

Punjab National Bank — 12 Dec 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed (AAA / Stable); Tier-I Bonds at AA+ (1-notch lower due to coupon discretion risk)
Outlook	Current: Stable
Key Drivers of Change	<ol style="list-style-type: none"> Systemic Importance: 70.08% GoI ownership ensures "distress support" (Moral obligation) given 5.9% market share. Capital Cushion: Consolidated Networth of ₹1,42,905 Cr; Standalone CAR healthy at 17.19% (Sep-25). Asset Quality Pivot: Standalone GNPA reduced sharply from 8.74% (Mar-23) to 3.45% (Sep-25). Granular Resources: Domestic CASA at 37.2%; Top 20 depositors constitute only 3.2% of total deposits.
Rated Instruments	1. Certificate of Deposits: ₹35,000 Cr
Key Observations	<p>Strengths: 3rd largest PSB; High PCR of 90% (excl. technical write-offs); Strong retail footprint (54% of advances in RAM segment).</p> <p>Risks: RoA moderated to 0.7% in H1FY26 (vs 1.0% in FY25) due to one-time tax regime shift; Agri and MSME GNPA remain elevated at ~10.3% and ~10.2% respectively; Slippage ratio slightly ticked up to 0.77% (annualized) in H1FY26.</p>
Investor Impact	<p>Growth: Healthy 9.5% annualized growth in global advances.</p> <p>Margins: Net Interest Income (NII) to Assets dipped to 2.3% (lag in rate transmission).</p> <p>Dilution Risk: Low; internal accruals and high CAR (17.19%) reduce immediate need for equity infusion.</p> <p>Profitability: RoA needs to stabilize above 0.8% for meaningful valuation re-rating.</p>
Agency / Cross Analysis	<p>Same Agency: Reaffirmed AAA. Since 2023, the bank moved from AA+ to AAA, signaling a permanent exit from the "weak bank" category.</p> <p>Alignment: Rating aligns with improved solvency (Networth/Net NPA at 35.5x) and GoI's continued majority stake.</p> <p>Conclusion: Consistent improvement in credit profile; focus has shifted from "survival" to "growth and profitability."</p>
Final Inference	Real structural improvement. The AAA rating reflects a fortress balance sheet backed by the Sovereign; however, for equity investors, the focus must be on whether RoA can return to 1.0% once tax-related volatility subsides.