Punjab National Bank

September 20, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Tier-I Bonds (Basel III)[#]	2,000.00	CARE AA+; Stable	Assigned
Infrastructure bonds	5,000.00	CARE AAA; Stable	Revised from CARE AA+; Positive
Tier-I Bonds (Basel III)[#]	5,142.50	CARE AA+; Stable	Revised from CARE AA; Positive
Tier-II Bonds (Basel III)[&]	12,590.00	CARE AAA; Stable	Revised from CARE AA+; Positive
Certificate of deposit	60,000.00	CARE A1+	Reaffirmed

Details of instruments in Annexure-1.

[&]Tier-II Bonds under Basel-III are characterised by a 'point of non-viability' (PONV) trigger due to which the investor may suffer a loss of principal. The PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I (CET I) capital of the bank should be considered the most appropriate way to prevent the bank from turning non-viable.

[#]CARE Ratings Limited (CARE Ratings) has rated the aforementioned Basel-III Compliant Additional Tier-I Bonds after taking into consideration the following key features:

- The bank has full discretion, at all times, to cancel the coupon payments. The coupon is to be paid out of the current year's profits. However, if the current year's profits are not sufficient, ie, payment of such coupon is likely to result in losses during the current year, the balance of coupon payment may be made out of the revenue reserves including statutory reserves and/or credit balance in profit and loss account and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation provided the bank meets the minimum regulatory requirements for CET I, Tier-I and total capital ratios and capital buffer frameworks as prescribed by the RBI.
- The instrument may be written-down upon CET I breaching the pre-specified trigger of 5.5% before March 31, 2019, 6.125% on and after March 31, 2019, and 7% on or after October 01, 2021, or written-off/converted into common equity shares on the occurrence of the trigger event called PONV. The PONV trigger will be determined by the RBI.

Any delay in the payment of interest or principal (as the case may be) due to invocation of any of the features mentioned above will constitute an event of default as per CARE Ratings' definition of default, and as such these instruments may exhibit somewhat sharper migration of the rating compared with other subordinated debt instruments

Rationale and key rating drivers

The revision in the ratings assigned to the debt instruments of Punjab National Bank (PNB) factors in sustained improvement in asset quality parameters and reduction in incremental slippages, which along with expected recoveries from non-performing assets (NPAs), is expected to further improve the asset quality leading to lower credit cost and resultant improvement in profitability going forward.

The ratings continue to factor in the majority ownership and the continued and expected support by the Government of India (GoI) to the bank considering its systemic importance and the position in the Indian banking sector being the second-largest public sector bank (PSB) and the fifth-largest bank in India in terms of total business (advances and deposits). The ratings continue to derive strength from PNB's strong and established franchise through its PAN-India branch network, helping it garner deposits.

The ratings further factor in improvement in the capitalisation levels of the bank due to capital infusion over the recent past and accretion to profit, which has provided the bank adequate capital buffer over and above the minimum regulatory requirement, which will help the bank fund its credit growth and absorb any loss in the near future.

Although PNB's asset quality has seen significant improvement, it remains weaker as compared to peer large PSBs and its return metrics remain subpar as compared to peer large PSBs on account of increase in the operating cost as well has higher credit cost incurred by the bank during FY23 and Q1FY24. CARE Ratings expects the bank's asset quality parameters to improve in the near term which would improve its earnings profile.

Rating sensitivities: Factors likely to lead to rating actions

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Positive factors – Factors that could lead to positive rating action/upgrade:
- Not applicable

Negative factors – Factors that could lead to negative rating action/downgrade:
- Reduction in government support and ownership below 51%.
- Deterioration in the asset quality parameters with net NPA (NNPA) to net worth ratio of over 30% on a sustained basis.
- Decline in profitability on a sustained basis.
- Moderation in capitalisation cushion levels of less than 1% over and above the minimum regulatory requirement.

Analytical approach
The ratings are based on the standalone profile of the bank and factor in the strong and continued support from the GoI, which holds the majority shareholding in the bank.

Outlook: Stable
The 'stable' outlook reflects CARE Ratings' expectation that PNB will continue to maintain its steady growth in advances, deposits, and a healthy profitability profile over the medium term while maintaining stable asset quality and comfortable capitalisation levels.

Detailed description of the key rating drivers

Key strengths
Majority ownership and expected continued support from the GoI
GOI continues to be the majority shareholder holding 73.15% stake in PNB as on June 30, 2023. GOI has been supporting PSBs with regular capital infusions and steps to improve capitalisation, operational efficiency and asset quality. Given the majority ownership of GOI and its systemic importance being one of the largest PSBs in the domestic banking system, CARE Ratings expects the bank to receive timely adequate capital and operational support from GOI as and when required and considers it a key rating sensitivity.

Long track record of operations with an established franchise with advances growth contributed largely by retail segment
PNB has a long and established operational track record of more than a century and is second largest nationalised bank in terms of business (advances + deposits) as on June 30, 2023. Post amalgamation of the erstwhile Oriental Bank of Commerce and the erstwhile United Bank of India with PNB with effect from April 01, 2020, the PAN-India geographical presence of PNB has risen substantially, thereby furthering its existing strong franchise with a network of 10,078 branches (including two overseas branches) and 12,898 ATMs, catering to a customer base of over 18.5 crore throughout the country as on March 31, 2023.
The bank's gross advances stood at ₹916,836 crore as on June 30, 2023 (March 31, 2023: ₹884,681 crore, March 31, 2022: ₹785,104 crore), registered a growth of 14.58% y-o-y. Retail (22% of gross advances), agriculture (16% of gross advances) and micro, small and medium enterprises - MSME (14% of gross advances) segment grew by 19.41% y-o-y, whereas corporate segment grew comparatively slower at 9.64% y-o-y. The retail segment alone rose by 40.14%, whereas agriculture and MSME reported growth of 9.26% and 5.96%, respectively. The wholesale proportion stood at 47% of gross advances as on June 30, 2023 (March 31, 2023: 53%, March 31, 2022: 50%) which is similar to peers. CARE Ratings expects the bank's advance mix to not alter materially from the current levels.

Strong liability franchise helping the bank garner deposits
PNB's strong liability franchise helps its stable liability profile, as depicted by the high deposit base along with the high proportion of Current Account Savings Account (CASA) deposits. The total deposits grew by 11.77% during FY23 with growth contributed entirely by term deposits which grew by 21.32% y-o-y, whereas the CASA deposits stayed flat, resulting in share of CASA deposits to the total deposits to decline to 41.99% as on March 31, 2023 (June 30, 2023: 40.90%) as against 46.56% as on March 31, 2022. The growth in CASA deposits was muted during FY23, which was in line with industry trend on account of higher interest rate differential between CASA deposits and term deposits. CARE Ratings expects this to continue even for FY24.

Comfortable capitalisation levels supported by internal accruals

The bank has seen steady improvement in its capitalisation levels post its amalgamation with sufficient capital cushion over the regulatory limits. The bank raised ₹4,214 crore by way of Tier-I bonds and ₹4,000 crore through Tier-II bonds in FY23 and ₹3,090 crore Tier-II bonds. The bank's capital adequacy ratio (CAR) stood at 15.54%, with Tier-I CAR of 12.29% and CET I Ratio of 10.85% as on June 30, 2023 (March 31, 2022: 14.50%, 11.73% and 10.56%, respectively) and has significant cushion over the minimum regulatory requirement. The comfortable capital cushion has enhanced its ability to absorb asset quality pressures as well as support growth in the near term. The bank has board approvals to raise upto ₹12,000 crore in FY24 by way of Tier-I bonds of ₹7,000 crore and Tier-II bonds of ₹5,000 crore. CARE Ratings expects PNB to maintain capitalisation similar to the peer group and at least 1% cushion over the minimum regulatory requirements and is a rating sensitivity.

Key weaknesses

Improvement in asset quality; albeit remains moderate

The bank has seen improvement in its asset quality parameters with reduction in gross NPAs (GNPA) and NNPA over the years due to lower slippages, significant write-offs and recoveries. The bank has written-off NPAs of ₹61,335 crore and cash recoveries of ₹29,785 crore during last three years (FY21 to Q1FY24) as against fresh slippages of ₹70,912 crore during the same period. The GNPA and NNPA improved to 7.73% and 1.98% as on June 30, 2023 (March 31, 2023: 8.74% and 2.72%) as against peak of 14.12% and 5.72% as on March 31, 2021 (March 31, 2022: 11.78% and 4.79%), which continues to be still high compared to its peer banks. The slippage ratio (on net opening advances) improved to 2.31% for FY23 and 1.18% for Q1FY24 as against 3.90% for FY22 and 4.40% for FY21. The bank has seen reduction in slippages in the corporate advances segment during FY23 and Q1FY24, whereas slippages in MSME and agriculture continued to be high for FY23 though reduced during Q1FY24. Overall, MSME segment had the highest NPA at 17.83%, followed by agriculture with 17.05%, corporates including overseas at 3.82%, and retail at 2.86% as on June 30, 2023. PNB continues to maintain sufficient provision coverage ratio (PCR) excluding technically written-off (TWO) accounts at 75.84% (PCR including TWO at 89.83%) as on June 30, 2023. The bank has been focusing on recoveries from NPA and taken measures to improve its underwriting processes and standards which have helped the bank to reduce incremental slippages. The bank expects to recover around ₹22,000 crore during FY24 and has recovered ₹5,416 crore during Q1FY24. CARE Ratings expects the recoveries from NPAs to help the bank's asset quality parameters as well as improve the earnings profile of the bank in the near future.

The standard restructured assets have reduced from 2.93% of gross advances as on March 31, 2022 to 2.03% as on June 30, 2023 (March 31, 2023: 2.15%). Gross stressed assets and net stressed assets to net worth have also fallen from 14.93% and 95.22% as on March 31, 2022 to 9.93% and 54.37% as on June 30, 2023 (March 31, 2023: 11.06% and 63.95%), respectively. Furthermore, the SMA accounts (0, 1 and 2) have reduced significantly from around 22% gross advances as on March 31, 2022 to around 9% as on June 30, 2023, thereby reducing the potential slippages.

The high NPAs were a result of the legacy book and the new book originated post-merger through the improved underwriting has significantly lower NPAs (loans underwritten since July 2020 have NPAs of 0.22%). Going forward, as per the management guidance, CARE Ratings notes that the bank expects the recoveries to be more than the slippages with assets quality parameters to improve from the current levels with GNPA of below 6.5% and NNPA below 1% by March 2024, thereby reducing credit cost and ultimately improving profitability. Therefore, the ability of the bank to contain its slippages will key rating monitorable.

Improvement in earnings but muted profitability

The bank witnessed a rise in its yields on account of significant rise in the interest rates supported by growth in gross advances during FY23 resulting its interest income to jump to ₹85,144 crore during FY23 from ₹74,880 crore for FY22. The cost of deposits also rose due to increase in the proportion of bulk term deposits, resulting in its interest expenses to increase by 9.67% at ₹50,652 crore during FY23 as compared with ₹46,185 crore for FY22. The net interest income for FY23 increased to ₹34,492 crore from ₹28,694 crore for FY22, registering a jump of 20% due to a higher increase in yields as compared to increase in its cost of deposit in an increasing interest rate scenario. As a result, the bank's net interest margin (NIM) rose to 2.54% for FY23 from 2.29% for FY22 as the bank has been passing increase in interest cost, the margin has not been impacted. However, as the bank has raised its deposit rates, the NIM is expected to moderate in FY24.

Non-interest income for the FY23 fell marginally as compared with the previous year due to treasury loss in FY23 on account to significant rise in the interest rates compensated by higher recoveries from written off accounts. The operating cost increased by 19% in FY23 as compared with previous year on account of which is due to wage revision and pension liability.

The pre-provision operating profit (PPOP) grew by 8.51% for the year FY23. The bank made higher provisions during FY23 to increase the PCR. The profit before tax (PBT) marginally fell to ₹4,288 crore as compared with ₹4,316 crore for FY22 on account of relatively higher provisions. However, the profit after tax (PAT) fell significantly due to higher taxes for FY23 and the bank reported PAT of ₹2,507 crore against a PAT of ₹3,457 crore for FY22, translating into a return on total assets (ROTA) of 0.18% for FY23 as against 0.28% for FY22.

The profitability of the bank improved during Q1FY24 and PNB reported a net profit of ₹1,255 crore for Q1FY24 on a total income of ₹28,579 crore as against a net profit of ₹308 crore on a total income of ₹21,294 crore for the corresponding quarter the previous year. The improvement in the total income was on account of the rise in interest income due to advances book growth. PNB reported a ROTA of 0.35% for Q1FY24 vs. 0.10% for Q1FY23. CARE Ratings notes that the profitability as indicated by ROTA was low for FY23 and Q1FY24 and will continue to trail behind its banking peers even for FY24.

Liquidity: Strong

The bank's liquidity profile is supported by the bank's strong retail and CASA depositor base. According to the structural liquidity statement as on June 30, 2023, there were no negative cumulative mismatches in the time buckets up to 12 months. The liquidity coverage ratio as on June 30, 2023, stood at 159.54%, as against the minimum regulatory requirement of 100%. The bank also had an excess statutory liquidity ratio (SLR) of 7.47% as on June 30, 2023, which provides a liquidity buffer, and the bank can borrow against it in case of any liquidity requirement during contingency. The bank also manages its deposit maturities in a particular time bucket by appropriately modifying deposit rates. Furthermore, the bank has access to systemic liquidity like the RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) along with access to refinancing from the Small Industries Development Bank of India (SIDBI), the National Housing Bank (NHB), the National Bank For Agriculture And Rural Development (NABARD), etc, and access to call money markets.

Environment, social, and governance (ESG)

- The bank is taking various steps towards ESG like inclusion of sustainable financing, consideration of Environmental aspects while loan origination via Internal Rating Models, taking DEI (diversity, equity and inclusion) initiatives for employment, training of women, rural population belonging to lower strata of society and so on.

Applicable criteria

Policy on default recognition
Factoring Linkages Government Support
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Rating Basel III - Hybrid Capital Instruments issued by Banks
Bank

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Banks	Public Sector Bank

About the company and industry

PNB, established in 1894 and nationalised in 1969 is a PSB with substantial footprint in the domestic market. The government announced the amalgamation of erstwhile Oriental Bank of Commerce (eOBC) and erstwhile United Bank of India (eUBI) amalgamated with PNB with effect from April 1, 2020. In terms of asset size the bank is the third-largest PSB and second-largest in terms of total business in India. The bank has over 18.5 crore customers and network of 10,080 domestic branches (2 international), 12,820 ATMs, 25,115 business correspondents and around 100,000 employees as on June 30, 2023.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24 (UA)
Total income	87,199	97,287	28,579
PAT	3,457	2,507	1,255
Total assets	1,281,954	1,429,431	1,450,628
Net NPA (%)	4.79	2.72	1.98
ROTA (%)	0.28	0.18	0.25

A: Audited; UA: Unaudited. All analytical ratios are as per CARE Ratings' calculations
Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Certificate Of deposit	Proposed				60,000.00	CARE A1+
Tier-II Bonds (Basel III)	INE160A08092	February 5, 2016	8.65%	February 5, 2026	1,500.00	CARE AAA; Stable
Tier-II Bonds (Basel III)	INE160A08241	December 01, 2022	7.89%	December 01, 2037	4,000.00	CARE AAA; Stable
Tier-II Bonds (Basel III)	INE141A08019	October 27, 2014	9.20%	October 27, 2024	1,000.00	CARE AAA; Stable
Tier-II Bonds (Basel III)	INE141A08035	October 26, 2015	8.34%	October 26, 2025	1,000.00	CARE AAA; Stable
Tier-II Bonds (Basel III)	INE160A08274	June 30, 2023	7.74%	June 30, 2038	3,090.00	CARE AAA; Stable
Tier-II Bonds (Basel III)	Proposed				2,000.00	CARE AAA; Stable
Infrastructure bonds	INE160A08068	February 9, 2015	8.23%	February 9, 2025	1,000.00	CARE AAA; Stable
Infrastructure bonds	INE160A08084	March 24, 2015	8.35%	March 24, 2025	1,800.00	CARE AAA; Stable
Infrastructure bonds	Proposed				2,200.00	CARE AAA; Stable
Additional Tier-I Bonds (Basel III)	INE160A08076	February 13, 2015	9.15%	Perpetual	1,500.00	CARE AA+; Stable
Additional Tier-I Bonds (Basel III)	INE160A08183	January 28, 2021	8.60%	Perpetual	495.00	CARE AA+; Stable
Additional Tier-I Bonds (Basel III)	INE160A08258	December 23, 2022	8.40%	Perpetual; Call Option on December 23, 2027	582.00	CARE AA+; Stable
Additional Tier-I Bonds (Basel III)	INE160A08266	January 27, 2023	8.75%	Perpetual; Call Option on January 27, 2028	974.00	CARE AA+; Stable
Additional Tier-I Bonds (Basel III)	Proposed				3,591.50	CARE AA+; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Bonds-Tier I Bonds	LT	79.50	CARE AA+; Stable	1)CARE AA; Positive (21-Jun-23) 2)CARE AA; Positive (10-Apr-23)	1)CARE AA; Positive (23-Nov-22)	1)CARE AA; Stable (24-Nov-21) 2)CARE AA; Stable (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
2	Bonds-Tier II Bonds	LT	390.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA; Stable (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
3	Bonds-Perpetual Bonds	LT	-	-	-	-	1)Withdrawn (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
4	Bonds-Tier II Bonds	LT	1000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA; Stable (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
5	Bonds-Tier II Bonds	LT	2500.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA; Stable (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
6	Bonds-Upper Tier II	LT	-	-	-	-	1)Withdrawn (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
7	Bonds-Tier I Bonds	LT	563.00	CARE AA+; Stable	1)CARE AA; Positive (21-Jun-23) 2)CARE AA;	1)CARE AA; Positive (23-Nov-22)	1)CARE AA; Stable (24-Nov-21) 2)CARE AA;	1)CARE AA; Stable (05-Oct-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
					Positive (10-Apr-23)		Stable (30-Sep-21)	
8	Certificate Of Deposit	ST	60000.00	CARE A1+	1)CARE A1+ (21-Jun-23) 2)CARE A1+ (10-Apr-23)	1)CARE A1+ (23-Nov-22)	1)CARE A1+ (24-Nov-21) 2)CARE A1+ (30-Sep-21)	1)CARE A1+ (05-Oct-20)
9	Bonds-Tier I Bonds	LT	1500.00	CARE AA+; Stable	1)CARE AA; Positive (21-Jun-23) 2)CARE AA; Positive (10-Apr-23)	1)CARE AA; Positive (23-Nov-22)	1)CARE AA; Stable (24-Nov-21) 2)CARE AA-; Stable (30-Sep-21)	1)CARE AA-; Stable (05-Oct-20)
10	Bonds-Infrastructure Bonds	LT	2000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
11	Bonds-Infrastructure Bonds	LT	3000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
12	Bonds-Tier II Bonds	LT	2000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
13	Bonds-Lower Tier II	LT	-	-	-	1)Withdrawn (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
14	Debt-Perpetual Debt	LT	-	-	1)Withdrawn (10-Apr-23)	1)CARE AA; Positive (23-Nov-22)	1)CARE AA; Stable (24-Nov-21) 2)CARE AA; Stable (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
15	Bonds-Perpetual Bonds	LT	-	-	-	-	1)Withdrawn (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
16	Bonds-Lower Tier II	LT	-	-	1)Withdrawn (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
17	Bonds-Upper Tier II	LT	-	-	-	-	1)Withdrawn (30-Sep-21)	1)CARE AA; Stable (05-Oct-20)
18	Bonds-Lower Tier II	LT	-	-	1)Withdrawn (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
19	Bonds-Tier II Bonds	LT	1000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
20	Bonds-Tier II Bonds	LT	1000.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	1)CARE AA+; Positive (23-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 2)CARE AA+; Stable (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
21	Bonds-Tier II Bonds	LT	-	-	-	-	1)Withdrawn (30-Sep-21)	1)CARE AA+; Stable (05-Oct-20)
22	Bonds-Tier I Bonds	LT	3000.00	CARE AA+; Stable	1)CARE AA; Positive (21-Jun-23) 2)CARE AA; Positive (10-Apr-23)	1)CARE AA; Positive (23-Nov-22)	1)CARE AA; Stable (24-Nov-21) 2)CARE AA-; Stable (30-Sep-21)	1)CARE AA-; Stable (17-Nov-20)
23	Bonds-Tier II Bonds	LT	2500.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23) 2)CARE AA+; Positive (10-Apr-23)	-	-	-
24	Bonds-Tier II Bonds	LT	2200.00	CARE AAA; Stable	1)CARE AA+; Positive (21-Jun-23)	-	-	-
25	Bonds-Tier I Bonds	LT	2000.00	CARE AA+; Stable				

Annexure-3: Detailed explanation of the covenants of the rated instruments

Additional Tier-I Bonds	Detailed Explanation
Covenants	
Call option	After five years/10 years
Write-down trigger	There are two types of write-down triggers: 1. A 'Trigger Event' means that the Bank's CET-1 Ratio is: (i) if calculated at any time prior to October 01, 2021, at or below 6.125%; or (ii) if calculated at any time from and including October 1, 2021, at or below 7% (the "CET-1 Trigger Event Threshold") 2. PONV Trigger, in respect of the bank, means the earlier of: (i) a decision that a principal write-down, without which the bank would become non-viable, is necessary, as determined by the RBI; and (ii) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the RBI.
If write-down, full or partial	Full or partial
If write-down, permanent or temporary	In case of pre-specified trigger – permanent or temporary. In case of PONV Trigger – only permanent.
If temporary write-down, description of write-up mechanism	The instrument may be written-up (increase) back to its original value in future, depending upon the conditions prescribed in the terms and conditions of the

Additional Tier-I Bonds	Detailed Explanation
	instrument.

Tier-II Bonds (Basel-III)	Detailed Explanation
Covenants	
Call option	After 5 years/10 years
Write-down trigger	The PONV trigger, in respect of the bank means the earlier of: (i) a decision that a principal write-down, without which the bank would become non-viable, is necessary, as determined by the RBI; and (ii) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the RBI.
If write-down, full or partial	Full or partial
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	Not applicable

Annexure-4: Complexity level of the various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1.	Bonds-Tier-II Bonds	Complex
2.	Bonds-Tier-I Bonds	Highly complex
3.	Infrastructure bonds	Simple
4.	Certificate of deposit	Simple

Annexure-5: Lender details

Not applicable

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:
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