

PNB TO CONSIDER DEBT RAISING PLAN FOR FY23 ON 29 MARCH

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Government-owned [Punjab National Bank](#) (PNB) is set to consider a fundraising plan through AT1 and AT2 bonds for next fiscal, on March 29. The announcement was made on Monday.

In its regulatory filing, PNB said that "a meeting of the Board of Directors of the Bank is scheduled on Tuesday, 29th March 2022 for inter alia considering the proposal for raising of capital through the issuance of Basel-III Compliant Additional Tier-1 Bonds and/or Tier-2 Bonds or combination thereof."

The bonds issuance will be in one or more tranches for the financial year 2022-23.

On BSE, PNB stock finished at Rs35.70 apiece down by 0.83%. The stock has touched an intraday high and low of Rs36.20 apiece and Rs35.60 apiece respectively.

Basel 3 compliant AT1 bonds are popularly perpetual debt instruments and do not carry any maturity date. Since these bonds do not have any maturity period, lenders then have a call option that allows them to redeem these bonds during a scheduled period.

Tier II bonds consist of undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt, and investment reserve accounts.

As per RBI's circular, Tier I capital consists mainly of share capital and disclosed reserves and it is a bank's highest quality capital because it is fully available to cover losses. Tier II capital, on the other hand, consists of certain reserves and certain types of subordinated debt.

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