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# Punjab National Bank to fill gaps in profits with sale and lease of real estate

By ET Bureau | Feb 10, 2016, 01.06 AM IST

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NEW DELHI: Country's second largest state run lender, Punjab National Bank will now explore to monetise its **real estate** through a sale and lease model. **The move** comes as higher provisions and an increase in slippages plummeted PNB's net profit for the December quarter by 94.31 per cent to Rs 51.01 crore as against the same period last fiscal.

"We will look at the sale and lease back model for our real estate," said a senior functionary of the bank, saying that the bank is exploring all avenues including sales in non-core assets. PNB has 6,639 branches **spread** all across the country.

In response to a decline in profits, the bank's scrip dropped by 6.89 per cent at the Bombay stock exchange (BSE) and closed at Rs 87.85, on a day when the banking sector barometer, Bankex marginally declined by 1.23 per cent.

The bank's top management linked the decline in profits to the macro economic situation and the bank's MD & CEO, Usha Ananthasubramanian said that the industry is going through a tough phase.

"Our bank has been a major lender to big industries and they are struggling. We have done all provisions and this surgery will happen for everybody," she added.

The bank reported slippages worth Rs 13,482 in the third quarter of this fiscal.

PNB's provision increased to Rs 2,867 crore at the end of Q3 FY 16, a jump of 45.1% as against the corresponding period in the previous fiscal.

"Asset quality is bad for various reasons which also includes Rs 5,000 crore fresh slippages arising from the Reserve Bank of India (RBI) asset quality review process," said Ananthasubramanian, adding that the bank also put in 13 accounts worth Rs 6,800 crore under strategic debt restructuring (SDR).

Ananthasubramanian said that the bank is internally very robust but the surgery for taking out bad loans is not yet over. "The **stress** is mostly from steel and infrastructure sector," she added.

PNB's non-performing assets (NPAs) stood at Rs 22,983 crore at 5.86 per cent as against Rs 13,778 crore in the December quarter of FY 15 at 3.82 per cent.

Ananthasubramanian said that the bank has sold loans worth Rs 1,372 crore to asset reconstruction firms and may sell loans worth Rs 2,500 crore in this quarter. "In 13 accounts amounting to around Rs 6,800 crore we will go for restructuring under 5/25 rule," she added.

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