CRISIL Ratings

Rating Rationale

June 21, 2023 | Mumbai

Punjab National Bank

Rating outlook revised to 'Positive'; Ratings Reaffirmed

Rating Action

Rs.642.5 Crore Perpetual Tier-I Bonds (under Basel II)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.300 Crore Perpetual Tier-I Bonds (under Basel II)&	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.2000 Crore Tier I Bonds (Under Basel III)	**CRISIL AA/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.2500 Crore Tier I Bonds (Under Basel III)	**CRISIL AA/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.3000 Crore Tier I Bonds (Under Basel III)	**CRISIL AA/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.2000 Crore Tier II Bonds (Under Basel III)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.1000 Crore Tier II Bonds (Under Basel III)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.1000 Crore Tier II Bonds (Under Basel III)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.500 Crore Tier II Bonds (Under Basel III)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.3000 Crore Tier II Bonds (Under Basel III)	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.1500 Crore Tier II Bonds (Under Basel III)^	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.200 Crore Lower Tier-II Bonds (under Basel II)%	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.35000 Crore Certificate of Deposits$	**CRISIL A1+ (Reaffirmed)**
Infrastructure Bonds Aggregating Rs.5000 Crore	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Lower Tier-II Bonds (under Basel II) Aggregating Rs.560 Crore	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Tier II Bonds (Under Basel III) Aggregating Rs.3500 Crore	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Upper Tier-II Bonds (under Basel II) Aggregating Rs.4500 Crore	**CRISIL AA+/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**

& Originally issued and now transferred from United Bank of India
^ Originally issued and now transferred from United Bank of India
% Originally issued and now transferred from United Bank of India
$ Transferred from Oriental Bank of Commerce
Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has revised its outlook on the long-term debt instruments of Punjab National Bank (PNB) to **'Positive'** from 'Stable' and reaffirmed the rating at **'CRISIL AA+/CRISIL AA'**. The rating on the short term debt instruments is reaffirmed at 'CRISIL A1+'.

CRISIL Ratings has also **withdrawn** its rating on Additional Tier I bonds of Rs 1,500 crore, Tier II bonds (under BASEL III) of Rs 490 crore and Perpetual Tier-I Bonds (under BASEL II) of Rs 300 crore (See Annexure 'Details of Rating Withdrawn' for details) in line with its withdrawal policy. CRISIL Ratings has received independent confirmation that this instrument is fully redeemed.

The outlook revision reflects the continued improvement in the asset quality metrics of the banks with GNPA at 8.7% as on March 31, 2023 (11.8% as on March 31, 2022) driven by increased recoveries and lower incremental slippages. The incremental slippages for the bank remain controlled and have exhibited an improving trend with annualized slippages at 2.0% for fiscal 2023 as against 3.3% previous fiscal. On a quarterly basis also, the slippages have shown a continued improving trajectory at 3.3% for Q1, 3.0% for Q2, 2.0% for Q3 and 1.9% for Q4. The recoveries are stemming primarily from the corporate book which is supporting the overall asset quality metrics. CRISIL Ratings expects the trajectory of controlled slippages and hence a further improvement in the asset quality metrics to continue going forward. With improvement in the asset quality, the earnings profile too has shown an improvement with the bank reporting a ROA of 0.18% for fiscal 2023. While this continues to remain subdued, the provision coverage ratio for the bank has improved to 70.8% as on March 31, 2023 from 62.2% previous fiscal. As the bank continues to increase the PCR, the overall profitability metrics may remain subdued however continue its improving trajectory both at overall and PPOP level which remains a key monitorable.

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 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 Ratings 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 Ratings’ 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.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has factored in the support the bank is expected to receive from GoI. This is because GoI 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 GoI, 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 GoI**
  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 GoI 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 GoI, 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 GoI 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 25,839 crore in fiscal 2019. Also, on August 30, 2019, GoI 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 four fiscals, GoI infused around Rs 55,724 crore into the combined

entity. For the first half of fiscal 2022, the bank raised Rs 1800 crore via QIP. CRISIL Ratings believes that GoI 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.

- **Adequate capitalisation**
  During fiscal 2023, PNB raised Tier-I capital in form of AT-1 bonds of Rs 4,214 crore and Tier-II capital in form of Non-convertible bonds of Rs 4000 crore resulting in improved capital adequacy metrics. Furthermore, capitalization is also supported by positive internal accruals, as the bank reported net profits of Rs 2507 crore for fiscal 2023 (Rs 3,457 crore for fiscal 2022). The Tier I and overall CAR (under Basel III) improved to 12.7% and 15.5% respectively as on March 31, 2023 (11.7% and 14.5% respectively as on March 31, 2022). The bank's networth coverage for net NPA improved to 4.4 times as on March 31, 2023 (2.7x as on March 31, 2022). Capitalisation has been supported by regular infusion from GoI. CRISIL Ratings believes that PNB will be able to maintain adequate capitalisation over the medium term, backed by capital support from GoI.

- **Established market position:**
  PNB has a strong presence in the Indian banking system with market share of ~6.3% of the system's advances at Rs 8,84,681 crore as on March 31, 2023. It has become the second largest public sector bank in India in terms of total assets (Rs 14,61,831 crore as on March 31, 2023). Its total deposits stood at Rs 12,81,163 crore as on March 31, 2023 (reflecting a market share of 6.3%) The bank has pan-India presence through a network of 10,076 branches as on March 31, 2023. The Bank also has increased its share of retail, agriculture and MSME advances to 53% as on March 31, 2023 (50% as on March 31, 2022) driven by faster growth in the retail book.

- **Healthy resource profile:**
  The resource profile of the bank remains healthy. The bank had a large and geographically diversified deposit base which grew by 11.8% Y-o-y to Rs 12,81,163 crore as on March 31, 2023 driven by growth in term deposits. The domestic CASA ratio declined to 43.0% as on March 31, 2023 (47.43% as on March 31, 2022). Moreover, retail term deposits (with size less than Rs 2 crore) and savings deposits comprised around 78% of total domestic deposits as on March 31, 2023. The cost of deposit stood at 4.1% for fiscal 2023 (4.0% for fiscal 2022). Overall, CRISIL Ratings believes that the bank will maintain a healthy resource profile over the medium term.

Weaknesses:

- **Modest asset quality, albeit on improving trend:**
  The asset quality of the bank has shown continuous improvement with GNPA at 8.7% as on March 31, 2023 (11.8% as on March 31, 2022) driven by increased recoveries and lower incremental slippages. The non-performing assets majorly stem from the Agriculture and MSME segments with their GNPA ratios in the range of 18-19%.

  The incremental slippages for the bank remain controlled and have exhibited an improving trend with annualized slippages (Annual slippages as a proportion of opening advances) at 2.0% for fiscal 2023 as against 3.3% previous fiscal. On a quarterly basis also, the slippages have shown a continued improving trajectory at 3.3% for Q1, 3.0% for Q2, 2.0% for Q3 and 1.9% for Q4. The recoveries are stemming primarily from the corporate book which is supporting the overall asset quality metrics.

  The overall SMA-2 accounts as a proportion of standard advances to 2.1% as on March 31, 2023 (4.5% as on March 31, 2022). Under the RBI's resolution framework 1.0 and RBI's resolution framework 2.0 announced by the RBI, the standard restructured book accounted for <1% of gross advances as on March 31, 2023.

  Furthermore, since bank has been conservatively focusing on enhancing its provision coverage, the Net NPA considerably improved to 2.7% as on March 31, 2023 (4.8% as on March 31, 2022).

  CRISIL Ratings expects the trajectory of controlled slippages and hence a further improvement in the asset quality metrics to continue going forward. The bank's ability to improve its collections especially in the Agri and MSME segments, manage the slippages at current levels and thereby further improve the overall asset quality remain a key rating monitorable.

- **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 stood at 70.8% as on March 31, 2023 (62.2% as on March 31, 2022). The Bank has also provided aggressively for all NCLT accounts with PCR at 99.5%. With the aggressive provisioning done in the past, the bank reported a profit of Rs 2,507 crore in fiscal 2023 (against a profit of Rs 3,457 crore for fiscal 2022) translating into a ROA of 0.18% (0.27% for fiscal 2022). As the bank further improves it provision coverage in line with its peers, CRISIL Ratings expects the earnings profile of the bank to improve only gradually and remains 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 162.29% as on March 31, 2023, against the regulatory requirement of 100%. 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.

ESG profile

CRISIL Ratings believes that PNB's Environment, Social, and Governance (ESG) profile supports its already strong credit risk profile.

The ESG profile for financial sector entities typically factors in governance as a key differentiator between them. The sector has reasonable social impact because of its substantial employee and customer base and can play a key role in promoting financial inclusion. While the sector does not have a direct adverse environmental impact, the lending decisions may have a bearing on the environment.

PNB has an ongoing focus on strengthening various aspects of its ESG profile.

PNB's key ESG highlights:

- As a policy, the Bank restricts extending finance for setting up new units producing / consuming Ozone Depleting Substances (ODS) and does not advocate financial assistance to small / medium scale units engaged in the manufacturing of aerosol units using Chlorofluorocarbons (CFC), thus enabling reduction in greenhouse effect.
- For promoting green economy, the bank has introduced various financing schemes like PNB Solar Energy Scheme, scheme for financing e-rickshaws, scheme for financing setting up of bio-gas units, solar power project financing, scheme for financing Green houses, soil conservation, and schemes for installation of solar water pumping system.
- The bank has introduced products like PNB Green Car loan (purchase of new electronic car for personal use), financing of solar power systems under Housing Loan scheme (installation of rooftop solar system at residential house) and PNB Green ride (to assist operators of e-rickshaws).
- Of the total workforce, around 24% comprised of women as on March 31, 2023. Further, the bank has taken initiatives to promote gender equity within the organization.
- 42% of the board members are independent directors, and none of them have tenure exceeding 10 years. The bank also has a dedicated investor grievance redressal mechanism.
- ESG disclosures of the bank are evolving; and it is in the process of further strengthening the disclosures going forward.

There is growing importance of ESG among investors and lenders. PNB's commitment to ESG will play a key role in enhancing stakeholder confidence, given shareholding by foreign portfolio investors and access to both domestic and foreign capital markets.

Outlook: Positive

The outlook revision reflects the continued improvement in the asset quality metrics of the banks with GNPA at 8.7% as on March 31, 2023 (11.8% as on March 31, 2022) driven by increased recoveries and lower incremental slippages, especially in the corporate book. The incremental slippages for the bank remain controlled and have exhibited an improving trend with annualized slippages at 2.0% for fiscal 2023 as against 3.3% previous fiscal. On a quarterly basis also, the slippages have shown a continued improving trajectory at 3.3% for Q1, 3.0% for Q2, 2.0% for Q3 and 1.9% for Q4.

CRISIL Ratings expects the trajectory of controlled slippages and hence a further improvement in the asset quality metrics to continue going forward. As the bank continues to increase the PCR, the overall profitability metrics may remain subdued however continue its improving trajectory both at overall and PPOP level which remains a key monitorable.

Furthermore, CRISIL Ratings believes that PNB will continue to benefit from strong GoI support and maintain its healthy market position and resource profile over the medium term.

Rating Sensitivity factors

Upward factors:

- Sustained improvement in asset quality with GNPA reducing to below 8% 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 GoI
- 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 GoI owned 73.15% of the bank as on March 31, 2023.

For fiscal 2023, PNB reported a net profit of Rs 2,507 crore on total income (net of interest expenses) of Rs 46,634 crore as against net profit of Rs 3,457 crore on total income (net of interest expenses) of Rs 41,014 crore, respectively, in corresponding period of previous year

Key Financial Indicators

As on / for the period / year ended		Mar-2023	Mar-2022
Total assets	Rs crore	14,61,831	13,14,805

Total income (net of interest expenses)	**Rs crore**	**46,634**	**41,014**
Profit after tax	**Rs crore**	**2,507**	**3,457**
Gross NPA	**%**	**8.74**	**11.78**
Overall capital adequacy ratio	**%**	**15.50**	**14.50**
Return on assets (annualized)	**%**	**0.18**	**0.27**

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 Ratings 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 Ratings' criteria (refer to 'CRISIL Ratings' 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.

The rating on the Tier I bonds (under Basel III) of PNB is as per the criteria 'CRISIL Ratings' 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 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 adequateat 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 Ratings 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 and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. 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	29	Highly Complex	CRISIL AA/Positive
INE160A08209	Tier I Bonds (under Basel III)	09-Dec-21	8.40%	Perpetual	2000	Highly Complex	CRISIL AA/Positive
INE160A08217	Tier I Bonds (under Basel III)	17-Jan-22	8.50%	Perpetual	1971	Highly Complex	CRISIL AA/Positive

NA	Tier II Bonds (under Basel III)^	NA	NA	NA	81	Highly Complex	CRISIL AA+/Positive
NA	Tier II Bonds (under Basel III)^	NA	NA	NA	6	Highly Complex	CRISIL AA+/Positive
INE160A08191	Tier II Bonds (under Basel III)	18-Nov-21	7.10%	18-Nov-31	1919	Highly Complex	CRISIL AA+/Positive
NA	Perpetual Tier-I Bonds (under Basel II)^	NA	NA	Perpetual	642.5	Highly Complex	CRISIL AA+/Positive
INE160A08159	Tier II Bonds (under Basel III)^	29-07-2020	7.25	29-07-2030	994	Highly Complex	CRISIL AA+/Positive
INE160A08167	Tier II Bonds (under Basel III)^	14-10-2020	7.25	14-10-2030	1500	Highly Complex	CRISIL AA+/Positive
INE160A08175	Tier II Bonds (under Basel III)^	11-11-2020	7.1	09-11-2035	1500	Highly Complex	CRISIL AA+/Positive
NA	Upper Tier-II Bonds (under Basel II)^	NA	NA	NA	1390	Highly Complex	CRISIL AA+/Positive
INE160A08019	Tier II Bonds (Under Basel III)	24-Feb-14	9.65	24-Feb-24	1000	Complex	CRISIL AA+/Positive
INE160A08027	Tier II Bonds (Under Basel III)	28-Mar-14	9.68	28-Mar-24	500	Complex	CRISIL AA+/Positive
INE160A08035	Tier II Bonds (Under Basel III)	03-Apr-14	9.68	03-Apr-24	500	Complex	CRISIL AA+/Positive
INE160A08043	Tier II Bonds (Under Basel III)	09-Sep-14	9.35	09-Sep-24	500	Complex	CRISIL AA+/Positive
INE160A08050	Tier II Bonds (Under Basel III)	30-Sep-14	9.25	30-Sep-24	1000	Complex	CRISIL AA+/Positive
INE160A08068	Infrastructure Bonds	09-Feb-15	8.23	09-Feb-25	1000	Simple	CRISIL AA+/Positive
INE160A08084	Infrastructure Bonds	24-Mar-15	8.35	24-Mar-25	1800	Simple	CRISIL AA+/Positive
NA	Infrastructure Bonds^	NA	NA	NA	2200	Simple	CRISIL AA+/Positive
NA	Lower Tier-II Bonds (under Basel II)*	NA	NA	NA	560	Complex	CRISIL AA+/Positive
INE160A08142	Tier II Bonds (Under Basel III)	26-Dec-19	8.15	26-Dec-29	1500	Complex	CRISIL AA+/Positive
INE695A08030	Tier II bonds (Under Basel III)	23-Aug-17	9.00 (annual)	23-Aug-27	500	Complex	CRISIL AA+/Positive
INE695A09103	Tier II bonds (Under Basel III)	25-Jun-13	8.75 (annual)	25-Jun-23	500	Complex	CRISIL AA+/Positive
NA	Tier II bonds (Under Basel III)^	NA	NA	NA	10	Complex	CRISIL AA+/Positive
INE160A08225	Perpetual Tier I Bonds (under Basel III)	06-Jul-22	8.75%	Perpetual	2000	Highly Complex	CRISIL AA/Positive
NA	Certificates of deposit Programme	NA	NA	7-365 days	35000	Simple	CRISIL A1+

^yet to be issued

Annexure - Details of Rating Withdrawn

ISIN	Name of the Instrument	Date of Allotment	Coupon rate (%)	Maturity Date	Issue Size (Rs in crs)	Complexity levels	Rating assigned with outlook
INE160A08134	Additional Tier I	25-07-2017	8.98	Perpetual	1500	Highly Complex	Withdrawn
INE695A08048	Tier II bonds (Under Basel III)	27-Sep-17	10.5	27-Sep-27	150	Complex	Withdrawn
INE695A08063	Tier II bonds (Under Basel III)	10-Nov-17	9.05	10-Nov-27	340	Complex	Withdrawn
INE695A09095	Perpetual Tier-I Bonds (under Basel II)	05-Dec-12	9.27 (annual)	Perpetual	300	Highly Complex	Withdrawn

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			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	35000.0	CRISIL A1+		--	22-06-22	CRISIL A1+	02-12-21	CRISIL A1+	25-09-20	CRISIL A1+	--
			--		--		--	04-10-21	CRISIL A1+	01-09-20	CRISIL A1+	--
			--		--		--	29-09-21	CRISIL A1+		--	--
Infrastructure Bonds	LT	5000.0	CRISIL AA+/Positive		--	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
			--		--		--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
			--		--		--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Lower Tier-II Bonds (under Basel II)	LT	760.0	CRISIL AA+/Positive		--	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
			--		--		--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
			--		--		--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Perpetual Tier-I Bonds (under Basel II)	LT	942.5	CRISIL AA+/Positive		--	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
			--		--		--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
			--		--		--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Tier I Bonds (Under Basel III)	LT	7500.0	CRISIL AA/Positive		--	22-06-22	CRISIL AA/Stable	02-12-21	CRISIL AA/Stable	25-09-20	CRISIL AA-/Stable	CRISIL AA-/Watch Developing
			--		--		--	04-10-21	CRISIL AA/Stable	01-09-20	CRISIL AA-/Stable	--
			--		--		--	29-09-21	CRISIL AA/Stable	07-07-20	CRISIL AA-/Watch Developing	--
Tier II Bonds (Under Basel III)	LT	12500.0	CRISIL AA+/Positive		--	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
			--		--		--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
			--		--		--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Upper Tier-II Bonds (under Basel II)	LT	4500.0	CRISIL AA+/Positive		--	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
			--		--		--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
			--		--		--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--

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

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