Rating Rationale

December 13, 2023 | Mumbai

Punjab National Bank

'CRISIL AA+/Stable' assigned to Tier I Bonds (Under Basel III)

Â

Rating Action

Rs.4000 Crore Tier I Bonds (Under Basel III)	**CRISIL AA+/Stable (Assigned)**
Tier I Bonds (Under Basel III) Aggregating Rs.6000 Crore (Reduced from Rs.7500 Crore)	**CRISIL AA+/Stable (Reaffirmed)**
Tier II Bonds (under Basel III) Aggregating Rs.11010 Crore (Reduced from Rs.12500 Crore)	**CRISIL AAA/Stable (Reaffirmed)**
Perpetual Tier-I Bonds (under Basel II) Aggregating Rs.642.5 (Reduced from Rs.942.5 Crore)	**CRISIL AAA/Stable (Reaffirmed)**
Rs.35000 Crore Certificate of Deposits$	**CRISIL A1+ (Reaffirmed)**
Infrastructure Bonds Aggregating Rs.5000 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Lower Tier-II Bonds (under Basel II) Aggregating Rs.560 Crore (Reduced from Rs.760 Crore)	**CRISIL AAA/Stable (Reaffirmed)**
Upper Tier-II Bonds (under Basel II) Aggregating Rs.1390 Crore (Reduced from Rs.4500 Crore)	**CRISIL AAA/Stable (Reaffirmed)**

$ Transferred from Oriental Bank of Commerce
1 crore = 10 millionÂ Â Â
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned **â€˜CRISIL AA+/Stableâ€™** rating to Tier I bonds (under Basel III) and reaffirmed its â€˜CRISIL AAA/CRISIL AA+/Stable/CRISIL A1+â€™Â ratings on the existing debt instruments of Punjab National Bank (PNB).

Â

The ratings factor in consistent improvement in the bankâ€™s underlying asset quality reflected by limited slippages, higher recoveries and consequently lower gross non-performing assets (GNPA). This was driven by conscious measures undertaken by the bank to refine its underwriting and recovery mechanisms; amidst multiple challenges faced by it in the past including large legacy accounts, branch integration post-merger of other banks into it and thereafter pandemicâ€™s impact on the economy. The bankâ€™s GNPA ratio has improved to 7.0% as on September 30, 2023 (8.7% as on March 31, 2023 and 11.8% as on March 31, 2022) from a peak of 18.4% as on March 31, 2018, primarily stemming from corporate book recoveries. Annualized slippage ratio (as defined by additions to NPA as a proportion of opening gross advances) improved to 0.8% for first half of fiscal 2024 (H1 FY24) as compared to 2.0% for FY23 and 3.3% for FY22. With the bank aiming at maintaining healthy provision buffers, the Net NPA ratio too has improved to its decadal low at 1.5% as on September 30, 2023 (2.7% as on March 31, 2023, 4.8% as on March 31, 2022). Despite subdued profitability in the past, the earnings profile has been on an improving trajectory since last 6 quarters as the bank reported annualized Return on Assets (RoA) of 0.47% and 0.34% for the first and second quarters of fiscal 2024 (as compared to 0.32%, 0.18%, 0.12% and 0.09% for Q4, Q3, Q2 and Q1 of fiscal 2023).

Â

With a healthy provision coverage ratio (PCR) excluding technical write-offs at 80.0% as on September 30, 2023, the incremental credit costs are expected to be limited, supporting the gradual improvement in the profitability. However, the bankâ€™s ability to contain slippages, manage overall asset quality and sustainably improve its overall earnings profile (even as the bank transitions to ECL framework) would remain a key monitorable.

Â

The outstanding ratings on the debt instruments of PNB continue to factor in the expectation of strong support from the majority owner, Government of India (GoI), established market position and the bankâ€™s healthy resource profile.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has factored in the support the bank is expected to receive from GoI. This is because GoI is both the majority shareholder in PSBs and the guardian of India's financial system. The stability of the banking sector is of prime importance to GoI, given the criticality of the sector to the economy, the strong public perception of government backing for PSBs, and the severe implications of any PSB failure in terms of political fallout, systemic stability, and investor confidence in public sector institutions.

Â

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Strong expectation of support from the GoI**
  The ratings continue to factor in the expectation of strong government support, both on an ongoing basis and in the event of any distress. This is because GoI is both the majority shareholder in PSBs, and the guardian of India's financial system. Stability of the banking sector is of prime importance to GoI, given the criticality of the sector to the economy, strong public perception of sovereign backing for PSBs, and severe implications of any PSB failure, in terms of political fallout, systemic stability, and investor confidence in public sector institutions. CRISIL Ratings believes the majority ownership creates a moral obligation on GoI to support PSBs, including PNB. As part of the â€˜Indradhanushâ€™ framework, the government had pledged to infuse at least Rs 70,000 crore in PSBs, over fiscals 2015 to 2019, of which Rs 25,000 crore was infused in both fiscals 2016 and 2017. Further, in October 2017, the government had outlined a recapitalisation package of Rs 2.11 lakh crore over fiscals 2018 and 2019; PNB, erstwhile Oriental Bank of Commerce (OBC) and erstwhile United Bank of India (UBI) received aggregate Rs 11,678 crore in fiscal 2018 and Rs 25,839 crore in fiscal 2019. Also, on August 30, 2019, GoI had announced its plan to merge 10 PSBs into four along with its plan for first round of capital infusion of Rs 55,250 crore for fiscal 2020 out of which PNB and erstwhile UBI received Rs 16,091 crore and Rs 1,666 crore respectively. Thus, over the past four fiscals, GoI infused around Rs 55,724 crore into the combined entity. During the first half of fiscal 2022, the bank raised Rs 1800 crore via QIP. CRISIL Ratings believes that GoI will continue to provide distress support to all PSBs and will not allow any of them to fail; it will also support them to meet Basel III capital regulations.

Â

- **Adequate capitalisation**
  PNB remains adequately capitalized with Tier I and overall CAR (under Basel III) at 12.0% and 15.1% respectively as on September 30, 2023 (12.7% and 15.5% respectively as on March 31, 2023). The bankâ€™s networth coverage for net NPA improved to 7.8 times as on September 30, 2023 (4.4 times as on March 31, 2023, 2.7 times as on March 31, 2021). Capitalisation has been supported by regular infusion from GoI. CRISILÂ RatingsÂ believes that PNB will be able to maintain adequate capitalisation over the medium term, backed by capital support from GoI.Â

Â

  The recent regulation by RBI on revised risk weights on unsecured consumer loans, including credit card receivablesÂ andÂ loans to NBFCs beyond a specific threshold is expected to have an impact on the capital ratios of the bank. However, the capitalisation levels would remain comfortable.Â

Â

- **Established market position:Â**
  PNB has a strong presence in the Indian banking system with market share of ~6.3% of the systemâ€™s advances at Rs 9,41,721 crore as on September 30, 2023. It is the second largest public sector bank in India in terms of total assets (Rs 14,97,100 crore as on September 30, 2023). Its total deposits stood at Rs 13,09,910 crore as on September 30, 2023.The bank has pan-India presence through a network of 10,092 branches as on September 30, 2023. The Bank also has increased its share of retail, agriculture and MSME advances to 55.6% of gross domestic advances as on September 30, 2023 (51.2% as on March 31, 2022) driven by faster growth in the retail book.

Â

- **Healthy resource profile:Â**
  The resource profile of the bank remains healthy. The bank had a large and geographically diversified deposit base which grew by 9.75% Y-o-Y to Rs 13,09,910 crore as on September 30, 2023 driven by growth in term deposits. The domestic CASA ratio declined to 42.1% as on September 30, 2023 (43.0% as on March 31, 2023, 47.43% as on March 31, 2022). Moreover, retail term deposits (with size less than Rs 2 crore) and savings deposits comprised around 78% of total deposits as on March 31, 2023. The cost of deposit rose to 4.8% for H1 FY24 (4.1% for fiscal 2023, 4.0% for fiscal 2022). Overall, CRISIL Ratings believes that the bank will maintain a healthy resource profile over the medium term.

Â

Weaknesses:

- **Modest asset quality, albeit on improving trend:**
  The asset quality of the bank has shown continuous improvement with GNPA at 7.0% as on September 30, 2023 down from 8.7% as on March 31, 2023 (11.8% as on March 31, 2022) driven by increased recoveries and lower incremental slippages.

Â

  The incremental slippages for the bank remain limited and have exhibited an improving trend with annualized slippage ratio at 0.8% for H1 FY24 as compared to 2.0% for fiscal 2023 and 3.3% for fiscal 2022. On a quarterly basis also, the slippages have shown a continued improving trajectory. The recoveries are stemming primarily from the corporate book, thereby resulting in improved GNPA ratio for the corporate book at 3.0% as on September 30, 2023 (from 5.0% as on March 31, 2023 and 8.5% as on March 31, 2022). The GNPA ratios for the Agriculture and MSME segments stood at 16.3% each as on September 30, 2023 (18.3% and 18.9% respectively as on March 31, 2023).

Â

  The overall SMA-1 and SMA-2 accounts as a proportion of gross advances stood at 2.2% as on September 30, 2023 (2.1% as on March 31, 2023, 4.5% as on March 31, 2022). Under the RBIâ€™s resolution framework 1.0 and RBIâ€™s resolution framework 2.0 announced by the RBI, the standard restructured book accounted for <1% of gross advances as on September 30, 2023.

Â

  Furthermore, since bank has been conservatively focusing on enhancing its provision coverage, the Net NPA considerably improved to 1.5% as on September 30, 2023 from 2.7% as on March 31, 2023 (4.8% as on March 31, 2022).

Â

  CRISIL Ratings expects the trajectory of improving asset quality metrics to continue going forward. The bankâ€™s ability to improve its collections especially in the Agriculture and MSME segments, contain the slippages at current levels and thereby improve the overall asset quality remains a key rating monitorable.

Â

- **Average, albeit improving, profitability:**
  Primarily as a result of the elevated asset quality metrics, PNBâ€™s earnings profile has been constrained over the last few years because of high provisioning costs. The bank has steadily increased its overall provisioning and the provision coverage ratio (PCR) excluding technical write-off to 80.0% as on September 30, 2023 from the levels of 70.8% as on March 31, 2023 and 62.2% as on March 31, 2022.

Â

  Total income (net of interest expense) to total assets ratio improved a tad to 3.5% annualised for H1 FY24 from 3.4% in fiscal 2023 and 3.2% in fiscal 2022. This was however offset by higher OPEX ratio which increased to 1.9% in H1 FY24 from 1.7% in fiscal 2023 and 1.6% in fiscal 2023, owing to initiatives taken for digital and HR transformation as well as wage revision impact. The credit costs improved to 1.0% in H1 FY24 from 1.3% in fiscal 2023 (1.3% in fiscal 2022). Thus, with steady pre-provisioning profits and lower credit costs, the bank reported profit after tax of Rs 3,102 crore for H1 FY24, already higher than Rs 2,507 crore for fiscal 2023 (FY22: Rs 3,457 crore) translating into an RoA of 0.41% for H1 FY24 (FY23: 0.18%, FY22: 0.27%).

Â

  However, the bankâ€™s ability to sustainably improve its overall earnings profile (even as the bank transitions to ECL framework) would remain a key monitorable.

<u>Liquidity: Superior</u>

Liquidity is comfortable, supported by a strong retail deposit base. Liquidity coverage ratio (based on simple average for daily observations) stood at 162.3% as on March 31, 2023, against the regulatory requirement of 100%. The bank also has access to systemic sources of funds, such as the liquidity adjustment facility from Reserve Bank of India, access to the call money market, and refinance limits from sources such as the National Housing Bank and the National Bank for Agriculture and Rural Development.

Â

<u>ESG profile</u>

CRISIL Ratings believes thatÂ PNBâ€™s Environment, Social, and Governance (ESG) profile supports its already strong credit risk profile.

Â

The ESG profileÂ for financial sector entitiesÂ typicallyÂ factors in governance as a key differentiator between them. The sector has reasonable social impact because of its substantial employee and customer base and can play a key role in promoting financial inclusion. While the sector does not have a direct adverse environmental impact, the lending decisions may have a bearing on the environment.

Â

PNBÂ has an ongoing focusÂ on strengthening various aspectsÂ of its ESG profile.
Â
PNBâ€™s key ESG highlights:

- As a policy, the Bank restricts extending finance for setting up new units producing / consuming Ozone Depleting Substances (ODS) and does not advocate financial assistance to small / medium scale units engaged in the manufacturing of aerosolÂ units using Chlorofluorocarbons (CFC), thus enabling reduction in greenhouse effect.
- For promoting green economy, the bank has introduced various financing schemes like PNB Solar Energy Scheme, scheme for financing e-rickshaws, scheme for financing setting up of bio-gas units, solar power project financing, scheme for financing Green houses, soil conservation, and schemes for installation of solar water pumping system.
- The bank has introduced products like PNB Green Car loan (purchase of new electronic car for personal use), financing of solar power systems under Housing Loan scheme (installation of rooftop solar system at residential house) and PNB Green ride (to assist operators of e-rickshaws).
- Of the total workforce, around 24% comprised of women as on March 31, 2023. Further, the bank has taken initiatives to promote gender equity within the organization.Â
- 42%Â of the board members are independent directors, and none of them have tenure exceeding 10 years.Â Â The bankÂ also has a dedicated investor grievance redressal mechanism.
- ESG disclosures of the bank are evolving; and it is in the process of further strengthening the disclosures going forward.

Â
There is growing importance of ESG among investors and lenders. PNBâ€™s commitment to ESG will play a key role in enhancing stakeholder confidence, given shareholding by foreign portfolio investors and access to both domestic and foreign capital markets.

Outlook: Stable
CRISIL Ratings believes PNB will maintain its strong market position in the financial services sector in India and will continue to benefit from strong support from GoI,

Rating Sensitivity factors
Downward factors:

- Material change in shareholding and/or expectation of support from GoI
- Substantial deterioration in the asset quality metrics from its current levels, thereby also impacting earnings profile
- Decline in capital adequacy ratios below minimum regulatory requirements (including capital conservation buffer, which is Tier I of 9.5% and overall CAR of 11.5%) for an extendedÂ period
- Significant deterioration in the eligible reserves available with the bank (for Tier-I bonds under Basel III)
- Downward revision in Tier-II bonds will result in corresponding change in rating of Tier-I bonds (under Basel III).

About the Company
PNB, established in 1895 in Lahore, Pakistan, expanded its operations through mergers and acquisitions before being nationalised in 1969. On March 4, 2020, the Union Cabinet approved the amalgamation of PNB, UBI and OBC, and the merger got effective from April 1, 2020. The GoI owned 73.15% of the bank as on March 31, 2023.

Key Financial Indicators

As on / for the period / year endedÂ	Â	Sep-23 (H1 FY24)	Mar-23 (FY23)	Mar-22 (FY22)
Total assets	Rs crore	14,97,100	14,61,831	13,14,805
Total income (net of interest expenses)	Rs crore	25,889	46,634	41,014
Profit after tax	Rs crore	3,012	2,507	3,457
Gross NPA	%	6.96	8.74	11.78
Overall capital adequacy ratio	%	15.09	15.5	14.5
Return on assets (annualized)	%	0.41	0.18	0.27

Any other information
Note on Tier-I Instruments (under Basel III)
The distinguishing features of non-equity Tier-I capital instruments (under Basel III) are the existence of coupon discretion at all times, high capital thresholds for likely coupon non-payment, and principal write-down (on breach of a pre-specified trigger). These features increase risk attributes of non-equity Tier-I instruments over those of Tier-II instruments under Basel III, and capital instruments under Basel II. To factor in these risks, CRISIL notches down the rating on these instruments from the bank's corporate credit rating. The rating on PNBâ€™s Tier-I bonds (under Basel III) has, therefore, been lowered by two notches from its corporate credit rating to 'CRISIL AA-, in line with CRISIL's criteria (refer to 'CRISIL's rating criteria for BASEL III compliant instruments of banks').

The factors that could trigger a default event for non-equity Tier-I capital instruments (under Basel III) resulting in non-payment of coupon are: i) the bank exercising coupon discretion; ii) inadequacy of eligible reserves to honour coupon payment if the bank reports losses or low profits; or iii) the bank breaching the minimum regulatory Common Equity Tier-I ratio. Moreover, given the additional risk attributes, the rating transition for non-equity Tier-I capital instruments (under Basel III) can potentially be higher and faster than that for Tier-II instruments.
Â
CRISIL's rating on the Tier I bonds (under Basel III) of PNB is as per the criteria 'CRISIL's rating criteria for BASEL III-compliant instruments of banks'. CRISIL evaluates the bank's (i) reserves position (adjusted for any medium-term stress in profitability) and (ii) cushion over regulatory minimum CET1 (including CCB) capital ratios. Also evaluated is the demonstrated track record and management philosophy regarding maintaining sufficient CET1 capital cushion above the minimum regulatory requirements. Post the completion of the merger with OBC and UBI, the merged PNB reported huge losses. Subsequently, on August 4, 2020, the bank has taken shareholder approval for utilisation of share premium account for the purpose of setting off accumulated losses. This has supported the eligible reserves which post the adjustment stood at around Rs 26515 crores as on June 30, 2020. Consequently, the eligible reserves to total asset ratio was adequateat 2.2%.Â A material reduction in this cushion would be a rating sensitivity factor for Tier I bonds.
Â
Note on Tier-II Instruments (under Basel III)
The distinguishing feature of Tier-II capital instruments under Basel II, is the existence of the point of non-viability (PONV) trigger, occurrence of which may result in loss of principal to the investors, and hence, to default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. CRISIL believes that the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and the systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the rating on the instrument.
Â

Note on Hybrid Instruments (under Basel II)
Given that hybrid capital instruments (tier-I perpetual bonds and upper tier-II bonds; under Basel II) have characteristics that set them apart from lower tier-II bonds (under Basel II), the ratings on the two instruments may not necessarily be identical. The factors that could trigger a default event for hybrid instruments include: the bank breaching the regulatory minimum capital requirement, or the regulatorâ€™s denial of permission to the bank to make payments of interest and principal if the bank reports losses. Hence, the transition from one rating category to another may be significantly sharper for these instruments than in the case of Lower Tier-II bonds; this is because debt servicing on hybrid instruments is far more sensitive to the bankâ€™s overall capital adequacy levels and profitability

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure -Â Details of Instrument'Â in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities -Â including those that are yet to be placed -Â based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the Instrument	Date of Allotment	Coupon rate (%)	Maturity Date	Issue SizeÂ (Rs in crs)	Complexity levels	Rating assignedÂ with outlook
INE160A08209	Tier I Bonds (under Basel III)	09-Dec-21	8.40%	Perpetual	2000	Highly Complex	CRISIL AA+/Stable
INE160A08217	Tier I Bonds (under Basel III)	17-Jan-22	8.50%	Perpetual	1971	Highly Complex	CRISIL AA+/Stable
INE160A08225	Perpetual Tier I Bonds (under Basel III)	06-Jul-22	8.75%	Perpetual	2000	Highly Complex	CRISIL AA+/Stable
NA	Tier I Bonds (under Basel III)^	NA	NA	NA	4029	Highly Complex	CRISIL AA+/Stable
INE160A08068	Infrastructure Bonds	09-Feb-15	8.23	09-Feb-25	1000	Simple	CRISIL AAA/Stable
INE160A08084	Infrastructure Bonds	24-Mar-15	8.35	24-Mar-25	1800	Simple	CRISIL AAA/Stable
NA	Infrastructure Bonds^	NA	NA	NA	2200	Simple	CRISIL AAA/Stable
INE160A08019	Tier II Bonds (Under Basel III)	24-Feb-14	9.65	24-Feb-24	1000	Complex	CRISIL AAA/Stable
INE160A08027	Tier II Bonds (Under Basel III)	28-Mar-14	9.68	28-Mar-24	500	Complex	CRISIL AAA/Stable
INE160A08035	Tier II Bonds (Under Basel III)	03-Apr-14	9.68	03-Apr-24	500	Complex	CRISIL AAA/Stable
INE160A08043	Tier II Bonds (Under Basel III)	09-Sep-14	9.35	09-Sep-24	500	Complex	CRISIL AAA/Stable
INE160A08050	Tier II Bonds (Under Basel III)	30-Sep-14	9.25	30-Sep-24	1000	Complex	CRISIL AAA/Stable
INE160A08142	Tier II Bonds (Under Basel III)	26-Dec-19	8.15	26-Dec-29	1500	Complex	CRISIL AAA/Stable
INE160A08159	Tier II Bonds (under Basel III)^	29-Jul-20	7.25	29-Jul-30	994	Complex	CRISIL AAA/Stable
INE160A08167	Tier II Bonds (under Basel III)^	14-Oct-20	7.25	14-Oct-30	1500	Complex	CRISIL AAA/Stable
INE160A08175	Tier II Bonds (under Basel III)^	11-Nov-20	7.1	09-Nov-35	1500	Complex	CRISIL AAA/Stable
INE160A08191	Tier II Bonds (under Basel III)	18-Nov-21	7.10%	18-Nov-31	1919	Complex	CRISIL AAA/Stable
NA	Tier II Bonds (under Basel III)^	NA	NA	NA	81	Complex	CRISIL AAA/Stable
NA	Tier II Bonds (under Basel III)^	NA	NA	NA	6	Complex	CRISIL AAA/Stable
NA	Tier II bonds (Under Basel III)^	NA	NA	NA	10	Complex	CRISIL AAA/Stable
NA	Upper Tier-II Bonds (under Basel II)^	NA	NA	NA	1390	Highly Complex	CRISIL AAA/Stable
NA	Perpetual Tier-I Bonds (under Basel II)^	NA	NA	Perpetual	642.5	Highly Complex	CRISIL AAA/Stable
NA	Lower Tier-II Bonds (under Basel II)^	NA	NA	NA	560	Complex	CRISIL AAA/Stable
NA	Certificates of deposit Programme	NA	NA	7-365 days	35000	Simple	CRISIL A1+

^Yet to be issued

Annexure â€“ List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
PNB Gilts	Full	Subsidiary
PNB Investment Services Ltd.	Full	Subsidiary
Punjab National Bank (International) Ltd.	Full	Subsidiary
Druk PNB Bank Ltd	Full	Subsidiary

Â

Annexure - Rating History for last 3 Years

Â	Current			2023 (History)		2022Â		2021Â		2020Â		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	35000.0	CRISIL A1+	29-11-23	CRISIL A1+	22-06-22	CRISIL A1+	02-12-21	CRISIL A1+	25-09-20	CRISIL A1+	--
Â	Â	Â	--	21-06-23	CRISIL A1+	Â	--	04-10-21	CRISIL A1+	01-09-20	CRISIL A1+	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL A1+	Â	--	--
Infrastructure Bonds	LT	5000.0	CRISIL AAA/Stable	29-11-23	CRISIL AAA/Stable	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA+/Positive	Â	--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Lower Tier-II Bonds (under Basel II)	LT	560.0	CRISIL AAA/Stable	29-11-23	CRISIL AAA/Stable	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA+/Positive	Â	--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Perpetual Tier-I Bonds (under Basel II)	LT	642.5	CRISIL AAA/Stable	29-11-23	CRISIL AAA/Stable	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA+/Positive	Â	--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Tier I Bonds (Under Basel III)	LT	10000.0	CRISIL AA+/Stable	29-11-23	CRISIL AA+/Stable	22-06-22	CRISIL AA/Stable	02-12-21	CRISIL AA/Stable	25-09-20	CRISIL AA-/Stable	CRISIL AA-/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA/Positive	Â	--	04-10-21	CRISIL AA/Stable	01-09-20	CRISIL AA-/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA/Stable	07-07-20	CRISIL AA-/Watch Developing	--
Tier II Bonds (Under Basel III)	LT	11010.0	CRISIL AAA/Stable	29-11-23	CRISIL AAA/Stable	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA+/Positive	Â	--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--
Upper Tier-II Bonds (under Basel II)	LT	1390.0	CRISIL AAA/Stable	29-11-23	CRISIL AAA/Stable	22-06-22	CRISIL AA+/Stable	02-12-21	CRISIL AA+/Stable	25-09-20	CRISIL AA+/Stable	CRISIL AA+/Watch Developing
Â	Â	Â	--	21-06-23	CRISIL AA+/Positive	Â	--	04-10-21	CRISIL AA+/Stable	01-09-20	CRISIL AA+/Stable	--
Â	Â	Â	--	Â	--	Â	--	29-09-21	CRISIL AA+/Stable	07-07-20	CRISIL AA+/Watch Developing	--

All amounts are in Rs.Cr.

Â ÂÂ

Criteria Details

Links to related criteria
[Rating Criteria for Banks and Financial Institutions]
[Rating criteria for Basel III - compliant non-equity capital instruments]
[Rating Criteria for Hybrid Capital instruments issued by banks under Basel II guidelines]
[Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support]
[CRISILs Criteria for Consolidation]
[CRISILs Criteria for rating short term debt]

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani**	Ajit Velonie Senior Director **CRISIL Ratings Limited** B:+91 22 3342 3000 ajit.velonie@crisil.com Malvika Bhotika Director **CRISIL Ratings Limited** B:+91 22 3342 3000 malvika.bhotika@crisil.com	Timings: 10.00 amÂ to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com Â For Analytical queries: ratingsinvestordesk@crisil.com

Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja GaikwadÂ** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	MEERA JAYENDRABHAI THAKRAR Senior Rating Analyst **CRISIL Ratings Limited** B:+91 22 3342 3000 MEERA.THAKRAR@crisil.com	

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites andÂ portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such asÂ bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).
Â
CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").
Â
For more information, visitÂ www.crisilratings.comÂ
Â

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.Â

It is Indiaâ€™s foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visitÂ www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE
Â
CRISIL respects your privacy. We may use your contact information, such as your name, addressÂ and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report'Â includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy,

Â

Â

CRISIL Ratings uses the prefix 'PP-MLD'Â for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link:Â https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html