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Share Department, Board & Coordination Division, HO Plot No.4 Sector 10, Dwarka,  
New Delhi-110075, E-mail: [hosd@pnb.bank.in](mailto:hosd@pnb.bank.in)

<b>Scrip Code : PNB</b>	<b>Scrip Code : 532461</b>
National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400051	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001

Date: 11.12.2025

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 11.12.2025 has **affirmed** ratings as given below:

Instrument Type	Rating / Outlook	Rating Action
Long-Term Issuer Rating	IND AAA/Stable	Affirmed
Basel III Additional Tier 1 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

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,

(Bikramjit Shom)  
Company Secretary



Enclosed: As above

[pnb.bank.in](http://pnb.bank.in)

T: 011 28075000, 28045000

**पंजाब नैशनल बैंक punjab national bank**

प्रधान कार्यालय: प्लॉट सं.4, सेक्टर-10, द्वारका, नई दिल्ली-110075

Head Office: Plot No. 4, Sector - 10, Dwarka, New Delhi 110075 India



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**पंजाब नैशनल बैंक**  
...भरोसे का प्रतीक !



**punjab national bank**  
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## India Ratings Affirms Punjab National Bank and its Debt at ‘IND AAA’/Stable

Dec 11, 2025 | Public Sector Bank

India Ratings and Research (Ind-Ra) has affirmed Punjab National Bank (PNB) and its debt instruments as follows:

### Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating Assigned along with Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Affirmed
Basel III AT1 bonds *	-	-	-	INR122.95 (reduced from INR137.95)	IND AA+/Stable	Affirmed
Fixed deposits	-	-	-	-	IND AAA/Stable	Affirmed
Basel III Tier 2 bonds*	-	-	-	INR170.06 (reduced from INR195.00)	IND AAA/Stable	Affirmed
Senior infrastructure bonds*	-	-	-	INR50.00 (reduced from INR60.00)	IND AAA/Stable	Affirmed
Certificates of deposit	-	-	1-365 days	INR600.00	IND A1+	Affirmed

\*Details in Annexure

### Analytical Approach

Ind-Ra continues to fully consolidate PNB's [subsidiaries](#) while arriving at the ratings, due to a similar line of business.

### Detailed Rationale of the Rating Action

Ind-Ra factors into the ratings PNB’s systemically important position and the likelihood of the bank continuously receiving financial support from the government of India (GoI). Ind-Ra also considers the improvement in PNB’s pre-provisioning operating profitability in FY25-1HFY26, enabling the bank to maintain 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.

### List of Key Rating Drivers

#### Strengths

- High systemic importance - large pan-India franchise
- Capital buffers adequately placed; internal accruals improving
- Stable low-cost liability franchise
- Stability in operational metrics

#### Weaknesses

- Stable asset quality, but need to provide for ECL provisions

### Detailed Description of Key Rating Drivers

**High Systemic Importance - Large Pan-India Franchise:** PNB is the second-largest public sector bank (PSB) in terms of deposit market share and third largest in terms of net advances market share, leading to a high probability of financial support from the GoI, if required. In terms of systemic importance, on an amalgamated basis, PNB’s market share in total deposits and gross advances was just about 6.9% and 5.9%, respectively, in FY25, up 20bp yoy each; however, it maintains a dominant position in the banking landscape. Even if private banks were to be included, PNB’s positioning would remain significant, with the bank being the fourth largest in terms of deposits market share and sixth largest in terms of net advances market share. The amalgamated bank has 10,228 branches, two international branches, 11,187 automated teller machines, and 32,278 business correspondents, which have strategically increased in the past three years, even after rationalising post amalgamation. PNB is also a convenor bank in six state-level banking committees, second only to the State Bank of India ([SBI: ‘IND AAA’/Stable](#)), and it is also a district-level convener bank in 113 districts (18.3% of total).

**Capital Buffers Adequately Placed; Internal Accruals Improving:** PNB is a well-capitalised PSB, with a common equity tier-1 (CET-1) ratio of 12.75% in 2QFY26 (FY25: 12.33%, FY24: 11.04%) and a capital adequacy ratio (CAR) of 17.19% (17.01%, 15.97%). The bank has already achieved a return on assets of 0.71% in 1HFY26 (under new tax regime) and intends to exceed 1% in the medium term, which clearly signifies the improving internal accruals over the past three years (FY25: 0.97%, FY24: 0.54%, FY23: 0.18%). Even after factoring in elevated provisioning requirements in the near term (even after net NPA of 0.36% in 1HFY26), Ind-Ra believes the capital buffers would remain significantly higher than the regulatory requirements, due to its increasing internal accruals. Furthermore, PNB had raised INR105.9 billion through three qualified institutional placements in FY21, FY22, and September 2024; this gives the agency incremental comfort with respect to the bank’s capital raising ability. While the capital base is adequate for now, Ind-Ra believes there is a need to continuously grow advances and build buffers ahead of the implementation of expected credit loss (ECL) norms. This will continue to be a key monitorable.

**Stable Low-cost Liability Franchise:** The bank's current account and saving account (CASA) deposit ratio on global deposits declined to 36.1% in 2QFY26 (FY25: 36.6%, FY24: 40.3%), which has largely been the industry phenomenon; but it remains better than larger PSBs. PNB continues to be the second-largest PSB in terms of deposit market share. Ind-Ra believes competitive intensity among banks will remain high in the near term, as they compete to accrete low-cost deposits. PNB's domestic deposits grew 10.4% yoy, largely through 14.7% yoy growth in term deposits, while CASA balances grew just 4.7% yoy in 2QFY25. However, with 26.6% yoy growth in international deposits (3.2% of overall deposits), the overall deposits growth stood at 10.9% yoy in 2QFY25. The share of bulk deposits (INR30 million and above) in PNB's term deposits is higher and is a likely reflection of its loan growth appetite, at least in line with or possibly higher than system credit growth.

**Stability in Operational Metrics:** PNB has introduced changes to its underwriting process in the past few years. For example, retail sanctions above INR1 million are now routed through the central infrastructure rather than through branches. Accordingly, the book originated since FY20 has shown much lower slippages. Although the advance growth has moderated now compared to the system, delinquencies are monitored regularly, and business rule engines are tweaked accordingly. PNB's pre-provisioning operating profit grew 7.6% yoy to INR268.3 billion and net interest income grew 6.7% yoy in FY25, largely driven by net loan growth of 15.3% yoy. However, its global net interest margins reduced 16bp yoy to 2.93% in FY25 (FY24: 309%, FY23: 3.06%). PNB's profit after tax for FY25 grew 101.7% yoy to INR166.3 billion (FY24: INR 82.4 billion, FY23: INR25.1 billion), as provisions declined 85.7% yoy to INR16.75 billion which amounted to credit cost of 0.19% (1.40%, 2.03%).

Ind-Ra opines as PNB's net NPA had already reached 0.36% in 2QFY26, implying a lower requirement of ageing provisions, return on assets is expected to stabilise around current levels of 1% ROA in 2QFY26 over medium term. Furthermore, there is low pressure on margins for the medium term, with deposit costs peaking at 5.36% in 4QFY25 and moderating to 5.18% in 2QFY26 and the overall average yield on investments at 6.93% in 2QFY26. Also, the bank expects a recovery of INR160 billion in FY26 (FY25: INR143.4 billion) which would further support the recovery income. The agency believes PNB's ability to enhance retail exposure, improve its low-cost CASA franchise, maintain stable margins, strengthen its core non-interest income (ex-recovery) generation, while and increase digital adoption will be key to demonstrate a through-the-cycle stable performance.

**Stable Asset Quality, But Need to Provide for ECL Provisions:** PNB increased its provision coverage ratio to 90.02% in 2QFY26 (excluding technical write-offs; FY25: 90.27%, FY24: 87.93%, FY23: 70.8%), exceeding peer group's. The bank also carried almost 100% provisions against its exposures to the National Company Law Tribunal (NCLT)-1 and NCLT -2 lists. Its gross NPAs and net NPAs continued to decline and stood at 3.45% and 0.36%, respectively, in 2QFY26 (FY25: 3.95% and 0.40%, FY24: 5.73% and 0.73%, FY23: 8.74% and 2.72%). However, Ind-Ra opines the bank needs to increase provisions under the ECL framework to further strengthen the balance sheet. The bank created floating provisions of INR8.2 billion till 2QFY26. The special mention account-2 pool with ticket size of above INR50 million stood at negligible levels (0.17% of net advances). However, its COVID-19 restructuring pool of INR50.1 billion (0.51% of net advances) under one-time restructuring 1 and 2, along with Mudra exposure among MSMEs, constitutes a potential pool for slippages over the near to medium term.

Liquidity

**Superior:** PNB's short-term (one year) asset-liability surplus stood at 12.1% at 1QFY26. The bank also maintained 23.2% of the total assets in balances with the Reserve Bank of India and in government securities in 1QFY26. Ind-Ra thus opines PNB is adequately placed to meet its short-term funding requirements. Moreover, PNB maintained a liquidity coverage ratio of 132.73% in 1QFY26 on a standalone basis as against the regulatory requirement of 100%.

Rating Sensitivities

**Positive:** Not applicable

**Negative:** PNB's Basel III Tier 2 bond rating has been equated to its Long-Term Issuer Rating, which could change if, in Ind-Ra's opinion, the Gol's support stance for PSBs 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 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.

Any Other Information

Not applicable

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](#).

About the Company

PNB is second-largest PSB in terms of deposit market share and third-largest PSB in terms of net advances market share. The bank had a domestic network of 10,228 domestic branches and two international branches as of 30 September 2025. Of the existing branches, 38.6% are located in rural areas, 24.7% in semi-urban, and the balance 36.7% in urban and metro regions.

Key Financial Indicators

Particulars- Standalone	FY25	FY24
Total assets (INR billion)	18,181.7	15,618.3
Total equity (INR billion)	1,273.6	1,064.8
Net income/loss (INR billion)	166.3	82.5
Return on assets (%)	0.97	0.54
CET-1 (%)	12.33	11.04

CAR (%)	17.01	15.97
Source: PNB, Ind-Ra		

Particulars- Consolidated	FY25	FY24
Total assets (INR billion)	18,575.4	15,986.3
Total equity (INR billion)	1,331.4	1,103.9
Net income/loss (INR billion)	174.4	83.3
CET-1 (%)	12.38	11.08
CAR (%)	17.05	16.00
Source: PNB, Ind-Ra		

### Status of Non-Cooperation with previous rating agency

Not applicable

### Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook									
	Rating Type	Rated Limits (billion)	Rating	13 December 2024	13 September 2024	14 September 2023	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 AAA/Stable	IND AAA/Stable	IND AAA/Stable	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+
Basel III Tier 2 bonds	Long-term	INR170.06	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	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	INR122.95	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Senior infrastructure bonds	Long-term	INR50	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	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 deposits	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	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+	IND A1+	IND A1+	IND A1+

Short-Term Issuer Rating was withdrawn on 10 March 2023

### Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel III AT1 bonds	High
Basel III Tier 2 bonds	Moderate
Certificate of deposits	Low
Fixed Deposits	Low
Senior infrastructure bonds	Low

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

### 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	WD
Basel III AT1 bonds series XII	INE160A08183	22 January 2021	8.6	Perpetual	INR4.95	IND AA+/Stable
Basel III AT1 bonds series XIII	INE160A08209	9 December 2021	8.4	Perpetual	INR20.00	IND AA+/Stable
Basel III AT1 bonds series XIV	INE160A08217	17 January 2022	8.5	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	8.3	Perpetual	INR6.58	IND AA+/Stable
Basel III AT1 bonds series XVII	INE160A08258	23 December 2022	8.4	Perpetual	INR5.82	IND AA+/Stable
Basel III AT1 bonds series XVIII	INE160A08266	27 March 2023	8.75	Perpetual	INR9.74	IND AA+/Stable
Basel III AT1 bonds series XIX	INE160A08282	27 September 2023	8.59	Perpetual	INR30.00	IND AA+/Stable
Total utilised					INR116.80	
Total unutilised					INR6.15	
Total**					INR122.95	
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	WD

Basel III Tier 2 bonds Series XXII^	INE160A08167	14 October 2020	7.25	14 October 2030	INR15	WD
Basel III Tier 2 bonds Series XXIII	INE160A08175	11 November 2020	7.1	9 November 2035	INR15	IND AAA/Stable
Basel III Tier 2 bonds Series XXIV	INE160A08191	18 November 2021	7.1	18 November 2031	INR19.19	IND AAA/Stable
Basel III Tier 2 bonds XXV	INE160A08241	1 December 2022	7.89	1 December 2037	INR40.00	IND AAA/Stable
Basel III Tier 2 bonds XXVI	INE160A08274	30 June 2023	7.74	30 June 2038	INR30.90	IND AAA/Stable
Basel III Tier 2 bonds XXVI	INE160A08316	23 December 2024	7.43	23 December 2039	INR30.00	IND AAA/Stable
Total utilised					INR165.09	
Total unutilised					INR4.97	
Total**					INR170.06	
Senior infrastructure bonds Series I^	INE160A08068	9 February 2015	8.23	9 February 2025	INR10	WD
Senior infrastructure bonds Series III	INE160A08324	14 February 2025	7.34	14 February 2035	INR29.5	IND AAA/Stable
Total utilised					INR29.5	
Total unutilised					INR20.5	
Total**					INR50.0	
Source: NSDL, PNB ^Paid in full  * * Does not include the bonds where the rating has been withdrawn						

Contact

**Primary Analyst**  
Ankit Jain  
Associate Director  
India Ratings and Research Pvt Ltd  
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East,Mumbai - 400051  
+91 22 4035 6160  
For queries, please contact: [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

**Secondary Analyst**  
Karan Gupta  
Director  
+91 22 40001744

**Media Relation**  
Ameya Bodkhe  
Marketing Manager  
+91 22 40356121

About India Ratings

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

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance
Financial Institutions Rating Criteria
Rating Bank Subordinated and Hybrid Securities
The Rating Process

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