



...the name you can BANK upon!



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](mailto:hosd@pnb.co.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 – 400 051	BSE Limited 1 <sup>st</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Date: 15.06.2022

Dear Sir (s),

**Reg.: Rating Action by Fitch Ratings.**

The Exchange is hereby informed that Fitch Ratings vide its rating action dated 15.06.2022 has **affirmed** PNB's Long-Term Issuer Default Rating (IDR) at 'BBB-', and **revised** the Rating Outlook from 'Negative' to 'Stable'. The Agency has also **affirmed** the Short-Term Issuer Default Rating (IDR) at 'F3' and Government Support Rating (GSR) at 'bbb-'.

This is in compliance with Regulation 30 of SEBI (LODR) Regulations, 2015.

Thanking you

Yours faithfully,

  
(Ekta Pasricha)  
Company Secretary



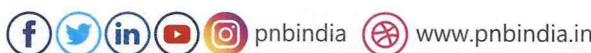
Encl.: as above

[pnbindia.in](http://pnbindia.in)

T: 011 28075000, 28045000

**पंजाब नैशनल बैंक punjab national bank**

कॉर्पोरेट कार्यालय: प्लॉट सं.4, सेक्टर-10, द्वारका, नई दिल्ली-110075  
Corp. Office: Plot No. 4, Sector - 10, Dwarka, New Delhi 110075 India



**पंजाब नैशनल बैंक punjab national bank**  
...भरोसे का प्रतीक ! ...the name you can BANK upon !



## RATING ACTION COMMENTARY

# Fitch Revises Outlook on 9 Indian Banks' IDRs to Stable; Affirms IDRs

Wed 15 Jun, 2022 - 5:47 AM ET

Fitch Ratings - Singapore - 15 Jun 2022: Fitch Ratings has revised the Outlook to Stable from Negative on the Long-Term Issuer Default Ratings (IDR) of the following India-based banks, while affirming their IDRs.

State Bank of India (SBI)

Bank of Baroda (BOB)

Bank of Baroda (New Zealand) Limited (BOBNZ)

Bank of India (BOI)

Canara Bank (Canara)

Punjab National Bank (PNB)

ICICI Bank Limited (ICICI)

Axis Bank Limited (Axis)

Fitch has also affirmed the Government Support Ratings (GSRs) for seven of them and the Shareholder Support Rating (SSR) on Bank of Baroda (New Zealand) Limited.

At the same time, Fitch has revised the Outlook on Union Bank of India's (UBI) IDR to Stable from Negative, while affirming its IDR. We have assigned UBI a Government Support Rating (GSR) of 'bbb-', in line with the updated Bank Rating Criteria. A full list of rating actions is below.

Fitch has also withdrawn UBI's Support Rating and Support Rating Floor as they are no longer relevant to the agency's coverage following the publication of its updated Bank Rating Criteria on 12 November 2021.

## KEY RATING DRIVERS

The rating actions follow Fitch's revision of the Outlook on the 'BBB-' rating on the Indian sovereign to Stable from Negative on 10 June 2022 due to diminished downside risks to India's medium-term growth, which is underscored by its rapid economic recovery and easing financial-sector weaknesses.

The IDRs for all the above Indian banks are support-driven and anchored to their respective GSRs. They are based on Fitch's assessment of high to moderate probability of extraordinary state support for these banks, which takes into account our assessment of the sovereign's ability and propensity to provide extraordinary support. It factors in the government's consistent record of supporting systemically important banks, the banks' relative systemic importance and their different ownership.

### SBI

SBI's IDR of 'BBB-' is at the same level as its GSR. It reflects Fitch's expectation that SBI is highly likely to receive extraordinary state support, if required. This is based on SBI's very high systemic importance because of its significant market shares (around 23% of system assets and deposits), its pan-India franchise, the state's 57.6% controlling stake in the bank, and its broader policy-like role than peers. Fitch believes that a default by SBI would lead to complete loss of confidence in India's banking sector and pose serious reputational and political risks for the state.

### BOB, PNB, CANARA, UBI AND BOI

The 'BBB-' IDRs of BOB, PNB, Canara, UBI and BOI are at the same level as their GSRs, which, in Fitch's assessment, reflects a high probability of extraordinary state support for these banks. It is based on the banks' high systemic importance, which stems from their significant market share (relative to much of the system), their large retail-deposit franchises, majority government ownership and roles in policy-like lending. Fitch believes that a default by any of these large banks could result in a general loss of confidence in the sector and pose high reputational risk for the state.

## ICICI AND AXIS

The 'BB+' IDRs of ICICI and Axis are driven by their GSRs, which is one notch below the sovereign rating, reflecting Fitch's expectation of a moderate probability of extraordinary state support for these banks, due to their systemic importance, market position and private ownership.

The probability of extraordinary state support for the two large private banks will be lower than for large state banks, which are likely to have priority due to their differences in ownership and linkages to the state. Nevertheless, we view both ICICI and Axis to be systemically important banks and the state has a record of supporting such banks, although neither ICICI nor Axis has required support to date.

### **RATING SENSITIVITIES**

#### **Factors that could, individually or collectively, lead to negative rating action/downgrade:**

SBI, BOB, PNB, CANARA, UBI AND BOI

The GSRs of the above banks are most sensitive to the agency's assessment of the government's propensity and ability to support them, based on their size, systemic importance and linkages to the state. Weakening of the government's ability to provide extraordinary support - reflected in negative action on India's sovereign ratings - would likely lead to negative action on the IDRs.

Negative action on the IDRs is also likely should Fitch perceive any reduction in the government's propensity to extend timely support, in which case the agency will reassess the GSRs, and in turn, the banks' IDRs and senior debt ratings, although that is not our base case.

Similarly, any change in the sovereign rating Outlook would lead to a corresponding revision in the Outlooks on the banks' IDRs.

## ICICI AND AXIS

Fitch would downgrade the GSRs, and in turn, the banks' IDRs, if we believe that the sovereign's ability and propensity to support the banks have weakened, which could be the case if the sovereign rating was downgraded.

Similarly, any change in the sovereign rating Outlook would lead to a corresponding revision in the Outlooks of the banks' IDRs.

**Factors that could, individually or collectively, lead to positive rating action/upgrade:**

SBI, BOB, PNB, CANARA, UBI AND BOI

An upgrade in SBI's GSR is more probable in the event of a sovereign upgrade than for the other large state banks, even though the government's ability and propensity to support those banks would be high - the latter due to their systemic importance. This is because of SBI's much higher systemic importance and policy roles, making it more strategically important to the state. However, an upgrade of the sovereign rating appears less likely in the near term.

Similarly, any change in the sovereign rating Outlook would lead to a corresponding revision in the Outlooks of the banks' IDRs, provided the sovereign's propensity to support remains unchanged.

ICICI AND AXIS

ICICI's and Axis's IDRs are driven by their GSRs. A sovereign rating upgrade, which appears unlikely in the near term, would not lead to an upgrade in the banks' IDRs unless a sovereign rating upgrade coincided with a strengthening of the sovereign's ability and more importantly, propensity to support the banks, in Fitch's view.

Similarly, any change in the sovereign rating Outlook would lead to a corresponding revision in the Outlook of the banks' IDRs, provided the sovereign's propensity to extend support remains unchanged.

**OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS**

The banks' medium-term note programmes and senior notes, where applicable, are rated at the same level as their Long-Term IDRs, in line with Fitch's criteria. The notes constitute direct, unsubordinated and unsecured obligations of the banks, and rank equally with all their other unsecured and unsubordinated obligations.

**OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES****Factors that could, individually or collectively, lead to negative rating action/downgrade:**

The senior debt ratings for all banks would be downgraded if their Long-Term IDRs were downgraded.

**Factors that could, individually or collectively, lead to positive rating action/upgrade:**

All the banks' senior debt ratings will move in tandem with the IDRs should they be upgraded, though we view this to be unlikely in the near term.

## **SUBSIDIARIES & AFFILIATES: KEY RATING DRIVERS**

BOBNZ is a fully owned subsidiary of BOB and its IDR is driven by a high probability of support from its parent and, ultimately, from the Indian government. There is strong integration between the two entities, and BOBNZ's small size relative to the parent makes potential support manageable. Therefore, we expect government support for BOB to flow to the subsidiary.

## **SUBSIDIARIES AND AFFILIATES: RATING SENSITIVITIES**

### **Factors that could, individually or collectively, lead to negative rating action/downgrade:**

Any downgrade of BOB's IDR or revision of its Outlook to Negative would have a similar impact on BOBNZ, but the latter's IDR could also be downgraded by a weaker propensity of its parent and, ultimately, the government, to support the subsidiary.

### **Factors that could, individually or collectively, lead to positive rating action/upgrade:**

An upgrade in BOB's IDR - though highly unlikely - or revision in its Outlook to Positive would have a similar effect on BOBNZ's IDR.

## **BEST/WORST CASE RATING SCENARIO**

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

## **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**

**SBI, BOB, PNB, CANARA, UBI, BOI, ICICI and AXIS**

These banks' Long-Term IDRs and Outlooks are linked to India's sovereign Long-Term IDR via the GSR, which reflects our view of the probability of extraordinary state support, should there be a need.

**BOBNZ**

BOBNZ's Long-Term IDR and the Outlook are the same as those of BOB, and its IDR is indirectly linked with the sovereign IDR via the SSR, which reflects our view of the high probability of extraordinary state support for BOB being extended to BOBNZ, should there be a need.

**ESG CONSIDERATIONS****SBI, BOB, PNB, CANARA, UBI AND BOI**

The above-mentioned banks have an ESG Relevance Score of '4' for Governance Structure, in line with similarly rated state banks. It reflects our assessment that key governance aspects, in particular board independence and effectiveness, ownership concentration and protection of creditor or stakeholder rights, have a moderate, yet negative influence, on their credit profiles, and are relevant to the ratings in conjunction with other factors.

Fitch views Indian state banks' governance to be less developed, which is evident from significant lending to higher-risk borrowers and segments that have led to above-average levels of poorly performing loans and credit losses. The board is typically dominated by government appointees, and business models often focus on supporting government strategy with lending directed towards promoting socioeconomic and macroeconomic policies, which may include lending to government-owned companies. These factors also drive our view on the bank's state linkages that affect support prospects that drive the long-term ratings.

**SBI, BOB, PNB, CANARA, UBI, BOI, ICICI AND AXIS**

The above-mentioned banks have an ESG Relevance Score of '4' for Financial Transparency. It reflects our assessment that the quality and frequency of financial reporting and the auditing process have a moderate, yet negative influence, on their credit profiles, and are relevant to the ratings in conjunction with other factors.

Occurrences of material asset-quality divergence have been minimal in recent years, but government and regulatory pandemic-related relief measures pose a risk to

transparent recognition of impaired loans, even though we expect private banks to be reasonably placed among peers. Still, financial transparency is considered pivotal for general business and depositor confidence and can lead to significant reputational risk if not managed well.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
senior unsecured	LT BBB- Affirmed	BBB-
Bank of Baroda	LT IDR BBB- Rating Outlook Stable Affirmed	BBB- Rating Outlook Negative
	ST IDR F3 Affirmed	F3
	Government Support bbb- Affirmed	bbb-
senior unsecured	LT BBB- Affirmed	BBB-
Bank of Baroda (New Zealand) Limited	LT IDR BBB- Rating Outlook Stable Affirmed	BBB- Rating Outlook Negative
	Shareholder Support bbb- Affirmed	bbb-
Punjab National Bank	LT IDR BBB- Rating Outlook Stable Affirmed	BBB- Rating Outlook Negative
	ST IDR F3 Affirmed	F3



Government Support    bbb-    Affirmed    bbb-

**VIEW ADDITIONAL RATING DETAILS**

**FITCH RATINGS ANALYSTS**

**Tania Gold**

Senior Director

Primary Rating Analyst

+65 6796 7224

tania.gold@fitchratings.com

Fitch Ratings Singapore Pte Ltd.

One Raffles Quay #22-11, South Tower Singapore 048583

**Prakash Pandey**

Associate Director

Secondary Rating Analyst

+91 22 4000 1773

prakash.pandey@fitchratings.com

**Saswata Guha**

Senior Director

Secondary Rating Analyst

+91 22 4000 1741

saswata.guha@fitchratings.com

**Jonathan Cornish**

Managing Director

Committee Chairperson

+852 2263 9901

jonathan.cornish@fitchratings.com

**MEDIA CONTACTS**

**Wai Lun Wan**

Hong Kong

+852 2263 9935

wailun.wan@thefitchgroup.com

**Bindu Menon**

Mumbai

+91 22 4000 1727

bindu.menon@fitchratings.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)**PARTICIPATION STATUS**

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure: ICICI Bank Limited

**APPLICABLE CRITERIA**

Bank Rating Criteria (pub. 13 Nov 2021) (including rating assumption sensitivity)

**ADDITIONAL DISCLOSURES**

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

**ENDORSEMENT STATUS**

Axis Bank Limited	EU Endorsed, UK Endorsed
Bank of Baroda	EU Endorsed, UK Endorsed
Bank of Baroda (New Zealand) Limited	EU Endorsed, UK Endorsed
Bank of India	EU Endorsed, UK Endorsed
Canara Bank	EU Endorsed, UK Endorsed
ICICI Bank Limited	EU Endorsed, UK Endorsed
Punjab National Bank	EU Endorsed, UK Endorsed
State Bank of India	EU Endorsed, UK Endorsed
Union Bank of India	EU Endorsed, UK Endorsed

**UNSOLICITED ISSUERS****ICICI Bank Limited (Unsolicited)**

With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

**DISCLAIMER & DISCLOSURES**

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link:

<https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its

reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

READ LESS

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

### UNSOLICITED ISSUERS

ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
ICICI Bank Limited	-	Long Term Issuer Default Rating	Unsolicited
ICICI Bank Limited USD 300 mln 3.25% bond/note 09-Sep-2022	XS1576750951	Long Term Rating	Unsolicited
ICICI Bank Limited	-	Short Term Issuer Default Rating	Unsolicited
ICICI Bank Limited	-	Government Support Rating	Unsolicited

## ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be.

Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

Banks   Asia-Pacific   India   New Zealand