



...the name you can BANK upon!



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<b>Scrip Code : PNB</b>	<b>Scrip Code : 532461</b>
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



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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](http://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
<b>Total utilised</b>					INR101.80	
<b>Total unutilised</b>					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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