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Share Department, Board & Coordination Division, HO Plot No.4 Sector 10, Dwarka,
New Delhi-110075 Tel No. : 011-28044857, E-mail: hosd@pnb.co.in

| | |
|--|--|
| Scrip Code : PNB | Scrip Code : 532461 |
| National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051 | BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 |

Date: 14.09.2023

Dear Sir(s),

Reg.: Rating Action by India Ratings and Research Pvt. Ltd.

The Exchange is hereby informed that India Ratings and Research Pvt. Ltd. vide its rating action dated 14.09.2023 has **assigned/ affirmed** ratings as given below:

| Instrument Type | Rating / Outlook | Rating Action |
|--------------------------------|------------------|---------------|
| Long-Term Issuer Rating | IND AAA/Stable | Affirmed |
| Additional Tier 1 (AT1) Bonds* | IND AA+/Stable | Assigned |
| AT1 Bonds | IND AA+/Stable | Affirmed |
| Fixed Deposits | IND AAA/Stable | Affirmed |
| Basel III Tier 2 Bonds | IND AAA/Stable | Affirmed |
| Senior Infrastructure bonds | IND AAA/Stable | Affirmed |
| Certificates of Deposit | IND A1+ | Affirmed |

*Proposed new Additional Tier 1 (AT1) Bonds

A copy of the detailed rating rationale is enclosed.

The above is submitted in compliance with Regulation 30 and 51 of SEBI (LODR) Regulations, 2015.

Thanking You,
Yours faithfully,

(Ekta Pasricha)
Company Secretary
Encl.: a/a



pnbindia.in

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पंजाब नैशनल बैंक punjab national bank

कॉर्पोरेट कार्यालय: प्लॉट सं.4, सेक्टर-10, द्वारका, नई दिल्ली-110075
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पंजाब नैशनल बैंक
...भरोसे का प्रतीक !



punjab national bank
...the name you can BANK upon !

PNB0215A1.OT NO.01/JAN23/OMSAI

India Ratings Assigns Punjab National Bank's New AT1 Bonds 'IND AA+'/Stable; Affirms Existing Ratings

Sep 14, 2023 | Public Sector Bank

India Ratings and Research (Ind-Ra) has taken the following rating actions on Punjab National Bank (PNB):

| Instrument Type | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook | Rating Action |
|--------------------------------|------------------|-----------------|---------------|-------------------------|----------------|---------------|
| Long-Term Issuer Rating | - | - | - | - | IND AAA/Stable | Affirmed |
| Additional Tier 1 (AT1) bonds* | - | - | - | INR10.00 | IND AA+/Stable | Assigned |
| AT1 bonds* | - | - | - | INR127.95 | IND AA+/Stable | Affirmed |
| Fixed deposits | - | - | - | - | IND AAA/Stable | Affirmed |
| Basel III Tier 2 bonds* | - | - | - | INR210.00 | IND AAA/Stable | Affirmed |
| Senior infrastructure bonds* | - | - | - | INR20.00 | IND AAA/Stable | Affirmed |
| Certificates of deposit | - | - | 1-365 days | INR600.00 | IND A1+ | Affirmed |

*Details in Annexure

Analytical Approach: Ind-Ra factors into the ratings PNB's systemically important position and the likelihood of the bank continuously receiving the support from the government of India (GoI). Ind-Ra also considers PNB's demonstrated equity raising ability and the likelihood of an improvement in its pre-provisioning operating profitability over FY23, helping the bank maintain and possibly grow its market share in advances and deposits.

For AT1 instruments, the agency considers the discretionary component, coupon omission risk and the write-down/conversion risk as key parameters to arrive at the rating. The agency recognises the unique going-concern loss

absorption features that these bonds carry and differentiates them from the bank's senior debt, factoring in a higher probability of an ultimate loss for investors in these bonds.

Key Rating Drivers

For the detailed rationale, please click [here](#).

Rating Sensitivities

Negative: PNB's Basel III Tier 2 bond ratings have been equated to its Long-Term Issuer Rating, which could change if, in Ind-Ra's opinion, the GoI's support stance for public sector banks changes or there is a material drop in the banks' systemic importance which could, among other things, reflect in a material decline in PNB's market share or loss of deposit franchise.

The notching of the AT1 bonds could be widened from its anchor ratings if Ind-Ra believes that there is a dilution in the government's support stance towards hybrid instruments of PSBs or any delay in the timeliness of extending this support. This could reflect, among other things, in capital buffers continuing to be close to the regulatory levels. Ind-Ra also expects that for banks with weaker unsupported profiles, the capital buffers would be higher; if not, it could reflect in a wider notching from the Long-Term Issuer Rating. These capital buffers could be important as PNB's ability to service the instrument could be impaired in the event of the bank making losses and/or if the capital levels are below the regulatory minimum.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on PNB, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

Company Profile

PNB had a domestic branch network of 10,076 branches, two international branches and 12,898 automated teller machines as of March 2023. Of the existing branches, 39% are located in rural areas, 24% in semi-urban and the balance 37% in urban and metro regions.

FINANCIAL SUMMARY

| Particulars | FY23 | FY22 |
|-------------------------------|----------|----------|
| Total assets (INR billion) | 14,618.3 | 13,148.0 |
| Total equity (INR billion) | 998.6 | 954.8 |
| Net income/loss (INR billion) | 25.1 | 34.6 |
| Return on assets (%) | 0.18 | 0.26 |
| CET-1 (%) | 11.22 | 10.56 |
| CAR (%) | 15.50 | 14.50 |
| Source: PNB, Ind-Ra | | |

Non-Cooperation with previous rating agency

Not applicable

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

| Instrument Type | Current Rating/Outlook | | | H | | | | | | |
|-----------------------------|------------------------|------------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Rating Type | Rated Limits (billion) | Rating | 12 September 2023 | 21 June 2023 | 16 February 2023 | 25 November 2022 | 9 November 2022 | 8 September 2022 | 22 June 2022 |
| Issuer rating | Long-term | - | IND AAA/ Stable | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ | IND AAA/ Stable/ IND A1+ |
| Basel III Tier 2 bonds | Long-term | INR210 | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable |
| Basel III AT1 bonds | Long-term | INR137.95 | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable | IND AA+/ Stable |
| Senior infrastructure bonds | Long-term | INR20 | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable |
| Fixed deposit | Long-term | | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable | IND AAA/ Stable |
| Certificate of deposit | Short-term | INR600 | IND A1+ | IND A1+ | IND A1+ | IND A1+ | IND A1+ | IND A1+ | IND A1+ | IND A1+ |

Annexure

| Instrument | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook |
|--------------------------------|--------------|------------------|-----------------|---------------|-------------------------|----------------|
| Basel III AT1 bonds series VII | INE160A08076 | 13 February 2015 | 9.15 | Perpetual | INR15 | IND AA+/Stable |

| | | | | | | |
|--|--------------|-------------------|------|----------------------|-----------|----------------|
| Basel III AT1 bonds series XII | INE160A08183 | 22 January 2021 | 8.60 | Perpetual | INR4.95 | IND AA+/Stable |
| Basel III AT1 bonds series XIII | INE160A08209 | 9 December 2021 | 8.40 | Perpetual | INR20.00 | IND AA+/Stable |
| Basel III AT1 bonds series XIV | INE160A08217 | 17 January 2022 | 8.50 | Perpetual | INR19.71 | IND AA+/Stable |
| Basel III AT1 bonds series XV | INE160A08225 | 6 July 2022 | 8.75 | Perpetual | INR20.00 | IND AA+/Stable |
| Basel III AT1 bonds series XVI | INE160A08233 | 21 September 2022 | 8.30 | Perpetual | INR6.58 | IND AA+/Stable |
| Basel III AT1 bonds series XVII | INE160A08258 | 23 December 2022 | 8.40 | Perpetual | INR5.82 | IND AA+/Stable |
| Basel III AT1 bonds series XVIII | INE160A08266 | 27 March 2023 | 8.75 | Perpetual | INR9.74 | IND AA+/Stable |
| Total utilised | | | | | INR101.80 | |
| Total unutilised | | | | | INR36.15 | |
| Basel III Tier 2 bonds series XV | INE160A08027 | 28 March 2014 | 9.68 | 28 March 2024 | INR5 | IND AAA/Stable |
| Basel III Tier 2 bonds series XVI | INE160A08035 | 3 April 2014 | 9.68 | 3 April 2024 | INR5 | IND AAA/Stable |
| Basel III Tier 2 bonds series XVII | INE160A08043 | 9 September 2014 | 9.35 | 9 September 2024 | INR5 | IND AAA/Stable |
| Basel III Tier 2 bonds series XVIII | INE160A08050 | 30 September 2014 | 9.25 | 30 September 2024 | INR10 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XIX | INE160A08092 | 5 February 2016 | 8.65 | 5 February 2026 | INR15 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XX | INE160A08142 | 26 December 2019 | 8.15 | 26 December 2029 | INR15 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XXI | INE160A08159 | 29 July 2020 | 7.25 | 29 July 2030 | INR9.94 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XXII | INE160A08167 | 14 October 2020 | 7.25 | 14 October 2030 | INR15 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XXIII | INE160A08175 | 11 November 2020 | 7.10 | 11 November 2030 | INR15 | IND AAA/Stable |
| Basel III Tier 2 bonds Series XXIV | INE160A08191 | 18 November 2021 | 7.10 | 18 November 2031 | INR19.19 | IND AAA/Stable |
| Basel III Tier 2 bonds XXV | INE160A08241 | 1 December 2022 | 7.89 | 1 December 2032 | INR40.00 | IND AAA/Stable |
| Basel III Tier 2 bonds XXVI | INE160A08274 | 30 June 2023 | 7.74 | 30 June 2033 | INR30.90 | IND AAA/Stable |

| | | | | | | |
|--------------------------------------|---------------|-----------------|------|-----------------|-------|----------------|
| Total utilised | | | | | | INR185.03 |
| Total unutilised | | | | | | INR24.97 |
| Senior infrastructure bonds Series I | INE160A 08068 | 9 February 2015 | 8.23 | 9 February 2025 | INR10 | IND AAA/Stable |
| Total utilised | | | | | INR10 | |
| Total unutilised | | | | | INR10 | |

Complexity Level of Instruments

| Instrument Type | Complexity Indicator |
|-----------------------------|----------------------|
| Fixed deposits | Low |
| Certificate of deposits | Low |
| Basel III Tier 2 instrument | Low |
| Basel III AT1 bonds | High |
| Senior infrastructure bonds | Low |

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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APPLICABLE CRITERIA

Rating Bank Subordinated and Hybrid Securities

Financial Institutions Rating Criteria

Rating FI Subsidiaries and Holding Companies

Evaluating Corporate Governance

The Rating Process

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