? SMA provisioning also is as per the standard account provisioning. When we do for SMA in ECL framework, certainly the provision will be slightly different. But as far as our preparation is concerned, the development of all those granular models is already in progress and overall impact, as sir also said, will not be significant. Second advantage is the five years glide path which RBI has already provided as already mentioned in the guidelines. So that'll make like things quite easy and over a period of time, as you know, overall asset size has improved significantly like our net NPA has come down below 1%. So overall, my PD number and overall impact will be, you know, much limited. That is what our sense is at this point of time.

Mr. Rohan: What were your outstanding AFS reserve as of Q2?

Mr. Mahima Agarwal: The total AFS reserve is Rs.39 Crore as on 30th September sir.

Mr. Rohan: Sir, in terms of the PSL, so last year certain PSU banks had declassified agri gold loans to a retail gold. So just want to understand was there any provisioning requirement that came with that reclassification for the bank, incremental provisioning requirement?

Mr. Swarup Kumar Saha: No impact on our bank as such.

Mr. Rohan: Okay, and no PSL or crop loans have been discontinued by the bank. All of them continue.

Mr. Swarup Kumar Saha: Certain operative guidelines have been given regarding how to go about business in this area and we are working on that.

Mr. Rohan: And lastly, it's a slightly broad question. See the PSB alliance which has been going on in the various ease initiatives, if you were to look at the benefits that our bank



has got in the last one, one and a half years, so like where can we quantify them or what is more structural in nature if you can share some thoughts around that?

Mr. Swarup Kumar Saha: See PSB Alliance is a company floated more or less as alliance of all the public sector banks and in fact, what the idea is that the collaboration amongst the public sector banks becomes easier through this company. Our bank has also taken a lot of initiatives through this company. In fact, a lot of technological and cyber related changes that we are going to bring about in the future have been done through the PSB alliance. There is a process of that. I'm not going to details on that part, but the process, whatever the processes that PSB alliance has done, and we are now revamping our IT cyber security in an updated version in terms of SOC & ROC and other areas of the technology requirement. Another area that we are doing in terms of PSB alliances is on the product size. So, now we are in a very advanced stage of the supply chain finance management, the financing of a supply chain, we were not there earlier, so the PSB alliance has got partners which we can encash. We are in an advanced stage and approvals are in place. Maybe in a very short time in Q4 onwards, we'll be able to start the process of the supply chain finance. I think that's a very important area. So, we cull out the things that we can do in our bank and accordingly, move ahead. So, they have a host of things that can be offered and we are also doing one thing of asset recovery on bank net, whether it is agri collateral, onboarding, monitoring, asset tracing. This means that suppose we are having a defaulting borrower and we don't have or we have some assets in our collateral maybe, but we are unable to recover the entire amount, so there's a company allows us to trace the assets of the defaulting borrowers wherever it is registered. So we can fall back on those assets also for asset tracing. Agri collateral onboarding and monitoring platform also they are providing, the digital supply chain finance. So Bank net is a platform for e-auction of various products. I think we are also taking that benefit and then certain other hosts of things that it brings to the table. So, there are a lot of things that we are taking advantage of through this company.

Mr. Rohan: Sure, just to understand this slightly further, for the advantage that you get from PSB Alliance while you have invested initially, is there anything on a recurring basis that you need to pay for, for the work that they're doing?

Mr. Rajeeva: So yes, see whatever services they provide, they have a requisite fee that needs to be paid and that is what all the banks are supposed to pay, whether it is doorstep banking or any other service, it is on payment basis.

Mr. Sushil Choksey: Congratulations on stable numbers

Mr. Swarup Kumar Saha: Thank you.



Mr. Sushil Choksey: You have spoken about a lot of initiatives led by digital alliances, co-lending, and various other initiatives which you were working over last twelve months and empowered by the new management team too. Sir, if you look at today's RAM situation, which is 55-45 56-44, how do you visualize between co-lending, TREDS platform, retail, the situation on the bank on margin front and on the proportion size?

Mr. Swarup Kumar Saha: Yeah, that's a good question. Actually, 1st of all, in terms of our guidance on the RAM percentage, we like to inch it up to 57%-58% by the end of the year. That's the overall macro guidance. In terms of the segments under which we would like to work on will include the organic lending processes as well. However, the co-lending, we are working on the revised guidelines also which is going to get implemented very shortly in another two months' time. So we are changing our products and systems accordingly. We are integrating our platforms also through the partners that we have on-boarded. So, this is an area where we will be focusing very strongly also as we do the organic lending. We find that there is room for the bank to be in this co-lending platform for protecting our margins under various products, whether it is gold loan, whether it is MSMEs, whether it is LAP products, these are the three components. Of course, housing will also be there, but the first three products that I have mentioned just now are those areas which will give us better margin and we are spreading our NBFC partners as much as possible. You also talked about TREDS. Yes, you'll find our quarter on quarter exposure in TREDS is also increasing. We are also pricing our TREDS and the exposure on which we are taking on the AA's and AAA's are also increasing. Some BBB's also we are doing, so that also protects our margin. The TREDS volume has moved to Rs.2000 Crore by the end of September. We were not there too much in one year ago, so now that also will help us. Organically branch performance, digital performance, digital lending, TREDS, co-lending, DA. It will be a cross section of things. We have our own risk appetites put in place in terms of the board governance, how much of the quantum we will go forward. However, we find that the traction so far has been very encouraging and there is enough room for us to go forward in all the areas that we have just talked about.

Mr. Sushil Choksey: So, are we doing TREDS along with insurance or without insurance? Second thing digital lending on partnership co-lending will be yielding higher margin than what you would be doing as a bank? Is my understanding clear?

Mr. Swarup Kumar Saha: Yes, that's the idea. The co-lending partners' margin will be higher than the organic business growth.

Mr. Sushil Choksey: Second thing sir that we are working hard to improve our CASA with all the digital initiatives, account opening and various penetration programs, MSME



reach out, whatever we may be doing. Do you see that our cost of deposit and reach out program will improve our CASA situation by March or in next 18 months where the bank is concerned?

Mr. Swarup Kumar Saha: We have to be very realistic in what we say from our side. So there are two components of CASA, you know? One is the CASA volume, the quantum of it, and the other is a ratio per se. So, there will be stress on the ratio as such but our idea would be to improve our quantum on an average on a quarter-on-quarter basis on an average cycle. So, the idea is that improve our CASA base on a quantum amount, more and more. The ratio is a factor of the overall CASA, retail. Now suppose I say retail term deposits, we are growing at about 17%-18% now, right? So, CASA plus retail is now 75% to 76%, which we were at 71%-72% of one year back also, maybe two years back. So overall, ultimately the banks require liability resources to fund going forward which spend more on the market borrowings and other forms as well. So, this has to be a part of the overall scheme of things in terms of managing our LCR calculations as well. So, CASA will be a challenge but to mitigate that challenge, the best way forward, as we have envisaged in our bank, is to open as many branches as possible across the country. That will give us a mobility on the CASA front and maybe going forward improve the ratio as well. As of now, if I talk of March, because branch expansion will happen, the things will move on, marketing will happen, it takes one or two years for any branch to actually yield results. Those are future pipelines, future strategies that today we are sowing the seeds for, from which the bank will get the benefits maybe in a one year down in two years down the line. But on a short-term basis, the ratio would be impacted. So, we will work on the volumes as much as possible in terms of the CASA quantum amount.

Mr. Sushil Choksey: Sir if I understand well the bank has to achieve a Rs.10,000 crore – Rs.12,000 Crore growth in next six months in credit. RBI has allowed you to increase the co lending partnership with new policy guidelines, you have already launched the digital initiative where onboarding is possible. Looking at all these aspects, now cross border acquisition or a domestic acquisition financing, so many measures are there. Are we strategizing with some core team members, whether it is TREDIS or it is co-lending, because if you increase your four-five AAA and AA partnership and if our systems throughput is right, I don't see why our RAM and credit growth at a reasonable rate. Like share advance is fetching 10%, IPO finance is 10%, second hand car finance is fetching 10% minimum for a bank, NBFCs are charging higher. So, I personally feel we are well placed. I don't know how we capitalize that. What I would like to see over the period of six to twelve months.



Mr. Swarup Kumar Saha: Yeah, absolutely. You are absolutely right. Bang on – on whatever you just said, there are enough opportunities in the market to collaborate and NBFCs is one of the areas we will collaborate. As far as the teams are concerned, we are now creating a digital lending team in the bank. While we have a digital lending cell, now we will like to create a digital lending team as well. As things move forward, as we increase the portfolio, we have internally already decided that there will be a digital lending team which will work on these collaborations in a better way so that there is one touchpoint solution for all the partners that we have. So, we are working very strongly on that area and we will explore all the partnerships, good partnerships as you just said, for the collaborations and co-lending under the new guidelines, of course.

Mr. Sushil Choksey: Sir, what's your outlook on treasury and I'm sure with all your initiatives cost to income would be heading towards 50 from where we stand.

Mr. Swarup Kumar Saha: It should be, we are hopeful but maybe that's a bit aggressive guidance. I'll stop here at this point in terms of saying that the future treasury performance looks very robust in this quarter and the next two quarters and we hope that we encash on this. I will only speak at this point of time, instead of speaking on the numbers, what I foresee is a very, very robust treasury performance in Q3-Q4, and maybe something going forward as well. Consciously we'll also keep in mind the potential rate cut that is being discussed about, around 25 to 50 bps, so that mitigation also we need to work out in our internal assessment of things. But as far as treasury is concerned, I think we have a huge opportunity to encash the market situation that is coming before us very shortly.

Mr. Sushil Choksey: Sir, congratulations and best wishes.

Mr. Swarup Kumar Saha: Thank you

Mr. Jai Mundhra: Yeah. Hi sir, good afternoon. I think you answered partly question, but I wanted to check sir out of your Rs. 1,05,000 crore loan book, how much is SMA 1 & SMA 2, all ticket size?

Mr. Swarup Kumar Saha: SMA overall, including SMA zero, around 5% of the entire book, that's the overall SMA book.

Mr. Jai Mundhra: Okay, that is zero including.

Mr. Swarup Kumar Saha: That is zero including and zero is predominant.

Mr. Jai Mundhra: Right, ok. Would you have the number sir separately for one and two?

Mr. Swarup Kumar Saha: SMA 1 is 1.15% and SMA 2 is 1.46% including zero.



Mr. Jai Mundhra: 2.5% roughly is the SMA 0.

Mr. Swarup Kumar Saha: If you see our traction of slippages, 5% is also a bit high because out of that overall, SMA 0 of Rs.2500 crore, nearly 50% is the one-day default category, you know. The legacy guys, we have not put the correct due date demand in the system based on the cash flow of the individual or the company as far as salary is concerned. Suppose, we have given a loan on 25th of a month, we have put the 1st demand on the 30th itself and the salary comes on the 10th or 15th of the subsequent month. 50% is that one day category, so though it inflates my numbers to that extent and we are trying to reduce that. A lot of work is going on in that direction as well to reduce that number and that's why this call center is helping us in a large extent on this SMA 0 front by contacting the borrower to come back to the bank and do some bit of understanding with them to put the correct feeding in the system. But going forward, we are much more conscious of this. Now the new accounts that are getting opened, we open it with a lot of understanding and the slippages are coming down, if you see a large component of retail SMA but the slippages also in retail are coming down quarter on quarter basis.

Mr. Jai Mundhra: Last question is there was a lot of floods in Punjab, Haryana and some of the geographies where bank is predominantly there. Is there any restructuring or any residual impact which is yet to come? Thank you.

Mr. Swarup Kumar Saha: Yes, we had a lot of floods, but whatever the policies under this matter the state takes, on natural calamities, the districts are very limited, there will be some impact of course, we cannot say there will be no impact. There are people who have been grossly impacted, but in the overall scheme of things, if you see our agriculture slippages also. September is a very critical quarter for us in terms of slippages. You will find in our presentation that the slippages of Q2 also is going down compared to the previous quarter. So, though we are a big presence in Punjab, but the districts that are impacted in Punjab are less, it is not that all the districts are impacted and from their perspective though there will be some impact here and there, but I don't think any major impact on the bank.

Mr. Jai Mundhra: Yes sir, I am done. Thank you so much.

Mr. Swarup Kumar Saha: Thank you.

Moderator: Thank you, sir. Thank you everyone as there are no further questions from the participant, we now conclude this conference. On behalf of Punjab & Sind Bank I



thank each one of you for joining the conference today. You may now disconnect your lines. Thank you. Have a good day ahead.

Mr. Swarup Kumar Saha: On behalf of Punjab & Sind Bank, wish you all a very happy Diwali. Thank you very much.