



पंजाब नैशनल बैंक



punjab national bank

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Scrip Code : PNB The Asstt. Vice President National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051	Scrip Code : 532461 The Dy General Manager BSE Limited 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
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Date: 24.12.2021

Dear Sir (s),

Reg.: Rating Action by India Ratings and Research.

The Exchange is hereby informed that India Ratings and Research vide its rating action dated 24.12.2021 has **assigned** 'IND AA+/Stable' rating to Rs.1495 Crore AT1 Bonds while reaffirming its ratings on Bank's AT1 Bonds at 'IND AA+/Stable', Basel III Tier 2 Bonds at 'IND AAA/Stable' & Senior Infrastructure Bonds at 'IND AAA/Stable'. A copy of the rating report is enclosed as Annexure.

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

Thanking you

Yours faithfully,


(Ekta Pasricha)
Company Secretary



Encl.: as above

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

24

DEC 2021

By [Karan Gupta](#)

India Ratings and Research (Ind-Ra) has affirmed Punjab National Bank's (PNB) Long-Term Issuer Rating at 'IND AAA' with a Stable Outlook and Short-Term Issuer Rating at 'IND A1+'. The agency has also assigned PNB's new additional Tier 1 (AT1) bonds a rating of 'IND AA+' with a Stable Outlook. The detailed rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
AT1 bonds*	-	-	-	INR14.95	IND AA+/Stable	Assigned
Basel III Tier 2 bonds*	-	-	-	INR115	IND AAA/Stable	Affirmed
AT1 bonds*	-	-	-	INR82.5	IND AA+/Stable	Affirmed
Senior infrastructure bonds*	-	-	-	INR20	IND AAA/Stable	Affirmed

*Details in Annexure

Analytical Approach: The Long-Term Issuer Rating factors in PNB's systemically important position and Ind-Ra's expectations that the bank will continue to receive support from the government of India. The rating also considers PNB's demonstrated equity raising ability, further plans for the same and the likelihood of improved material profitability over FY22-FY23, which could help 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 a 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, there is a change in the GoI's support stance for public sector banks or there is 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 public sector banks 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 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.

COMPANY PROFILE

PNB had a domestic branch network of 10,528 branches, two international branches and 13,506 automated teller machines as of September 2021. Of the existing branches, 36.7% are located in rural areas, 24.6% in semi-urban and the balance 38.9% in urban and metro regions.

FINANCIAL SUMMARY

Particulars	FY21	1 April 2020*
Total assets (INR billion)	12,606.3	12,513.9
Total equity (INR billion)	909.4	851.7
Net income/loss (INR billion)	20.2	-83.11
Return on assets (%)	0.2	-0.65
CET-1 (%)	10.62	9.17
Capital adequacy ratio (%)	14.32	12.33
Source: PNB, Ind-Ra		
*Closing figures of 31 March 2020 unavailable due to the amalgamation; April 2020 figures given as a representation for FY20		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Rating Watch/Outlook								
	Rating Type	Rated Limits (billion)	Rating	16 November 2021	13 October 2021	21 October 2020	14 October 2020	24 September 2020	31 July 2020	30 June 2020	22 May 2020	4 Sep
Issuer rating	Long-term/Short-term	-	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 AA+/RWE/IND A1+	IND AA+/RWE/IND A1+	IND AA+/RWE/IND A1+	IND AA+/RWE/IND A1+	IND AA
Basel III Tier 2 bonds	Long-term	INR115	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AA+/RWE	IND AA+/RWE	IND AA+/RWE	IND AA+/RWE	IND
Basel III AT1 bonds	Long-term	INR97.45	IND AA+/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND A/RWE	IND A/RWE	IND A/RWE	IND A/RWE	I
Senior infrastructure bonds	Long-term	INR20	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AA+/RWE	IND AA+/RWE	IND AA+/RWE	IND AA+/RWE	IND

ANNEXURE

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
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Basel III AT1 bonds series VII	INE160A08076	13 February 2015	9.15	Perpetual	INR15	IND AA+/Stable
Basel III AT1 bonds series VIII	INE160A08100	3 March 2017	8.95 (semi-annual)	Perpetual	INR15	IND AA+/Stable
Basel III AT1 bonds series IX	INE160A08118	29 March 2017	9.21	Perpetual	INR5	IND AA+/Stable
Basel III AT1 bonds series X	INE160A08126	31 March 2017	9.21	Perpetual	INR2.5	IND AA+/Stable
Basel III AT1 bonds series XI	INE160A08134	25 July 2017	8.98	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
Total utilised						INR77.45
Total unutilised						INR20.00
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
Total utilised						INR94.94
Total unutilised						INR20.06
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
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>.

SOLICITATION DISCLOSURES

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

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Applicable Criteria

[Financial Institutions Rating Criteria](#)
[Rating FI Subsidiaries and Holding Companies](#)
[Rating of Bank Legacy Hybrids and Sub-Debt](#)

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