

Punjab National Bank Sees Profit Decline Amidst Higher Tax Outgo



Punjab National Bank (PNB) reported a significant 48% year-on-year decline in its standalone net profit for the first quarter of the fiscal year 2025-26, settling at ₹1,675 crore for the period ending June 30, 2025. This downturn comes despite an increase in total income, with the substantial rise in tax expenses being the primary factor weighing on the bank's bottom line.

In a regulatory filing, the state-owned bank revealed that its total income for the quarter under review increased to ₹37,232 crore, up from ₹32,166 crore in the corresponding period last year. Interest income also saw a rise, reaching ₹31,964 crore compared to ₹28,556 crore a year ago. Operating profit for the bank also demonstrated growth, rising to ₹7,081 crore from ₹6,581 crore in the same quarter of the previous fiscal year.

However, the surge in tax expenses during the quarter more than doubled, jumping to ₹5,083 crore from ₹2,017 crore in the year-ago period. This considerable increase in tax outgo was the main contributor to the sharp reduction in net profit, overshadowing the otherwise positive operational performance. The bank's transition to a new tax regime is cited as a key reason for this elevated tax provision.

Despite the hit to profitability, PNB showcased notable improvements in its asset quality. Gross Non-Performing Assets (NPAs) declined to 3.78% of gross advances at the end of the June quarter, a significant improvement from 4.98% a year ago. Similarly, net NPAs, or bad loans, saw a reduction to 0.38%, down from 0.60% in the corresponding period last year. Provisions

and contingencies for the quarter also fell considerably to ₹323 crore, compared to ₹1,312 crore in the previous year.

The bank also reported healthy capital adequacy, with a Capital to Risk-weighted Assets Ratio (CRAR) of 17.50% under Basel-III norms, and a Common Equity Tier-1 (CET-1) ratio of 12.95%. While the substantial tax expense has impacted the immediate profitability, the underlying improvements in asset quality, operating profit, and capital adequacy suggest a stable core business. Investors will be observing how PNB manages its tax liabilities in future quarters and continues its trajectory of balance sheet clean-up and business expansion.