

Punjab National Bank — 30 Sep 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings (CareEdge)
Rating Change	No Change (Reaffirmed at CARE AAA for Tier II Bonds)
Outlook (Current vs Previous)	Stable (Maintained)
Key Drivers of Change	<ol style="list-style-type: none">Timely Interest Servicing: Paid ₹257.70 Cr for Basel III AT I Bonds (Series VII) on due date (Sept 29, 2025).Technical Failure vs. Credit Default: Only ₹0.15 Cr (net of TDS) failed due to a <i>closed bank account</i> of a holder, not lack of funds.Liquidity Strength: Agency confirmed PNB had sufficient liquidity on the payment date.Regulatory Adherence: Unpaid amount moved to a designated escrow account per SEBI circular (Nov 18, 2024), neutralizing default risk.
Rated Instruments	<ol style="list-style-type: none">Basel III AT I Bonds (Series VII): ₹257.70 Cr (Interest portion), Rated (Specific rating not in snippet, usually notched lower than Tier II).Tier II Bonds: CARE AAA; Stable.
Key Observations	<ol style="list-style-type: none">(+) Operational Integrity: Bank demonstrated "willingness to pay" by executing the bulk of the transaction.(+) Technical Mitigation: Immediate transfer to escrow proves procedural maturity.(+) Liquidity Buffer: No signs of cash crunch despite high-value coupon payments.(!) Data Hygiene Issue: Minor failure highlights the need for better investor record management to avoid "technical default" optics.(+) CARE Stance: Explicitly states failure was "beyond bank's control."
Investor Impact	<ol style="list-style-type: none">Risk Signal: Minimal; this is a procedural glitch, not a solvency issue.Margins: Interest payout is as per schedule; no unexpected cost impact.Dilution Risk: Zero; no "Write-down" or "Conversion" triggers were activated for these AT I bonds.Market Sentiment: Neutral to Positive; agency's quick clarification prevents panic selling on "payment failure" headlines.
Agency / Cross Analysis	<p>Same Agency (Credit Update): This is a tactical update following a stock exchange disclosure. It aligns with the previous AAA rating, focusing on "timeliness" and "liquidity."</p> <p>Conclusion: Improvement in Transparency. The bank proactively disclosed a minor technical failure, and the agency validated it as a non-credit event.</p>
Final Inference	Real procedural improvement masked by a technical glitch. For equity investors, PNB remains a high-safety credit play with no immediate risk to its capital structure or Tier-1 capital adequacy.