Share Department, Board & Coordination Division, Head Office Plot No.4 Sector 10, Dwarka, New Delhi-110075 Tel No. : 011-28044857, E-mail: hosd@pnb.co.in

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: 10.06.2025

Dear Sir(s),

Reg.: Periodic review of ratings by Moody's Ratings

The Exchange is hereby informed that Moody's Ratings vide its credit opinion dated 10.06.2025 has **reviewed** the ratings of the Bank.

The ratings remain unchanged and are detailed as under:

S. No.	Category	Rating
1.	Outlook	Stable
2.	Counterparty Risk Rating	Baa3/P-3
3.	Bank Deposits	Baa3/P-3
4.	Baseline Credit Assessment	ba2
5.	Adjusted Baseline Credit Assessment	ba2
6.	Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
7.	Issuer Rating	Baa3

A copy of the credit opinion is enclosed.

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

Thanking You,

Bikramjit Shom

Digitally signed by Bikramjit Shom
DN: cn=Bikramjit Shom, c=IN, st=DELHI, o=Punjab National Bank, ou=HO Board, serialNumber=6f2651546fb6d9dcaa692694280f1d0198f3f1283652a85f10889a45fae593e8
Date: 2025.06.10 18:57:47 +05'30'

पंजाब नैशनल बैंक P.N.B. शेयर विभाग बोर्ड व समन्वय प्रभाग Board & Coord. Division Share Department H.O., New Delhi-110075 प्र.का., नई दिल्ली-110075

(Bikramjit Shom)
Company Secretary

Enclosed: As above

CREDIT OPINION
10 June 2025

Update

Send Your Feedback

RATINGS

Punjab National Bank

Domicile	New Delhi, India
Long Term CRR	Baa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Baa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Punjab National Bank

Update to credit analysis

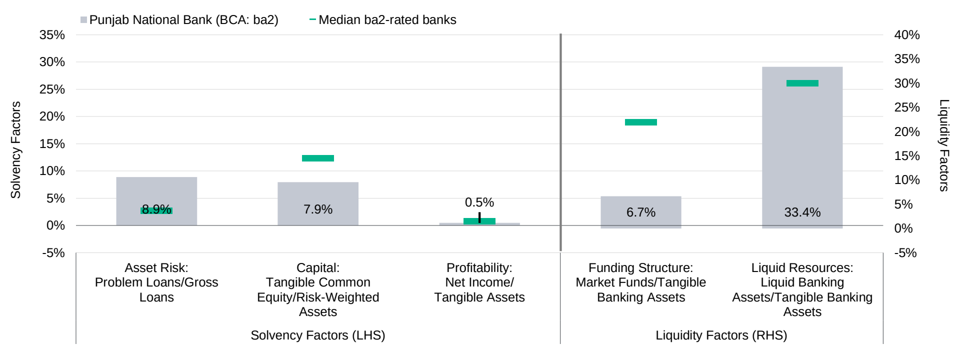
Summary

Punjab National Bank's (PNB) Baa3 long-term local- and foreign-currency bank deposit ratings reflect the bank's stable operating environment and its standalone credit metrics, as well as our continued assumption of a very high level of government support for the bank in times of need. The latter leads to a two-notch uplift to PNB's deposit ratings from its ba2 Baseline Credit Assessment (BCA).

The outlook on the ratings, where applicable, remains stable.

PNB's asset quality has improved in recent years due to a reduction in problem loans and an increase in loan loss coverage. We expect PNB's asset quality and profitability to remain stable over the next 12-18 months. The bank's funding and liquidity profiles remain key credit strengths, underpinned by its public-sector bank (PSB) status and extensive branch network across India (Baa3 stable).

Exhibit 1
Rating Scorecard - Key financial ratios



Data as of 31 March 2024.
Source: Moody's Financial Metrics™

Credit strengths

» Very high probability of support from the Indian government in times of stress

» Good funding and liquidity

Credit challenges

» Loans to the agriculture sector and micro, small and medium-size enterprises (MSMEs), which will continue to pose risks to asset quality

» Modest profitability

Outlook

The rating outlook is stable, in line with the stable outlook on India's sovereign rating and our view that the bank's standalone creditworthiness will be stable over the next 12-18 months.

Factors that could lead to an upgrade

» An upgrade of PNB's Baa3 deposit ratings is unlikely because they are at the same level as India's Baa3 sovereign rating.

» PNB's BCA could be upgraded if its tangible common equity (TCE)/risk-weighted assets (RWA) improves to above 13% and net income/tangible assets remains more than 1.2% on a sustained basis.

Factors that could lead to a downgrade

» We could downgrade PNB's deposit ratings if the sovereign rating is downgraded or the bank's BCA is lowered by more than one notch.

» A lowering of PNB's BCA is likely if its asset quality deteriorates, leading to higher credit costs and a decrease in its return on tangible assets to below 0.5% on a sustained basis; or TCE/RWA ratio declines below 7%.

Key indicators

Exhibit 2

Punjab National Bank (Consolidated Financials) [1]

	03-24[2]	03-23[2]	03-22[2]	03-21[2]	03-20[2]	CAGR/Avg.[3]
Total Assets (INR Billion)	15,908.1	14,859.0	13,333.1	12,749.7	8,486.7	17.0[4]
Total Assets (USD Billion)	190.7	180.8	176.0	174.4	112.2	14.2[4]
Tangible Common Equity (INR Billion)	752.5	659.4	598.0	534.8	431.8	14.9[4]
Tangible Common Equity (USD Billion)	9.0	8.0	7.9	7.3	5.7	12.1[4]
Problem Loans / Gross Loans (%)	5.9	8.9	11.9	14.3	14.5	11.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	7.9	7.7	7.7	6.7	8.2	7.6[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	43.4	61.3	75.9	85.1	81.1	69.3[5]
Net Interest Margin (%)	2.7	2.5	2.3	2.9	2.2	2.5[5]
PPI / Average RWA (%)	3.1	3.0	2.7	3.5	3.0	3.1[6]
Net Income / Tangible Assets (%)	0.7	0.3	0.4	0.2	0.1	0.3[5]
Cost / Income Ratio (%)	48.6	47.4	48.1	46.2	43.0	46.6[5]
Market Funds / Tangible Banking Assets (%)	6.7	6.4	5.2	4.8	9.5	6.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	33.4	35.9	35.7	37.0	35.1	35.5[5]
Gross Loans / Due to Customers (%)	75.9	72.3	70.9	69.0	77.3	73.1[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

Punjab National Bank is one of the largest PSBs in India with a deposit market share of 7.0% and a loan market share of 6.2% as of the end of December 2024. The Indian government held a 70.08% stake in the bank as of the end of March 2025.

On 1 April 2020, PNB merged with Oriental Bank of Commerce and United Bank of India. As of the end of March 2025, the bank operates through 10,189 domestic branches and 11,822 ATMs in India. The bank has two international branches in Dubai and Gift City, Gandhinagar, and subsidiary operations in London and Bhutan. PNB's international operations represented 4.5% of its gross loans as of the end of March 2025.

Detailed credit considerations

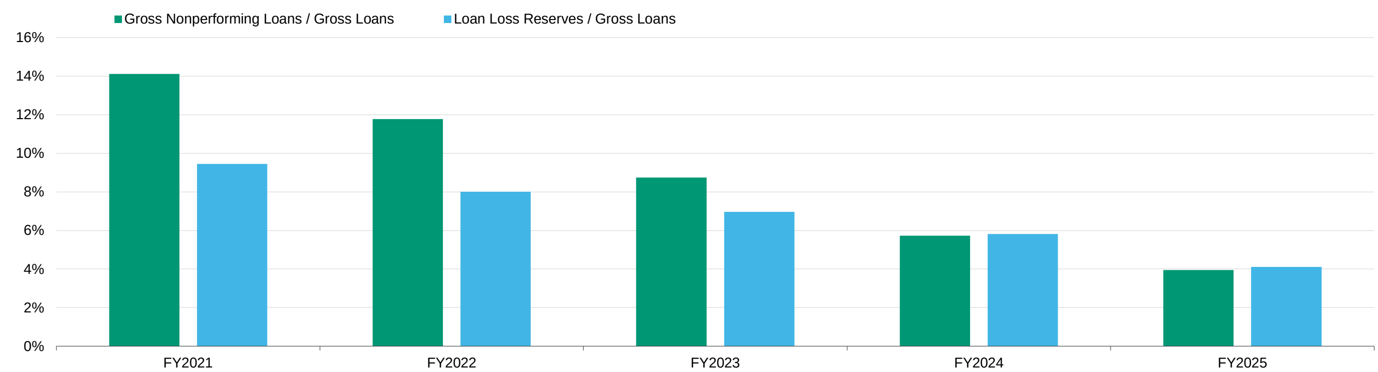
Asset quality has improved in recent years

The ba3 Asset Risk score reflects the consistent reduction in the bank's gross NPL ratio and our expectation that this trend will continue over the next 12–18 months, supported by recoveries and write-offs outpacing new NPL formation.

PNB's gross NPL ratio, on a standalone basis, declined to 3.9% as of the end of March 2025 (fiscal 2025) from 5.7% at the end of March 2024 (fiscal 2024) (Exhibit 1). PNB has strengthened its reported loan-loss coverage on problem loans to 96.8%, from 95.4% during this period.

Exhibit 3

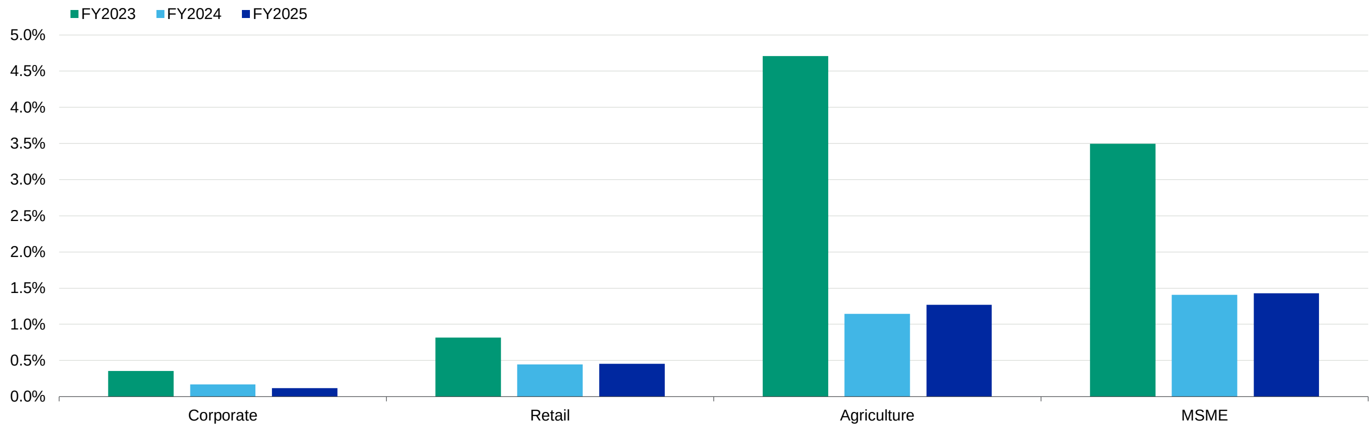
Gross and net NPL ratios on a standalone reported basis have steadily declined



Note: Data is on a standalone basis.
Source: PNB investor presentation, Moody's Ratings

The NPL ratio has declined across all customer segments. However, vulnerabilities remain in the micro, small and medium enterprises (MSME) and agriculture loan portfolios. These sectors have historically exhibited higher NPLs due to legacy underwriting issues and structural challenges such as weaker borrower profiles, which are susceptible to economic fluctuations. Newer loans in these sectors have performed better following tightened underwriting standards. As of fiscal 2025, gross NPL ratios for agriculture and MSME loans stood at 11.0% and 11.7%, respectively—still elevated but significantly lower than historical levels.

Exhibit 4
Improvement in underwriting standards across newer loan originations
Gross NPL formation by segment



Note: Years are fiscal years ending in March. For example, FY2025 is the fiscal year ended in March 2025.
Source: PNB investor presentation

Improved underwriting has resulted in a decline in gross NPL formation to 0.6% in fiscal 2025, notably lower than 1.8% in fiscal 2023. While corporate gross NPL formation remained low at 0.1%, there was a slight uptick in the retail and agriculture segments, rising to 0.5% and 1.3%, respectively.

As of March 2024, the top 20 exposures represented 249% of tangible common equity, indicating significant concentration. Although the bank continues to have a large borrower concentration, most of it comprises loans to government or quasi-government entities. We expect the quality of corporate loans to remain robust, given the improved financial health of corporations after a decade of deleveraging. PNB has also increased its exposure to strong corporate borrowers. As of March 2025, borrowers rated A and above on the domestic ratings scale accounted for 86.5% of large borrowings[1].

Within the retail portfolio, PNB has moderated disbursements in the unsecured personal loan segment while increasing the proportion of secured lending such as home loan, vehicle loan, and gold loans during fiscal 2025. However, the rapid expansion in retail lending in recent years leaves the bank exposed to potential risks from unseasoned portfolios.

Profitability will remain adequate

We assign a ba3 Profitability score to reflect our expectation that PNB's profitability will remain stable, with net income to tangible assets of around 0.8% - 1.0%.

On a consolidated basis, PNB's profitability, as measured by net income/tangible assets, improved to 0.9% in fiscal 2025, up from 0.7% the previous year. This improvement is mainly due to significantly lower credit costs, supported by lower gross provisions and strong recoveries from written-off loans, which helped offset a decline in net interest margin (NIM). We expect limited scope for further profitability gains due to a gradual decline in NIM and rising operating expenses.

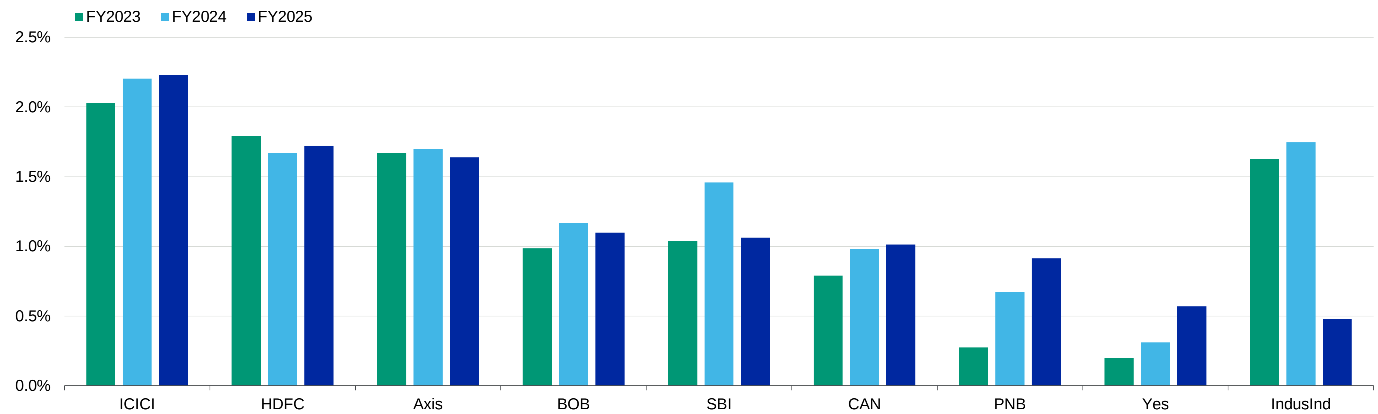
PNB's reported NIM on a standalone basis fell to 2.9% in fiscal 2025, down from 3.1% in fiscal 2024. While loan growth in the retail, agriculture, and MSME segments will help sustain yields on advances, NIMs are expected to decline slightly as banks reduce loan rates in response to policy rate cuts, while deposit repricing tends to lag.

PNB's non-interest income will remain strong, supported by opportunistic treasury gains amid falling interest rates. Non-interest income to total assets increased to 0.9% in fiscal 2025 from 0.8% the previous year, driven by a nearly threefold increase in treasury income.The bank's operating expenses remained stable at 1.8% of total assets for fiscal 2024 and 2025. We expect expenses to remain elevated, driven by persistently high employee costs, continued investments in technology, and ongoing branch-related spending.

At the same time, loan-loss provisions will remain modest despite slight increase from historically low levels.

On 02 May 2025, the Supreme Court of India annulled JSW Steel's INR 197 billion acquisition of Bhushan Power & Steel Ltd. (BPSL), citing violations of the Insolvency and Bankruptcy Code (IBC). This ruling comes nearly four years after the acquisition was completed. The Court found that the resolution plan approved in 2019 did not comply with certain procedural and legal requirements under the IBC, leading to its invalidation and an order for liquidation of BPSL. The Supreme Court of India has subsequently granted stay order on liquidation of BPSL pending verification of review petition to be filed by JSW Steel. PNB, as one of the lead lenders, had received INR 30 billion from JSW Steel and is now coordinating with other creditors to determine the next steps for legal recourse. Any significant impact on profitability or capital resulting from an adverse outcome would be credit negative.

Exhibit 5
Profitability will remain adequate
Net income/total assets - standalone



Note: Years are fiscal years ending in March. For example, FY2025 is the fiscal year ended in March 2025.
Source: Moody's Ratings

Capital will remain stable

We assign a b1 score to Capital to reflect the bank's moderate capital position.

PNB's Common Equity Tier 1 (CET1) capital ratio on a standalone basis improved to 12.3% as of the end of March 2025 from 11.0% a year earlier. PNB raised INR 50 billion through a qualified institutional placement during fiscal 2025, which improved its capital position by 65 basis points. PNB also raised INR 30 billion in Tier 2 capital during the year. This is credit positive as it demonstrates the bank's ability to access capital markets. The board has also approved a plan to raise INR 80 billion in fiscal 2026, comprising INR 40 billion through Additional Tier 1 (AT1) and INR 40 billion through Tier 2 bonds.

PNB has access to capital through government infusion in times of need. We expect capital to remain largely stable over the next 12–18 months, supported by improved profitability and higher capital retention to fund asset growth.

In February 2025, the Reserve Bank of India (RBI) reversed the higher capital requirements introduced in November 2023 for banks' exposures to microfinance loans and non-bank financial companies, while retaining higher risk weights on select categories of consumer credit.

Although capital support to affiliates may be necessary in the medium term, PNB's management does not expect any capital infusion needs within the next 12 to 18 months.

Indian banks will be transitioning to the expected credit loss (ECL) framework in the coming years. While the central bank has not yet announced a firm timeline, banks are expected to have around five years to fully transition, which could impact capital levels during the period.

Robust funding and liquidity

The baa2 Funding Structure score reflects the bank's good deposit franchise and low reliance on market funds.

Like most PSBs in India, PNB relies predominantly on customer deposits, which funded 85% of its total consolidated assets as of the end of March 2025. The bank's deposit franchise is supported by its status as one of the largest PSBs in India, and its nationwide branch and ATM network.

PNB has experienced a decline in the share of low-cost current and savings account (CASA) deposits, partly due to increased internet and mobile banking penetration, which has made it easier for customers to shift funds from CASA to term deposits. On a standalone basis, CASA deposits accounted for 38.0% of total domestic deposits as of March 2025, down from 47.4% in March 2022.

PNB's strong funding position is also supported by its low reliance on market funds. As of 31 March 2025, market funds as a percentage of tangible banking assets remained modest at 9.2%.

PNB maintains a healthy stock of liquid assets, primarily comprising cash, interbank assets, and government securities. The liquidity coverage ratio (LCR) on a consolidated basis stood at 136% as of 31 December 2024, well above the regulatory minimum of 100%. The bank's loan-to-deposit ratio was 71% as of 31 March 2025, lower than industry peers. We expect PNB to utilize some of its liquidity buffers to support future growth.

The baa2 Liquid Resources score reflects the above factors, as well as the bank's large exposure to the Indian government through its mandatory holdings of government securities.

PNB's BCA is supported by India's Moderate + macro profile

The macro profile is an analytical input used to determine each bank's BCA and is designed to capture the systemwide factors that are predictive of the propensity of banks to fail. Because PNB operates predominantly in India, we assigned a Moderate+ macro profile to the bank, in line with that assigned to India.

India's Moderate+ macro profile reflects a balance between its large, diverse economy with significant growth potential and challenges, such as low per capita income and moderate institutional strength. With strong underlying momentum, India's economy is likely to grow at 6.3% and 6.5% in 2025 and 2026 respectively, outpacing all other G20 economies. India's institutional strength incorporates improvements in monetary and macroeconomic policy effectiveness, reflecting robust post-pandemic growth, its commitment to inflation targeting and financial system reforms.

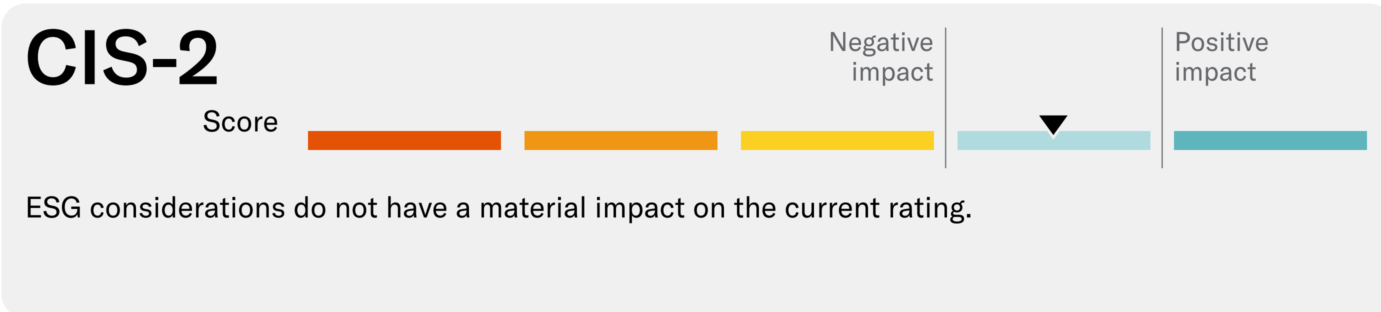
Credit conditions in India have gradually improved, with a significant reduction in the banks' stock of legacy problem loans over the past three years. Corporates' financial health has also improved following a decade of leverage reduction, while stress among non-bank financial institutions has abated. In addition, retail loans have performed well despite the pandemic-induced economic stresses, indicating better underwriting quality and relatively low household leverage in India, compared with those in many other Asian countries. However, the rapid growth in unsecured retail loans in recent years has raised concerns about unseasoned risks, with initial signs of these risks appearing in the form of increased delinquencies in recent months. High borrower concentration risk persists among Indian banks, although the risk is mitigated by their strong fundamentals.

The funding and liquidity of Indian banks are stable because these banks continue to be largely funded by customer deposits, with limited reliance on confidence-sensitive market funds. Furthermore, all the Indian banks that we rate meet their current LCR requirements, although only a portion of the banks' holdings of government securities is included as high-quality liquid assets in LCR calculations. This factor underscores the robustness of the banks' liquidity.

ESG considerations

Punjab National Bank's ESG credit impact score is CIS-2

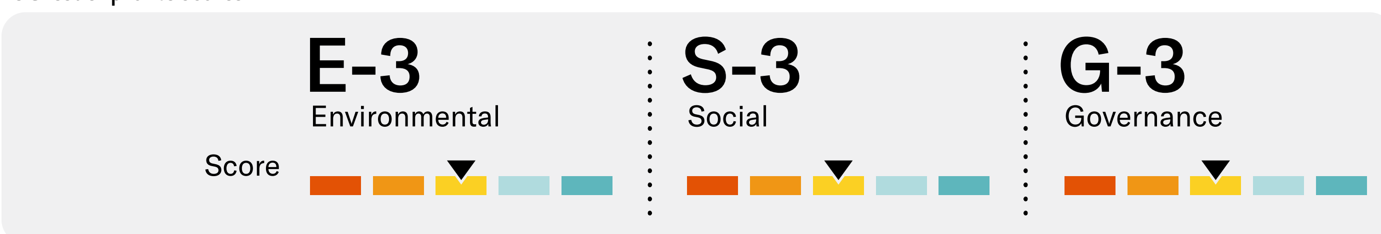
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

Punjab National Bank's **CIS-2** indicates that ESG considerations are not material to the ratings because a very high level of government support mitigates the impact of ESG factors on the ratings to date

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental
PNB faces moderate industrywide environmental risks from loan exposure to the agriculture sector, which is prone to water management issues, and to sectors subject to carbon transition risk. The risks are partially offset by the bank's diversified loan book, and our view that India is unlikely to adopt rapid decarbonization policies which may destabilize economic growth and hurt banks' asset quality.

Social
PNB faces moderate social risks related to customer relations, tightening regulatory and compliance standards, and the impact of potential technological disruptions associated with an increasingly digitally active customer base. However, the bank is generally focused on intermediation with simpler product ranges with few identified conduct issues and has been subject to looser regulatory scrutiny on consumer protection. Furthermore, the bank benefits from India's favorable demographic factors, low credit penetration, and the bank's focus on investing in digitization to improve customer experience and promote financial education.

Governance
PNB faces moderate governance risks. Its financial strategy and risk management are modest, as reflected by the significant asset-quality challenges over the past decade. PNB also faces potential strategic risks because of its government ownership and status as a public sector bank in India, which may limit management flexibility and independence.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support
PNB's ratings do not benefit from affiliate support.

Government support
Our assessment of a very high probability of government support for PNB in the event of financial distress takes into consideration the bank's importance to the domestic banking industry and its close relationship with the government, which held a 70.08% stake in the bank as of 31 March 2025. As a result of this assessment, the bank's Baa3 deposit ratings receive a two-notch uplift from its ba2 BCA.

Counterparty Risk (CR) Assessment
PNB's CR Assessment is Baa3(cr)/P-3(cr)

The CR Assessment, before government support, is in line with the bank's deposit ratings, reflecting our expectation that in the case of a bank rescue, the Indian regulators will not differentiate between banks' operational creditors and depositors as shown by the bailout of Yes Bank Limited (Ba3 stable, b1[2]). We then assign government support assumptions, in line with our support assumptions on deposits.

Counterparty Risk Ratings (CRRs)
PNB's CRRs are Baa3/P-3

PNB's CRRs, before government support, are in line with the bank's deposit ratings, reflecting our expectation that in the case of a bank rescue, the Indian regulators will not differentiate between banks' operational creditors and depositors as shown by the bailout of Yes Bank. We then assign government support assumptions, in line with our support assumptions on deposits.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may significantly differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 8

Rating Factors

Macro Factors		
Weighted Macro Profile	**Moderate +**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	8.9%	b1	↑	ba3	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	7.9%	b2	↔	b1	Access to capital	
Profitability						
Net Income / Tangible Assets	0.5%	ba3	↔	ba3	Expected trend	
Combined Solvency Score		b1		ba3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	6.7%	a3	↔	baa2	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	33.4%	baa1	↔	baa2	Expected trend	
Combined Liquidity Score		a3		baa2		
Financial Profile		ba2		ba2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Baa3		
BCA Scorecard-indicated Outcome - Range				ba1 - ba3		
Assigned BCA				ba2		
Affiliate Support notching				0		
Adjusted BCA				ba2		

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**
Counterparty Risk Rating	0	0	ba2	2	Baa3	Baa3
Counterparty Risk Assessment	0	0	ba2 (cr)	2	Baa3(cr)	
Deposits	0	0	ba2	2	Baa3	Baa3
Senior unsecured bank debt	0	0	ba2	2		Baa3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 9

Category	Moody's Rating
PUNJAB NATIONAL BANK	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Issuer Rating	Baa3

Source: Moody's Ratings

Endnotes

1 For borrowers with a portfolio above INR250 million

2 The bank ratings shown in this report are the bank's deposit ratings and BCA.

REPORT NUMBER 1444956

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454