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Scrip Code : PNB	Scrip Code : 532461
National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Date: 25.02.2026

Dear Sir(s),

Reg.: Upgradation of Bank's ratings by Fitch Ratings

The Exchange is hereby informed that Fitch Ratings has **upgraded** the Bank's Viability Rating (VR) and Long-Term IDR (xgs) rating of the Bank.

The revised ratings are detailed as under:

S. No.	Category	Rating
1.	Long-Term Issuer Default Rating (IDR)	BBB-/Stable
2.	Short-Term Issuer Default Rating (IDR)	F3
3.	Viability Rating	bb
4.	Government Support Rating	bbb-
5.	Long-Term IDR (xgs)	BB (xgs)
6.	Short-Term IDR (xgs)	B (xgs)

A copy of the detailed rating rationale is enclosed.

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

Thanking You,

(Bikramjit Shom)
Company Secretary



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RATING ACTION COMMENTARY

Fitch Affirms Punjab National Bank at 'BBB-/Stable'; Upgrades Viability Rating to 'bb'

Wed 25 Feb, 2026 - 3:45 am ET

Fitch Ratings - Singapore/Mumbai - 25 Feb 2026: Fitch Ratings has affirmed Punjab National Bank's (PNB) Long-Term Issuer Default Rating (IDR) at 'BBB-'. The Outlook is Stable. At the same time, Fitch has upgraded the bank's Viability Rating (VR) to 'bb' from 'bb-'. In addition, Fitch has affirmed the Government Support Rating (GSR) at 'bbb-' and the Short-Term IDR at 'F3'.

A full list of rating actions is below.

KEY RATING DRIVERS

Government Support Underpins IDR: PNB's Long-Term IDR is driven by its GSR, which is equalised with India's sovereign rating (BBB-/Stable). This reflects Fitch's expectation of a high probability of extraordinary state support for the bank, if required. Our assessment is based on PNB's 70% state ownership, its large size and market share, and our assessment that the state has a strong propensity to support the banking system in general. The Stable Outlook on the IDR mirrors that on the India's sovereign IDR.

VR Upgrade: The upgrade of PNB's VR to 'bb' is supported by improvements in the bank's financial profile, including asset quality, capitalisation and profitability, which we expect to be sustained in an improving operating environment (OE). We also have positive outlooks on most other rating factor scores, which mirror the outlook on the OE and reflect the potential for higher scores if the OE score is revised upward.

Improving Operating Environment: We recently revised the outlook on Indian banks' OE score to positive, from stable, reflecting our expectations of reduced sector risks due to the Reserve Bank of India's enhanced regulations and supervision.

The positive outlook on the OE indicates potential for an upward revision of the 'bb+' score if Fitch assesses the sector's strengthened regulatory regime and improved financial performance as sustainable, with several key financial metrics close to when

the score was last at 'bbb-' in the years prior to 2019. The outlook is also supported by India's large and diversified economy and its strong medium-term growth potential - consistent with Fitch's forecast of GDP growth above 6% through the financial year ending March 2027 (FY27).

Large Domestic Franchise: PNB benefits from its large nationwide franchise as one of India's three-largest state-owned banks, although it can occasionally be subject to government influence on lending, similar to other state-owned peers. The bank's status should sustain business and profit generation, particularly in an improving OE.

Tighter Underwriting and Controls: We have revised PNB's risk profile score to 'bb-' from 'b+'. This reflects improved underwriting standards and risk controls that have lowered impaired loan formation and reduced corporate loan risk, as well as better loan diversification and continued clean-up of legacy bad loans, and the bank's limited unsecured retail exposure.

The positive outlook on the risk profile score reflects potential for a higher score if PNB can effectively manage loan growth risks as expected by Fitch, and the OE score is revised upwards. Still, cyclical growth and risk appetite are risks for the VR.

Asset Quality Improves: We have revised PNB's asset-quality score to 'bb-', from 'b+', as we expect the impaired-loan ratio to be sustained below 3% to FYE27. The impaired-loan ratio fell to 3.2% in 9MFY26, from 4.0% in FY25, broadly in line with Fitch's expectations. The score also reflects the bank's specific loan-loss coverage of about 90% (182% including other loan provisions, by our estimates), which is above the peer average. The positive outlook on the asset-quality score reflects the potential for a higher score if the recent improvements are sustained as expected by Fitch.

Profitability Strengthens: We have revised PNB's earnings and profitability score to 'bb', from 'bb-'. The revision reflects the improved profitability in recent years and our expectation that the operating profit/risk-weighted asset ratio will remain close to 3% to FYE27, supported by slightly better margins and tight cost controls, which should largely offset a gradual rise in credit costs from cyclical lows, and slightly lower treasury gains.

Steady Capital Ratio: The bank's capital buffers have improved in recent years. Its common equity tier 1 (CET1) ratio reached a record 13.8%, including profit, in 9MFY26, although we expect it to settle close to 13% after FY26 dividend payments. We anticipate internal accruals will be sufficient to maintain the CET1 ratio close to 13% to FYE28.

Robust Funding and Liquidity: Funding remains a rating strength for PNB, like other state-owned banks, with customer deposits comprising about 95% of total funding in 9MFY26. This is bolstered by high depositor confidence due to the bank's close state linkages. We estimate the loans/customer deposits ratio rose to 79% in 9MFY26, from 76% in FY25, but still well below the peer average of about 87%.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The Long-Term IDR and GSR could be downgraded if we believe the sovereign's support for PNB has weakened, which would be reflected in negative action on India's sovereign rating or reduced propensity to extend timely support.

The Short-Term IDR is mapped to the bank's Long-term IDR, in line with Fitch's criteria, and will be downgraded if the Long-Term IDR is downgraded.

We do not expect the VR to be downgraded in the near term, given the improving OE. A downgrade could occur if the bank's risk profile weakens materially in our assessment and becomes more of a binding constraint on PNB's financial profile and loss-absorption buffers, increasing the risk of materially weaker financial metrics.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Positive sovereign rating action could lead to a corresponding change to PNB's Long-Term IDR and GSR, if Fitch believes that the sovereign's propensity to support the bank remains unchanged.

The bank's Short-Term IDR may also be upgraded if the sovereign's Short-Term IDR is upgraded. The likelihood of an upgrade based on the bank's intrinsic strength is low.

A VR upgrade is likely if we revise the bank's OE score to 'bbb-'. This would indicate lower system risks and would most likely result in upward revisions of most other rating factor scores, in line with the implied scores under our Bank Rating Criteria, provided the bank maintains broadly steady performance, as we expect. PNB's risk profile will remain a key consideration in determining whether the improved financial metrics are sustainable.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

Ex-Government Support Rating: Fitch has upgraded PNB's Long-Term IDR (xgs) rating to 'BB (xgs)' from 'BB-(xgs)', in line with the bank's VR upgrade. The bank's Short-Term

IDR (xgs) is mapped from the Long-Term IDR (xgs) in accordance with Fitch's criteria.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The bank's Long-Term IDR (xgs) will move in tandem with its VR. Its Short-Term IDR (xgs) is sensitive to changes in its Long-Term IDR (xgs) and is mapped in line with Fitch's criteria.

VR ADJUSTMENTS

The OE score of 'bb+' is above the 'b' category implied score due to the following adjustment reasons: economic performance (positive), and size and structure of economy (positive).

The business profile score of 'bb+' is below the 'bbb' category implied score due to the following adjustment reason: management, governance and strategy (negative).

The asset quality score of 'bb-' is above the 'b and below' category implied score due to the following adjustment reason: historical and future metrics (positive).

The funding and liquidity score of 'bbb-' is above the 'bb' category implied score due to the following adjustment reason: deposit structure (positive).

Sources of Information

The principal sources of information used in the analysis are described in the applicable criteria.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

PNB's IDRs are driven by India's sovereign ratings. A change in the sovereign's IDRs would likely be reflected in PNB's IDRs.

ESG CONSIDERATIONS

PNB has an ESG Relevance Score of '4' for Governance Structure, in line with other state banks. This reflects our assessment that key governance aspects - particularly board independence, ownership concentration and protection of creditor or stakeholder rights - have a moderate influence but are negative for PNB's credit profile, and are relevant to the ratings in conjunction with other factors.

Government appointees dominate the board and its business model is often focused on supporting government strategies, with some lending directed towards promoting social and economic policies. These factors also drive our view on the bank's state linkages, which affect support prospects that determine the long-term ratings.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Punjab National Bank	LT IDR	BBB- Rating Outlook Stable		BBB- Rating Outlook Stable
	Affirmed			
	ST IDR	F3	Affirmed	F3
	Viability	bb	Upgrade	bb-
	Government Support	bbb-	Affirmed	bbb-
	LT IDR (xgs)	BB(xgs)	Upgrade	BB-(xgs)
	ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 22 Mar 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Climate Vulnerability Rating Criteria \(pub. 09 Dec 2025\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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ENDORSEMENT STATUS

Punjab National Bank

EU Endorsed, UK Endorsed

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