Punjab National Bank — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**Strategic pivot toward Retail Banking (up 14.9%) is successfully diversifying the asset mix away from corporate concentration toward granular, lower-risk segments.**	—
2	**Top-line revenue grew 5.45% to □130,772 Cr, though growth is uneven as corporate banking revenue experienced a year-on-year decline.**	—
3	***Financing margins compressed significantly from 8.00% to 6.00%, reflecting intense competition for deposits and rising cost of funds.***	—
4	***Earnings quality is poor; reported PAT of 18,467 Cr was heavily supported by a non-recurring 3,472 Cr reduction in pension costs and significant DTA utilization.***	—
5	**Capital adequacy (CRAR) strengthened to 17.76% through organic reserve accretion, providing a robust buffer for future credit expansion without equity dilution.**	—
6	**Cash conversion remains a core strength, with Cash Flow from Operations (CFO) at □25,635 Cr significantly exceeding PAT (CFO/PAT of 1.39).**	—
7	**Digital transformation is accelerating with □1,625 Cr invested in IT capex, resulting in 95% of transactions migrating to digital channels.**	—
8	***Operational risk is elevated as total fraud cases surged 138.9% to 10,551.64 Cr, indicating persistent gaps in underwriting and internal monitoring.***	—
9	***Governance remains a primary overhang due to persistent SEBI LODR non-compliance regarding board composition and a 51% spike in related-party transactions.***	—
10	***Liquidity is tightening as advances growth (1.53L Cr) outpaced deposit growth (1.47L Cr), pushing the Credit-Deposit ratio to 73.55%.***	—
11	Outlook is clouded by the "war for deposits" and the sustainability of non-operational gains, despite the bank's improved capital position.	—
12	Investment Stance: Watch; monitor for a recovery in CASA share to >40% and a reduction in quarterly fraud reporting to below □2,000 Cr.	—

1. Business overview (In Bullet Points)

- **Business Segments:** PNB operates through four primary segments: Treasury, Corporate/Wholesale Banking, Retail Banking, and Other Banking Operations.
- **Revenue Drivers:** Strategic pivot toward **Retail Banking** (up 14.90% YoY) to improve yield stability, while Corporate/Wholesale Banking revenue contracted by 3.18%.
- **Cost Drivers:** Significant reduction in **Employee Costs** (down 11.86%) driven by actuarial gains in pension expenses; offset by rising Other Expenditure (up 19.5%) and a 69.9% surge in computer software depreciation.
- **Industry Position:** Maintaining a "mass-market PSU" presence while attempting to pivot toward a "full-stack service provider" brand.

- **Expansion Plans:** Focus on "granular liability products" and niche segments (Defense, Women, Senior Citizens); launch of specialized Startup Branches and PNB Luxura for HNIs.
- **Digital Transformation:** Execution of "Project UDAAN" and "PRISM" (analytics hub); achieved ₹1 Lakh Crore in digital lending sanctions with 95% of transactions now digital.
- **Geographical Presence:** Predominantly domestic (96.21% of revenue) with limited foreign operations (3.79%) including a UK subsidiary (PNBIL) and a GIFT City branch.
- **Capacity Additions:** Aggressive IT modernization including GenAI integration and transition to ".bank.in" domain for enhanced cybersecurity.

2. Management commentary & outlook

- Management has shifted from a "repair and recovery" mode to "offensive expansion," heavily anchored to the "Viksit Bharat 2047" national vision.
- The "RAM" (Retail, Agriculture, MSME) strategy is being prioritized to move away from lumpy, high-risk corporate exposures.
- Management explicitly acknowledges a "Deposit War," noting that **Deposit growth (13.47%)** is lagging Credit growth (16.08%), creating a structural liquidity headwind.
- Strategy includes decentralizing NPA management to Asset Recovery Monitoring Branches (ARMBs) for a more surgical approach to recoveries.
- The bank is aggressively pursuing a "Digital-First" identity, utilizing rule-based system-driven underwriting for every third loan sanctioned.
- There is a concerted effort to capture higher-margin fee income through new-age segments like startups and HNI metal cards.
- Management recognizes digital scale risks, hosting "Quantum-Proof Systems" hackathons to stay ahead of cybersecurity threats.
- The long-term vision involves reducing the **Cost-to-Income ratio** through GenAI-powered automation and data-driven cross-selling via the PRISM hub.
- **Management Tone:** The tone is optimistic and visionary, characterized by "disciplined aggression." However, there is an arguably over-reliance on macro-tailwinds and national infrastructure goals. While management is candid about liquidity challenges, the narrative aggressively pushes a "Tech-Co" valuation profile which may mask persistent governance deficits and credit-deposit mismatches.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Revenue	130,772	124,010
Sales Growth %	5.45	13.70
Interest	88,069	80,704
Expenses	34,312	33,893
Manufacturing Cost %	0	0.71
Employee Cost %	14.52	17.38
Other Cost %	11.72	9.24
Financing Profit	8,390	9,413
Financing Margin %	6	8
Other Income	18,691	17,560
Exceptional items	0	4
Other income normal	18,691	17,556
Depreciation	0	958
Profit before tax	27,082	26,015
Tax %	37	29
Net Profit	18,467	18,553
Profit from Associates	1,371	0
Minority share	-74	-72
Exceptional items AT	0	3
Profit excl Excep	18,467	18,550
Profit for PE	18,393	18,477
Profit for EPS	18,393	18,480
Profit Growth %	0	103
EPS (□)	16	16.08
Dividend Payout %	19	18

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	2,299	2,299
Reserves	147,674	130,839
Deposits	1,724,795	1,577,020
Borrowing	107,558	105,807
Other Liabilities	51,005	41,579
Non controlling int	690	628
Trade Payables	0	4,431
Other liability items	50,315	36,520
Total Liabilities	2,033,331	1,857,544
Fixed Assets	15,625	13,083
Building	0	11,319.35
Computers	0	1,671.71
Furniture n fittings	0	0
Other fixed assets	0	10,371.54
Gross Block	0	23,362.60
Accumulated Depreciation	0	10,279.30
CWIP	0	0
Investments	523,515	524,840
Other Assets	1,494,191	1,319,620
Cash Equivalents	60,882	61,154
Loans n Advances	1,237,980	9,373
Other asset items	195,329	1,249,093
Total Assets	2,033,331	1,857,544

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	25,635	22,075
Profit from operations	33,082	30,049
Loans Advances	-153,095	-146,654
Operating investments	2,797	-73,272
Operating borrowings	7,241	34,646
Operating Deposits	147,776	197,795
Other WC items	-12,133	-15,373
Working capital changes	-7,415	-2,857
Direct taxes	-31	-5,117
Other operating items	0	0
Cash from Investing Activity	-609	-1,578
Fixed assets purchased	-1,625	-1,601
Fixed assets sold	42	16
Investments sold	0	8
Dividends received	0	0
Invest in subsidiaries	0	0
Redemp n Canc of Shares	974	0
Acquisition of companies	0	0
Cash from Financing Activity	-11,664	-1,138
Proceeds from shares	0	4,988
Proceeds from debentures	0	0
Redemption of debentures	-5,489	-1,426
Interest paid fin	-2,911	-3,116
Dividends paid	-3,325	-1,652
Other financing items	61	68
Net Cash Flow	13,362	19,359
Free Cash Flow	24,052	20,490
CFO/OP	27	30

3.2 Financial analysis summary

- The bank reported a moderate **Revenue** growth of 5.45% to □130,772.00 Cr, representing a deceleration from the 13.70% growth in the prior year; segmentally, Retail Banking grew 14.90% while Corporate/ Wholesale Banking revenue contracted by 3.18%.
- **Net Profit** remained essentially flat at □18,467.00 Cr despite higher total income, as the Financing Margin compressed from 8.00% to 6.00% and the effective Tax % surged to 37.00% from 29.00% due to the utilization of □7,883.21 Cr of Deferred Tax assets.

- **Employee Cost %** improved to 14.52% from 17.38%, primarily due to a massive reduction in pension expenses which fell from ₹4,540.56 Cr to ₹1,068.25 Cr, aided by a net actuarial gain of ₹427.36 Cr in leave encashment.
- **Other Expenses** rose to 11.72% of revenue, with "Other Expenditure" growing 19.5% to ₹6,006.83 Cr, suggesting rising miscellaneous operational leakages and unclassified costs that outpaced top-line growth.
- **Asset Quality** signals are mixed; while Loans n Advances on the Balance Sheet surged to ₹1,237,980.00 Cr, the bank reported a sharp 138.9% spike in total fraud cases to ₹10,551.64 Cr, indicating significant credit monitoring weaknesses.
- **Working Capital** dynamics shifted as Loans Advances growth of ₹153,095.00 Cr outpaced Operating Deposits growth of ₹147,776.00 Cr, leading to a tightening Credit-to-Deposit ratio and increased utilization of liquidity.
- **Cash Flow** quality remains high with a CFO/PAT ratio of 1.39, as Cash from Operating Activity rose to ₹25,635.00 Cr, comfortably covering the Net Profit and providing a buffer for the ₹3,325.00 Cr in Dividends paid.
- **Total Debt** (Borrowings) remained stable at ₹107,558.00 Cr, but the bank actively reduced high-cost wholesale debt through a ₹5,489.00 Cr Redemption of debentures, contributing to a lower Finance Cost of ₹2,911.00 Cr.
- **Fixed Assets** increased to ₹15,625.00 Cr following a Capex of ₹1,625.00 Cr, with a notable 69.90% surge in computer software Depreciation to ₹212.89 Cr, reflecting heavy investment in digital infrastructure.
- **Capital Adequacy Ratio (CRAR)** improved to 17.76% from 17.05% through organic accretion to Reserves (which grew to ₹147,674.00 Cr) rather than external equity issuance, strengthening the Net Worth.
- **Return Metrics** saw slight dilution with ROE falling to 13.05% from 14.82% and ROA dipping to 0.91%, as the expansion in Total Assets to over ₹20.33 Lakh Cr was not matched by commensurate growth in the bottom line.
- **Provisions** and contingencies showed high volatility, with "Other Provisions" swinging from a reversal of ₹383.87 Cr to a charge of ₹1,694.88 Cr, while Floating Provisions for NPAs were increased significantly to ₹2,045.00 Cr to build a counter-cyclical buffer.
- The dominant financial theme of the year was a strategic transition toward **Retail Banking** and organic capital strengthening, where robust CFO and actuarial-driven cost savings were offset by margin compression and a significant spike in reported frauds, resulting in a stagnant Net Profit trajectory.

3.3 Contingent liabilities & commitments

- **Letter of Comfort (LoC):** Issued to the UK regulator (PRA) for subsidiary PNBIL, committing to financial support.
- **Letter of Undertaking:** Provided for the GIFT City branch to ensure liquidity support for all obligations.
- **Non-fund based commitments:** LCs/BGs to associates stood at ₹43.90 Cr as of March 31, 2026.
- **Litigation/Tax Disputes:** The bank explicitly excludes cases where the possibility of obligation is "remote," which may mask potential legal risks.
- **Capital Commitments:** While not explicitly totaled, the bank maintains 14,791 leased premises with annual payments of ₹929.05 Cr.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — earnings backed by cash	—	High correlation suggests core earnings are realized in cash despite fraud and provision movements.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — credit risk rising	—	Tightening Credit-to-Deposit ratio indicates increased liquidity utilization and potential aggressive lending.
3	Revenue timing	Neutral — conservative recognition	—	Policy prevents inflation of earnings through uncollected interest on stressed assets.
4	Revenue from related parties %	Revenue ↑ — support to associates	—	Spiking "Other Transactions" (up 51%) and debt purchases from associates indicate active liquidity support.
5	Inventory vs revenue growth	Neutral — not applicable for banking	—	Banking sector: Inventory is not a material line item; focus is on loan book quality.
6	Inventory valuation method change	Neutral — not applicable	—	New classification (HTM, AFS, FVTPL) routes AFS appreciation to reserves, not P&L, preventing paper profit booking.
7	Exceptional items in operating profit	Profit ↑ — non-recurring boost	—	Reversal of provisions for NPI/Impairment is non-sustainable and sensitive to market conditions.
8	Depreciation rate vs useful life policy	Profit ↓ — accelerated IT costs	—	Reflects heavy investment in digital infrastructure and IT modernization.
9	Provision reversals boosting PAT	Profit ↑ — non-operational gain	—	PAT was significantly boosted by a massive drop in pension expenses and actuarial gains rather than headcount.
10	Tax rate consistency	Profit ↓ — higher tax outflow	—	Significant gap between P&L tax and cash tax paid due to utilization of DTA.
11	CWIP age and stalling projects	Neutral — no CWIP reported	—	Fixed assets increased by □2,542 Cr, primarily through additions to buildings and IT.
12	Deferred tax asset recognition adequacy	Profit ↑ — asset cushion depletion	—	Utilization of DTA to offset taxable profits improves cash flow but reduces the balance sheet asset cushion.
13	RPT quantum and trend	Profit ↑↓ — concentration risk	—	Sharp spike in related party transactions and secondary market debt purchases of associates.
14	Dividend paid vs FCF adequacy	Neutral — sustainable payout	—	Payout ratio of 19% is conservative relative to free cash flow generation.
15	Fraud Reporting Spike	Profit ↓ — provisioning hit	—	Re-reporting of □7,123.91 Cr in fraud cases suggests procedural risks and underwriting gaps.
16	Subsidiary DTA Recognition	Profit ↑ — first-time recognition	—	First-time recognition based on OECD Pillar Two requires "virtual certainty" of future profits.
17	Level 3 Investment Valuation	Profit ↑↓ — valuation complexity	—	Significant judgment in unquoted debt/equity; gains deferred until listing or amortization.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion:** Unqualified.

- **KAM 1: Reporting of Frauds:** Auditor flagged ₹10,551.64 Cr in frauds, with ₹7,123.91 Cr being "re-reported" due to Supreme Court judgments. Signals procedural risks in default classification.
- **KAM 2: Valuation of Level 3 Investments:** Significant judgment in "Day 1 gains" for unquoted debt and equity. Management defers these gains until listing or amortization.
- **KAM 3: Deferred Tax Asset (DTA) Recognition:** PNBIL (UK subsidiary) recognized a DTA of ₹211.45 Cr for the first time in FY26. Auditors scrutinized the "virtual certainty" of future profits.
- **KAM 4: NPA Provisioning Estimates:** Reliance on management estimates, particularly regarding the "Floating Provision" which increased to ₹2,045.00 Cr.
- **Secretarial Audit Observations:** Flags persistent issues including board vacancies and non-compliance with SEBI LODR regarding the composition of the Board and various committees.

B. Related party transactions

Party	Relationship	Nature	Amount (₹ Cr)	Concern
PNB Gilts Limited	Subsidiary	Security Buy Transactions	4,406.92 Cr	High volume; potential for yield management.
PNB Housing Finance	Associate	Renewal of OD/WCDL/ FCL	2,000.00 Cr	Significant credit concentration in associate.
PNB Housing Finance	Associate	Fresh Term Loan	1,000.00 Cr	Direct liquidity support to associate.
PNB Gilts Limited	Subsidiary	Security Sell Transactions	834.70 Cr	Routine but high-value trading.
Associates/KMPs	Various	Other Transactions (Total)	10,834.83 Cr	51.17% YoY spike in aggregate RPTs.

- **Analytical Note:** The 51.17% spike in "Other Transactions" is aggressive. The purchase of $35 million of PNB Housing debt from the secondary market (HSBC) indicates the bank is actively using its balance sheet to support associate liquidity.

C. Shareholding

Quarter	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Mar 2026
Promoters	73.15%	73.15%	73.15%	73.15%	73.15%
FIIs	4.82%	4.85%	4.90%	5.10%	5.25%
DIIs	14.00%	14.10%	14.25%	14.40%	14.55%
Public	8.03%	7.90%	7.70%	7.35%	7.05%

- **Promoter Pledge:** 0.00%

D. Board composition + KMP compensation

- **Total Directors:** 12 | **Independent %:** 33.33% — *Note: Secretarial Audit flags vacancies.*
- **Women Directors:** 2 (Dr. Uma Sankar, Smt. Vandana Bhagavatula).
- **KMP Compensation:** Individual pay governed by GoI norms (not explicitly detailed).
- **Aggregate Employee Cost:** Decreased 11.86% to ₹18,992.28 Cr.
- **Correlation:** Negative correlation between Operating Profit growth (+10.09%) and Employee Cost (-11.86%), signaling profitability was boosted by non-operational actuarial adjustments.

F. Capital allocation & capex

Action	FY current (□Cr)	FY prior (□Cr)	% of CFO	Signal
Dividends Paid	3,325.00 Cr	1,652.00 Cr	12.97%	**Positive**
Capex (Fixed Assets)	1,625.00 Cr	1,601.00 Cr	6.34%	***Concern***
Redemption of Debentures	5,489.00 Cr	1,426.00 Cr	21.41%	***Concern***
Interest Paid (Financing)	2,911.00 Cr	3,116.00 Cr	11.36%	**Strength**
Net Debt Change (Borrowing)	1,751.00 Cr	34,646.00 Cr	6.83%	**Strength**

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex**: 15.77x. CFO is more than sufficient to self-fund capex.
  - **Nature of Capex**: Primarily **Digital Infrastructure**; Computer Software depreciation surged 69.90% to □212.89 Cr.
  - **Capex Deployment Efficiency**: Fixed assets grew 19.43% while Total Revenue grew 6.41%, suggesting a lag in immediate revenue realization.
  - **Key Takeaways**: The **□1,625 Cr capex** is heavily skewed toward IT modernization, which is essential for long-term cost reduction but creates a high near-term depreciation drag.

H. Risks

- ***Fraud Reporting*** (High): □10,551.64 Cr in reported frauds; direct P&L hit of □4,748.43 Cr in provisions; signals underwriting gaps.
- ***Credit-Deposit Mismatch*** (Medium): Advances (□1.53 Lakh Cr) grew faster than Deposits (□1.47 Lakh Cr), tightening the CD ratio to 73.55%.
- ***Actuarial Volatility*** (Medium): Pension expenses fell 76% due to actuarial gains; future losses could cause sudden spikes in employee costs.
- ***Cyber/AI Threats*** (Medium): Rapid adoption of Gen-AI increases vulnerability to AI-driven fraud; requires "Quantum-Proof" systems.
- ***Climate/Physical Risk*** (Low): Vulnerability of lending portfolio to extreme weather; potential for Agri-NPA spikes.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	3	→	Retail growth 14.9%; CD ratio 73.55%	Moderate diversification with rising liquidity pressure and cyclical fraud risks.
Financial health	4	→	D/E 0.72x; CRAR 17.76%; CFO > PAT	Strong capital adequacy and cash generation despite margin compression.
Earnings quality	2	↓	Pension cost -76%; Fraud +138.9%	PAT heavily supported by non-operational actuarial gains and DTA utilization.
Management & governance	2	↓	SEBI LODR non-compliance; RPT +51%	Persistent board vacancies and aggressive related-party liquidity support.
Capital allocation & earnings visibility	3	→	ROCE 13.05%; Capex 1.6k Cr	Disciplined capex in IT but earnings visibility clouded by fraud and margin pressure.

Business positives (for this company this year) * **Strong Cash Conversion: CFO of □25,635 Cr** significantly exceeds PAT of □18,467 Cr, indicating high-quality cash-backed earnings. * **Capital Strengthening: CRAR improved to 17.76%** organically through reserves, without diluting shareholders via external equity. * **Strategic Pivot: Retail Banking revenue grew 14.9%**, successfully shifting the mix toward more granular, lower-risk assets. * **Debt Optimization:** Reduced high-cost wholesale debt through **□5,489 Cr redemption of debentures**. * **Digital Traction:** Achieved **□1 Lakh Crore in digital lending sanctions**, positioning the bank for long-term operational efficiency.

Business negatives / concerns (for this company this year) * **Fraud Volatility:** Total fraud cases surged **138.9% to □10,551.64 Cr**, signaling deep-seated underwriting and monitoring gaps. * **Low Earnings Quality: Pension expenses fell by □3,472 Cr** due to actuarial gains, providing a non-sustainable boost to the bottom line. * **Governance Deficit:** Persistent **non-compliance with SEBI LODR** regarding board composition and committee chairmanship. * **Liquidity Stress: Advances growth (□1.53 Lakh Cr)** outpaced Deposit growth (□1.47 Lakh Cr), leading to a tightening CD ratio. * **RPT Concentration: Related party transactions spiked 51.17%**, including secondary market purchases of associate debt to provide liquidity support.

Overall scorecard summary PNB exhibits a dichotomy between its strong balance sheet resilience and poor underlying earnings quality. While capital adequacy (CRAR 17.76%) and cash flow (CFO/PAT 1.39) are robust, the reported PAT is heavily inflated by non-operational actuarial gains and DTA utilization. Governance remains a significant overhang due to persistent regulatory non-compliance and aggressive related-party support. The business is on a **stable but high-risk** trajectory, where structural improvements in the retail mix are being offset by massive fraud reporting and tightening liquidity.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 7/10 — Governance Rating: 2

Part c: investor verdict

Thesis: PNB is a capital-rich PSU bank undergoing a digital and retail transformation, but its true profitability is masked by actuarial volatility and persistent governance/fraud risks. **Overall stance:** Watch **Rationale:** Strong capital adequacy and cash flows provide a safety net, but poor earnings quality and governance deficits prevent a re-rating. **Re-evaluate when:** Domestic CASA share returns to >40% OR Fraud reporting drops below □2,000 Cr for two consecutive quarters. **BULL CASE:** Successful CASA growth and GenAI-driven cost reduction lead to a sustainable ROA > 1.2%. **BEAR CASE:** Further large-scale fraud discoveries or a sharp reversal in actuarial gains wipe out accounting profits. **Key monitorable:** Credit-to-Deposit Ratio: 73.55% → Watch threshold: >78%.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Operating Cash Flow (CFO)	Deeply Negative (-₹27,939 Cr)	Robust Positive (₹25,635 Cr)	The bank has successfully corrected its severe cash burn, finally aligning reported accounting profits with actual cash generation.
Financing Margin	1.00% (Structural Low)	6.00% (Expanded)	Core lending profitability has surged as the bank successfully pivoted the portfolio mix toward higher-yield retail assets.
Earnings Driver (Pension)	₹3,045 Cr Actuarial Loss	₹3,472 Cr Actuarial Gain	Profitability remains highly artificial and volatile, currently buoyed by non-operational actuarial swings rather than core efficiency.
Risk Profile (Asset Quality)	Focus on NPA Reduction (0.73% NNPA)	Surge in Fraud (₹10,551 Cr)	The primary threat to the balance sheet has shifted from legacy bad loans to significant operational and underwriting failures.
Capital Allocation (Capex)	₹1,175 Cr (Debt-Funded)	₹1,625 Cr (CFO-Funded)	Technology spending has matured into a self-sustaining investment cycle supported by internal cash accruals rather than external borrowing.
Working Capital (CD Ratio)	Credit growth outstripping deposits	Tightening liquidity (73.55% CD)	The "war for deposits" has intensified, forcing the bank to utilize a higher proportion of its liquidity base to fund loan growth.

7.2 Persistent patterns

- **The bank continues to rely on the non-cash ₹9,268 Cr Amalgamation Reserve to artificially bolster its CET-1 capital ratios, masking lower organic capital strength.**
- **A structural governance deficit remains as the board consistently fails to meet the 50% independence threshold, remaining stagnant at 33.33%.**
- **There is a sustained divergence between P&L tax provisions and actual cash tax paid, indicating a long-term reliance on deferred tax asset (DTA) utilization to smooth net profit.**
- **High-volume Related Party Transactions (RPTs) remain a core strategic tool for managing group-level liquidity and providing support to associates like PNB Housing Finance.**
- **Auditors consistently flag the risk of manual overrides in automated NPA identification systems, suggesting persistent, unresolved weaknesses in IT-driven credit monitoring.**
- **Management maintains a consistent "offensive" digital narrative (Project UDAAN/PRISM) to justify high technology depreciation and pivot the bank's valuation toward a tech-enabled profile.**
- **Dividend payouts are persistently maintained or increased based on accounting profits, regardless of the underlying volatility in earnings quality or legacy cost burdens.**