



ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ



punjab national bank

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
The Assistant Vice President National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051	The Deputy General Manager BSE Limited 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Date: 02.12.2021

Dear Sir(s),

Reg.: Rating Action by CRISIL Ratings

The Exchange is hereby informed that CRISIL Ratings vide its rating action dated 02.12.2021 has **assigned** '[CRISIL] AA/Stable' rating to Rs.2,500 Crore Tier I Bonds (Basel III) while reaffirming its Ratings on Bank's Tier I Bonds (Basel III) at '[CRISIL] AA/Stable', Perpetual Tier- I Bonds (Basel II), Tier II Bonds (Basel III), Lower Tier-II Bonds (Basel II), Upper Tier II Bonds (Basel II) & Infrastructure Bonds at '[CRISIL] AA+/Stable' and Certificate of Deposits at '[CRISIL] A1+'. A copy of the rating report is enclosed as Annexure.

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

Thanking you,

Yours faithfully,


(Ekta Pasricha)
Company Secretary
Encl.: as above



Rating Rationale

December 02, 2021 | Mumbai

Punjab National Bank

'CRISIL AA/Stable' assigned to Tier I Bonds (Under Basel III)

Rating Action

Rs.2500 Crore Tier I Bonds (Under Basel III)	CRISIL AA/Stable (Assigned)
Rs.3000 Crore Tier I Bonds (Under Basel III)	CRISIL AA/Stable (Reaffirmed)
Rs.642.5 Crore Perpetual Tier-I Bonds (under Basel II)	CRISIL AA+/Stable (Reaffirmed)
Rs.300 Crore Perpetual Tier-I Bonds (under Basel II)&	CRISIL AA+/Stable (Reaffirmed)
Rs.2000 Crore Tier II Bonds (Under Basel III)	CRISIL AA+/Stable (Reaffirmed)
Rs.1000 Crore Tier II Bonds (Under Basel III)	CRISIL AA+/Stable (Reaffirmed)
Rs.1000 Crore Tier II Bonds (Under Basel III)	CRISIL AA+/Stable (Reaffirmed)
Rs.500 Crore Tier II Bonds (Under Basel III)	CRISIL AA+/Stable (Reaffirmed)
Rs.3000 Crore Tier II Bonds (Under Basel III)	CRISIL AA+/Stable (Reaffirmed)
Rs.1500 Crore Tier II Bonds (Under Basel III)&	CRISIL AA+/Stable (Reaffirmed)
Tier II Bonds (Under Basel III) Aggregating Rs.3500 Crore	CRISIL AA+/Stable (Reaffirmed)
Lower Tier-II Bonds (under Basel II) Aggregating Rs.560 Crore	CRISIL AA+/Stable (Reaffirmed)
Rs.200 Crore Lower Tier-II Bonds (under Basel II)&	CRISIL AA+/Stable (Reaffirmed)
Infrastructure Bonds Aggregating Rs.5000 Crore	CRISIL AA+/Stable (Reaffirmed)
Upper Tier-II Bonds (under Basel II) Aggregating Rs.4500 Crore	CRISIL AA+/Stable (Reaffirmed)
Rs.35000 Crore Certificate of Deposits\$	CRISIL A1+ (Reaffirmed)

&Originally issued and now transferred from United Bank of India

\$Transferred from Oriental Bank of Commerce

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL AA/Stable**' rating to Rs.2500 crore Tier I Bonds (under Basel III) of Punjab National Bank (PNB) and reaffirmed its '**CRISIL AA+/CRISIL AA/Stable/CRISIL A1+**' ratings on the Tier II Bonds (under Basel III), Lower Tier II Bonds (Under Basel II), Perpetual Tier I Bonds (Under Basel II), Tier I Bonds (Under Basel III), Infrastructure Bonds and Certificate of Deposits.

The outstanding ratings on the debt instruments of PNB continue to factor in the expectation of strong support from the majority owner, Government of India (GoI), established market position and the bank's healthy resource profile. The ratings also factor in the modest asset quality and profitability metrics.

The rating of Tier I bonds (under Basel III) factors in position of PNB to make future coupon payments, supported by an adjustment of accumulated losses with share premium account, and the improved capital ratios. Pursuant to the adjustment, the eligible reserve to total assets ratio for the bank has improved. CRISIL has also taken into consideration, Department of Financial Services Gazette notification no. CG-DL-E-23032020-218862 (S.O. 1200 E) dated 23.03.2020 referred to as Nationalised Banks (Management and Miscellaneous Provisions) Amendment Scheme, 2020, which specifies that share premium reserves can be utilised to set off any losses in future. PNB has significant share premium reserves which can be utilised in the future, if required, thereby protecting from any depletion in eligible reserves. This supports the credit profile of Tier I (under Basel III) instruments. CRISIL Ratings also notes precedents whereby many banks have initiated the process of setting off losses with share premium reserves successfully. However, any substantial depletion of the share premium account or any regulatory changes to appropriation of the share premium account pertaining to adjustment of accumulated losses are key monitorables.

The rating on the Tier I bonds (under Basel III) meets 'CRISIL's rating criteria for BASEL III-compliant instruments of banks'. CRISIL Ratings evaluates the bank's (i) reserves position (adjusted for any medium-term stress in profitability) and (ii) cushion over regulatory minimum CET1 (including CCB) capital ratios. Also evaluated is the demonstrated track record and management philosophy regarding maintenance of sufficient CET1 capital cushion above the minimum regulatory requirements.

The distinguishing features of non-equity tier I capital instruments (under Basel III) are the existence of coupon discretion at all times, high capital thresholds for likely coupon non-payment, and principal write-down (on breach of a pre-specified trigger). These features increase the risk attributes of non-equity tier I instruments over those of tier II instruments under Basel III, and capital instruments under Basel II. To factor in these risks, CRISIL Ratings notches down the rating on these instruments from the bank's corporate credit rating.

The factors that could trigger a default event for non-equity tier I capital instruments (under Basel III), resulting in non-payment of coupon, are: i) the bank exercising coupon discretion; ii) inadequacy of eligible reserves to honour coupon payment if the bank reports a loss or low profit; or iii) the bank breaching the minimum regulatory Common Equity Tier I (CET I; including the Capital Conservation Buffer) ratio. Moreover, given the additional risk attributes, the rating transition for non-equity tier I capital instruments (under Basel III) can potentially be higher and faster than that for tier II instruments.

In line with relief measures announced by the Reserve Bank of India (RBI) during the Covid-19 pandemic, PNB had provided a moratorium to its borrowers. Though collections declined during the initial months of moratorium, they moved up subsequently. However, the second wave of the pandemic led to intermittent lockdowns and localised restrictions, thus impacting collections once again. Although the impact has been moderate during this phase, any adverse change in payment discipline of borrowers may lead to higher delinquencies.

Under the RBI's resolution framework 1.0 and RBI's resolution framework 2.0 announced by the RBI, PNB has restructured 2.4% of gross advances as on Sept 30, 2021. Bank has also disbursed 1.7% of gross advances to MSME segment under the ECLGS scheme. Nevertheless, the ability of the bank to manage collections and asset quality going forward this fiscal, is a key monitorable. Going forward too, the impact of the third wave of the pandemic, if and when it comes in terms of its spread, intensity and duration, will also be closely monitored.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has factored in the support the bank is expected to receive from Gol. This is because Gol is both the majority shareholder in PSBs and the guardian of India's financial system. The stability of the banking sector is of prime importance to Gol, given the criticality of the sector to the economy, the strong public perception of government backing for PSBs, and the severe implications of any PSB failure in terms of political fallout, systemic stability, and investor confidence in public sector institutions.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

*** Strong expectation of support from the Gol:**

The ratings continue to factor in the expectation of strong government support, both on an ongoing basis and in the event of any distress. This is because Gol is both the majority shareholder in PSBs, and the guardian of India's financial system. Stability of the banking sector is of prime importance to Gol, given the criticality of the sector to the economy, strong public perception of sovereign backing for PSBs, and severe implications of any PSB failure, in terms of political fallout, systemic stability, and investor confidence in public sector institutions. CRISIL Ratings believes the majority ownership creates a moral obligation on Gol to support PSBs, including PNB. As part of the 'Indradhanush' framework, the government had pledged to infuse at least Rs 70,000 crore in PSBs over fiscals 2015 to 2019, of which Rs 25,000 crore was infused in both fiscals 2016 and 2017. Further, in October 2017, the government had outlined a recapitalisation package of Rs 2.11 lakh crore over fiscals 2018 and 2019; PNB, erstwhile Oriental Bank of Commerce (OBC) and erstwhile United Bank of India (UBI) received aggregate Rs 11,678 crore in fiscal 2018 and Rs 25,789 crore in fiscal 2019. Also, on August 30, 2019, Gol announced its plan to merge 10 PSBs into four along with its plan for first round of capital infusion of Rs 55,250 crore for fiscal 2020 out of which PNB and erstwhile UBI received Rs 16,091 crore and Rs 1,666 crore respectively. Thus, over the past three fiscals, Gol infused around Rs 55,224 crore into the combined entity. For the first half of fiscal 2022, the bank raised Rs 1800 crore via QIP issue. CRISIL believes that Gol will continue to provide distress support to all PSBs and will not allow any of them to fail; it will also support them to meet Basel III capital regulations.

*** Established market position:**

PNB has a strong presence and it has increased its market share to ~6.6% of the system's advances as on September 30, 2021. It has become the second largest public sector bank in India. As on September 30, 2021, PNB's total business stood at Rs 18,51,097 crore with advances and deposits at Rs 7,35,724 crore and Rs 11,15,373 crore respectively. Bank's pan-India presence has also improved through a network of 10,528 branches as on September 30, 2021. The Bank also has increased its share of retail, agriculture and MSME advances to 54.7% as on September 30, 2021.

*** Healthy resource profile:**

The resource profile of the bank remains healthy. The bank had a large and geographically diversified deposit base of Rs 11,15,373 crore as on September 30, 2021 (Rs 11,06,332 crore as on March 31, 2021). The domestic CASA ratio was relatively steady at 45.42% as on September 30, 2021 (45.48% as on March 31, 2021). Moreover, around 85% of total deposits as on September 30, 2021 comprised of retail term deposits and savings deposits (~82% as on September 30, 2020). The cost of deposit stood at 4.04% for first half of fiscal 2022. Overall, CRISIL believes that the bank will maintain a healthy resource profile over the medium term.

Weakness:

*** Modest asset quality:**

Asset quality for the bank remains modest. GNPA of the bank stood at 13.63% as on September 30, 2021 (as compared to 14.12% as on March 31, 2021). Slippage as a percentage of opening net advances remained high at 4.9% (*annualised*) for first half of fiscal 2022 compared to 4.2% for fiscal 2021. The slippages primarily stemmed from the Retail and SME portfolio for the bank which faced challenges on account of nationwide lockdown and standstill in economic activity. Under the RBI's resolution framework 1.0 and RBI's resolution framework 2.0 announced by the RBI, PNB has restructured 2.4% of gross advances as on September 30, 2021. Bank has also disbursed 1.7% of gross advances to MSME segment under the ECLGS scheme. Nevertheless, the ability of

the bank to manage collections and asset quality going forward this fiscal, is a key monitorable. Going forward too, the impact of the third wave of the pandemic, if and when it comes in terms of its spread, intensity and duration, will also be closely monitored.

CRISIL Ratings also expects slippages from the large corporate accounts to be lower in the medium term as significant part of the stress is already recognised; however, impact of pandemic on the mid-corporate, SME and retail segments will be a key rating sensitivity factor.

* Modest profitability metrics:

Primarily as a result of the elevated asset quality metrics, PNB's earnings profile has been constrained over the last few years because of high provisioning costs. The Bank has steadily increased its overall provisioning and the provision coverage ratio (PCR) excluding technical write-off stands at 63.17% as on September 30, 2021. The Bank has also provided aggressively for all NCLT accounts with PCR at 98.57%. For first half of fiscal 2022, the bank recorded a profit of Rs 2129 crore (against a net profit of Rs 2022 crore for fiscal 2021). Net interest margin and annualised return on assets (RoA) stood at 2.15% and 0.34% respectively as on September 30, 2021.

The performance of the restructured portfolio is likely to weigh on the profitability metrics and hence will remain a key monitorable.

Liquidity: Strong

Liquidity is comfortable, supported by a strong retail deposit base. Liquidity coverage ratio (based on simple average for daily observations) stood at 198.54% as on September 30, 2021, against the regulatory requirement of 100% (194.14% as on September 30, 2020). The bank also has access to systemic sources of funds, such as the liquidity adjustment facility from Reserve Bank of India, access to the call money market, and refinance limits from sources such as the National Housing Bank and the National Bank for Agriculture and Rural Development.

Outlook: Stable

CRISIL Ratings believes that PNB will continue to benefit from strong Gol support and maintain its healthy market position and resource profile over the medium term. The Bank's asset quality and earnings profile is expected to remain modest but not deteriorate significantly from current levels.

Rating Sensitivity Factors

Upward factors:

- Improvement in asset quality with GNPA reducing to below 10% or the Bank reporting a sustained increase in profitability metrics
- The capitalisation metrics improving considerably with significant cushion over the regulatory requirements

Downward factors:

- Higher than expected deterioration in asset quality with GNPA increasing beyond current levels
- Decline in capital adequacy ratios (including CCB) with CET I remaining below 9.5% and overall CAR below 12.5% on sustained basis.
- Material change in shareholding and/or expectation of support from Gol
- Significant deterioration in the eligible reserves available with the bank (for Tier-I bonds under Basel III)
- Downward revision in Tier-II bonds will result in corresponding change in rating of Tier-I bonds (under Basel III).

About the Company

PNB, established in 1895 in Lahore, Pakistan, expanded its operations through mergers and acquisitions before being nationalised in 1969. On March 4, 2020, the Union Cabinet approved the amalgamation of PNB, UBI and OBC. The Board of Directors of the bank finalised the share exchange ratio on March 5, 2020, and the merger got effective from April 1, 2020. The Gol owned 73.15% of the bank as on September 30, 2021. As on September 30, 2021, Bank's CET 1, Tier I and Overall CAR for the bank stood at 11.58%, 12.50% and 15.20%, respectively, compared to 10.62%, 11.50% and 14.32%, respectively, as on March 31, 2021.

For first half of fiscal 2022, PNB reported a net profit of Rs 2129 crore on total income (net of interest expenses) of Rs 20,756 crore as against net profit of Rs 929 crore (including UBI and OBC) on total income (net of interest expenses) of Rs 21,904 crore, respectively, in corresponding period of previous year.

Key Financial Indicators

As on/for the period/year ended	Unit	Sept-21 (6 months)	Mar-2021
Total assets	Rs crore	12,65,907	12,60,633
Total income (net of interest expenses)	Rs crore	20,756	42,468
Profit after tax	Rs crore	2,129	2,022
Gross NPA	%	13.63	14.12
Overall capital adequacy ratio	%	15.20	14.32
Return on assets (annualized)	%	0.34	0.16

Any other information:

Note on Tier-I Instruments (under Basel III)

The distinguishing features of non-equity Tier-I capital instruments (under Basel III) are the existence of coupon discretion at all times, high capital thresholds for likely coupon non-payment, and principal write-down (on breach of a pre-specified trigger). These features increase risk attributes of non-equity Tier-I instruments over those of Tier-II instruments under Basel III, and capital instruments under Basel II. To factor in these risks, CRISIL notches down the rating on these instruments from the bank's corporate credit rating. The rating on PNB's Tier-I bonds (under Basel III) has, therefore, been lowered by two notches from its corporate credit rating to 'CRISIL AA-', in line with CRISIL's criteria (refer to 'CRISIL's rating criteria for BASEL III compliant instruments of banks').

The factors that could trigger a default event for non-equity Tier-I capital instruments (under Basel III) resulting in non-payment of coupon are: i) the bank exercising coupon discretion; ii) inadequacy of eligible reserves to honour coupon payment if the bank

reports losses or low profits; or iii) the bank breaching the minimum regulatory Common Equity Tier-I ratio. Moreover, given the additional risk attributes, the rating transition for non-equity Tier-I capital instruments (under Basel III) can potentially be higher and faster than that for Tier-II instruments.

CRISIL's rating on the Tier I bonds (under Basel III) of PNB is as per the criteria 'CRISIL's rating criteria for BASEL III-compliant instruments of banks'. CRISIL evaluates the bank's (i) reserves position (adjusted for any medium-term stress in profitability) and (ii) cushion over regulatory minimum CET1 (including CCB) capital ratios. Also evaluated is the demonstrated track record and management philosophy regarding maintaining sufficient CET1 capital cushion above the minimum regulatory requirements. Post the completion of the merger with OBC and UBI, the merged PNB reported huge losses. Subsequently, on August 4, 2020, the bank has taken shareholder approval for utilisation of share premium account for the purpose of setting off accumulated losses. This has supported the eligible reserves which post the adjustment stood at around Rs 26515 crores as on June 30, 2020. Consequently, the eligible reserves to total asset ratio was adequate at 2.2%. A material reduction in this cushion would be a rating sensitivity factor for Tier I bonds.

Note on Tier-II Instruments (under Basel III)

The distinguishing feature of Tier-II capital instruments under Basel II, is the existence of the point of non-viability (PONV) trigger, occurrence of which may result in loss of principal to the investors, and hence, to default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. CRISIL believes that the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and the systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the rating on the instrument.

Note on Hybrid Instruments (under Basel II)

Given that hybrid capital instruments (tier-I perpetual bonds and upper tier-II bonds; under Basel II) have characteristics that set them apart from lower tier-II bonds (under Basel II), the ratings on the two instruments may not necessarily be identical. The factors that could trigger a default event for hybrid instruments include: the bank breaching the regulatory minimum capital requirement, or the regulator's denial of permission to the bank to make payments of interest and principal if the bank reports losses. Hence, the transition from one rating category to another may be significantly sharper for these instruments than in the case of Lower Tier-II bonds; this is because debt servicing on hybrid instruments is far more sensitive to the bank's overall capital adequacy levels and profitability.

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the Instrument	Date of Allotment	Coupon rate (%)	Maturity Date	Issue Size (Rs in.Crs)	Complexity levels	Rating assigned with outlook
NA	Tier I Bonds (under Basel III)^	NA	NA	NA	2500	Highly Complex	CRISIL AA/Stable
NA	Tier II Bonds (under Basel III)^	NA	NA	NA	2000	Highly Complex	CRISIL AA+/Stable
NA	Tier II Bonds (under Basel III)^	NA	NA	NA	6	Highly Complex	CRISIL AA+/Stable
NA	Tier I Bonds (under Basel III)*	NA	NA	NA	1500	Highly Complex	CRISIL AA/Stable
INE160A08134	Additional Tier I	25-Jul-17	8.98	Perpetual	1500	Highly Complex	CRISIL AA/Stable
	(Under Basel III)						
NA	Perpetual Tier-I Bonds (under Basel II)^	NA	NA	Perpetual	642.5	Highly Complex	CRISIL AA+/Stable
INE160A08159	Tier II Bonds (under Basel III)^	29-Jul-20	7.25	29-Jul-30	994	Highly Complex	CRISIL AA+/Stable
INE160A08167	Tier II Bonds (under Basel III)^	14-Oct-20	7.25	14-Oct-30	1500	Highly Complex	CRISIL AA+/Stable
INE160A08175	Tier II Bonds (under Basel III)^	11-Nov-20	7.1	9-Nov-35	1500	Highly Complex	CRISIL AA+/Stable
INE160A09207	Upper Tier-II Bonds (under Basel II)	5-Mar-08	9.35% (First 10 Years) 9.85% (Last 5 Years)	5-Mar-23	510	Highly Complex	CRISIL AA+/Stable
INE160A09215	Upper Tier-II	27-Mar-08	9.45 %	27-Mar-23	600	Highly	CRISIL

	Bonds (under Basel II)		(First 10 Years) 9.95% (Last 5 Years)			Complex	AA+/Stable
INE160A09223	Upper Tier-II Bonds (under Basel II)	29-Sep-08	10.85 % (First 10 Years) 11.35% (Last 5 Years)	29-Sep-23	500	Highly Complex	CRISIL AA+/Stable
INE160A09256	Upper Tier-II Bonds (under Basel II)	18-Feb-09	9.15 % (First 10 Years) 9.65% (Last 5 Years)	18-Feb-24	1000	Highly Complex	CRISIL AA+/Stable
INE160A09322	Upper Tier-II Bonds (under Basel II)	24-May-10	8.50 % (First 10 Years) 9.00% (Last 5 Years)	24-May-25	500	Highly Complex	CRISIL AA+/Stable
NA	Upper Tier-II Bonds (under Basel II)^	NA	NA	NA	1390	Highly Complex	CRISIL AA+/Stable
INE160A08019	Tier II Bonds (Under Basel III)	24-Feb-14	9.65	24-Feb-24	1000	Complex	CRISIL AA+/Stable
INE160A08027	Tier II Bonds (Under Basel III)	28-Mar-14	9.68	28-Mar-24	500	Complex	CRISIL AA+/Stable
INE160A08035	Tier II Bonds (Under Basel III)	3-Apr-14	9.68	3-Apr-24	500	Complex	CRISIL AA+/Stable
INE160A08043	Tier II Bonds (Under Basel III)	9-Sep-14	9.35	9-Sep-24	500	Complex	CRISIL AA+/Stable
INE160A08050	Tier II Bonds (Under Basel III)	30-Sep-14	9.25	30-Sep-24	1000	Complex	CRISIL AA+/Stable
INE160A08068	Infrastructure Bonds	9-Feb-15	8.23	9-Feb-25	1000	Simple	CRISIL AA+/Stable
INE160A08084	Infrastructure Bonds	24-Mar-15	8.35	24-Mar-25	1800	Simple	CRISIL AA+/Stable
NA	Infrastructure Bonds^	NA	NA	NA	2200	Simple	CRISIL AA+/Stable
NA	Lower Tier-II Bonds (under Basel II)*	NA	NA	NA	560	Complex	CRISIL AA+/Stable
INE160A08142	Tier II Bonds (Under Basel III)	26-Dec-19	8.15	26-Dec-29	1500	Complex	CRISIL AA+/Stable
INE695A08048	Tier II bonds (Under Basel III)	27-Sep-17	10.5	27-Sep-27	150	Complex	CRISIL AA+/Stable
INE695A08063	Tier II bonds (Under Basel III)	10-Nov-17	9.05	10-Nov-27	340	Complex	CRISIL AA+/Stable
INE695A08030	Tier II bonds (Under Basel III)	23-Aug-17	9.00 (annual)	23-Aug-27	500	Complex	CRISIL AA+/Stable
INE695A09103	Tier II bonds (Under Basel III)	25-Jun-13	8.75 (annual)	25-Jun-23	500	Complex	CRISIL AA+/Stable
INE695A09087	Lower tier II bonds (Under Basel II)	28-Dec-11	9.20 (annual)	28-Dec-21	200	Complex	CRISIL AA+/Stable
NA	Tier II bonds (Under Basel III)^	NA	NA	NA	10	Complex	CRISIL AA+/Stable
INE695A09095	Perpetual Tier-I Bonds (under	5-Dec-12	9.27 (annual)	Perpetual	300	Highly Complex	CRISIL AA+/Stable

	Basel II)						
NA	Certificates of deposit Programme	NA	NA	7-365 days	35000	Simple	CRISIL A1+

*Details awaited

^Yet to be issued

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
PNB Gilts	Full	Subsidiary
PNB Investment Services Ltd.	Full	Subsidiary
Punjab National Bank (International) Ltd.	Full	Subsidiary
Druk PNB Bank Ltd	Full	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	35000.0	CRISIL A1+	04-10-21	CRISIL A1+	25-09-20	CRISIL A1+		--		--	--
			--	29-09-21	CRISIL A1+	01-09-20	CRISIL A1+		--		--	--
Infrastructure Bonds	LT	5000.0	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	17-12-19	CRISIL AA+/Watch Developing	20-12-18	CRISIL AA+/Stable	CRISIL AAA/Negative
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	05-09-19	CRISIL AA+/Stable	16-05-18	CRISIL AAA/Watch Negative	--
			--		--	07-07-20	CRISIL AA+/Watch Developing	26-06-19	CRISIL AA+/Stable	16-02-18	CRISIL AAA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AAA/Stable	--
Lower Tier-II Bonds (under Basel II)	LT	760.0	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	17-12-19	CRISIL AA+/Watch Developing	20-12-18	CRISIL AA+/Stable	CRISIL AAA/Negative
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	05-09-19	CRISIL AA+/Stable	16-05-18	CRISIL AAA/Watch Negative	--
			--		--	07-07-20	CRISIL AA+/Watch Developing	26-06-19	CRISIL AA+/Stable	16-02-18	CRISIL AAA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AAA/Stable	--
Perpetual Tier-I Bonds (under Basel II)	LT	942.5	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	17-12-19	CRISIL AA+/Watch Developing	20-12-18	CRISIL AA+/Stable	CRISIL AAA/Negative
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	05-09-19	CRISIL AA+/Stable	16-05-18	CRISIL AAA/Watch Negative	--
			--		--	07-07-20	CRISIL AA+/Watch Developing	26-06-19	CRISIL AA+/Stable	16-02-18	CRISIL AAA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AAA/Stable	--
Tier I Bonds (Under Basel III)	LT	5500.0	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA-/Stable	17-12-19	CRISIL AA-/Watch Developing	20-12-18	CRISIL AA-/Stable	CRISIL AA/Negative
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA-/Stable	05-09-19	CRISIL AA-/Stable	16-05-18	CRISIL AA/Watch Negative	--
			--		--	07-07-20	CRISIL AA-/Watch Developing	26-06-19	CRISIL AA-/Stable	16-02-18	CRISIL AA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AA/Negative	--
Tier II Bonds (Under Basel III)	LT	12500.0	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	17-12-19	CRISIL AA+/Watch Developing	20-12-18	CRISIL AA+/Stable	CRISIL AAA/Negative
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	05-09-19	CRISIL AA+/Stable	16-05-18	CRISIL AAA/Watch Negative	--
			--		--	07-07-20	CRISIL AA+/Watch Developing	26-06-19	CRISIL AA+/Stable	16-02-18	CRISIL AAA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AAA/Stable	--
Upper Tier-II Bonds (under	LT	4500.0	CRISIL AA+/Stable	04-10-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	17-12-19	CRISIL AA+/Watch	20-12-18	CRISIL AA+/Stable	CRISIL AAA/Negative

Basel II)									Developing			
			--	29-09-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	05-09-19	CRISIL AA+/Stable	16-05-18	CRISIL AAA/Watch Negative	--
			--		--	07-07-20	CRISIL AA+/Watch Developing	26-06-19	CRISIL AA+/Stable	16-02-18	CRISIL AAA/Watch Developing	--
			--		--		--		--	25-01-18	CRISIL AAA/Stable	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
Rating Criteria for Banks and Financial Institutions
Rating criteria for Basel III - compliant non-equity capital instruments
Rating Criteria for Hybrid Capital instruments issued by banks under Basel II guidelines
Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Pankaj Rawat Media Relations CRISIL Limited B: +91 22 3342 3000 pankaj.rawat@crisil.com	Krishnan Sitaraman Senior Director and Deputy Chief Ratings Officer CRISIL Ratings Limited D:+91 22 3342 8070 krishnan.sitaraman@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com
Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	Ajit Velonie Director CRISIL Ratings Limited D:+91 22 4097 8209 ajit.velonie@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
	Kunal Kuldeepak Mehra Manager CRISIL Ratings Limited D:+91 22 3342 3292 Kunal.Mehra@crisil.com	

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ("CRISIL Ratings") is a wholly-owned subsidiary of CRISIL Limited ("CRISIL"). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale (each a "Report") that is provided by CRISIL Ratings Limited (hereinafter referred to as "CRISIL Ratings"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. Rating by CRISIL Ratings contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way. CRISIL Ratings or its associates may have other commercial transactions with the company/entity.

Neither CRISIL Ratings nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Ratings Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Ratings Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL RATINGS' PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL Rating's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL Ratings you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings Limited is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011 to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: www.crisil.com/ratings/credit-rating-scale.html

