Ref No: PSB/HO/Shares Cell / 43 /2026-27 **August 22, 2026**

To,

BSE Limited, **Department of Corporate Services,** 25th floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. **SCRIP ID : PSB** **SCRIP CODE : 533295**	**National Stock Exchange of India Ltd.,** Exchange Plaza, C – 1, Block – G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. **SYMBOL: PSB SERIES: EQ**

Dear Sir,

Reg: Rating by CARE Ratings

We are pleased to inform that that CARE Ratings vide Press Release dated August 21, 2026 has reaffirmed the Rating of the Tier II Bonds issued by the Bank as detailed hereunder:

Instrument Type	**Rating & Outlook**
Tier II Bond Series XIV of Rs 500 crore	CARE AA; Stable (Reaffirmed)
Tier II Bond Series XV of Rs 237.30 crore	CARE AA; Stable (Reaffirmed)
Tier II Bond Series XVI of Rs 500 crore	CARE AA; Stable (Reaffirmed)

The Press Release is enclosed for reference.

We request you to take note of the above pursuant to Regulation 30 and 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully

Saket Mehrotra Digitally signed by Saket Mehrotra Date: 2026.08.22 18:13:34 +05'30'

PUNJAB & SIND BANK H.O. Accounts & Audit Deptt. (Shares Cell) (शेयर कक्ष) EAST KIDWAI NAGAR, NEW DELHI

Saket Mehrotra
Company Secretary

Punjab and Sind Bank

August 21, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Tier-II Bonds[&]	SEBI	500.00	CARE AA; Stable	Reaffirmed
Tier-II Bonds[&]	SEBI	237.30	CARE AA; Stable	Reaffirmed
Tier-II Bonds[&]	SEBI	500.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities 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. 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 the financial losses and raising the Common Equity Tier-I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

Reaffirmation of the rating to the debt instruments of Punjab and Sind Bank (PSB) considers the improvement in asset quality in FY26 aided by recoveries and lower incremental slippages. The rating continues to favourably factor in majority ownership of and demonstrated and expected support from Government of India (GoI), comfortable capitalisation levels supported by multiple equity infusions in the past and accretion of profit in recent years, and established presence in northern states of India.

Going forward, CARE Ratings Limited (CareEdge Ratings) expects recovery in the bank's net interest margin (NIM) in line with the industry trend due to diversification of business mix in favour of higher yield retail products. With comfortable capitalisation, CareEdge Ratings expects the bank's advances to grow at higher rate than that of the industry.

However, the rating remains constrained by the fact that despite improvement, PSB's profitability remains moderate in comparison to peer banks with high interest expenses and operating costs and sizeable share of non-earning assets in the form of zero-coupon recapitalisation bonds. The rating also factors in PSB's relatively lower proportion of low-cost current account savings account (CASA) deposits and high geographical concentration in the states of northern India with major presence in New Delhi and Punjab.

CareEdge Ratings notes that despite improvement in potential weak assets (SMA 1 and 2) in FY26, net stressed assets of PSB remain high in relation to its net worth compared to peer public sector banks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in the size of the bank and profitability while maintaining comfortable capitalisation and good asset quality.

Negative factors

- Dilution in GoI support philosophy or in its stake in the bank below 51%.
- Deterioration in asset quality parameters with gross non-performing asset (GNPA) exceeding 5% on a sustained basis.
- Significant decline in capitalisation cushion above the minimum regulatory requirement on a sustained basis.

Analytical approach: Standalone

The rating is based on standalone profile of the bank and factors in continued support from GoI, which holds majority shareholding in the bank.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation of continued growth in earnings with further improvement in asset quality parameters while maintaining comfortable capitalisation levels in the near-to-medium term.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Majority ownership and support by GOI

GOI continues to be the majority shareholder holding 93.85% stake in PSB. GoI has been supporting public sector banks with regular capital infusions and taking steps to improve capitalisation, operational efficiency, and asset quality. In FY22, GOI had infused equity capital of ₹4,600 crore into the bank, which helped the bank in improving the capital ratios and support growth. GOI has infused cumulative capital of ₹11,672 crore (₹785 crore in FY18, ₹787 crore in FY20, ₹5,500 crore in FY21 and ₹4,600 crore in FY22) against recapitalisation bonds (with maturities between 10 and 15 years). Given the majority ownership of GOI, CareEdge Ratings expects PSB to receive timely and adequate support in the form of capital as and when required.

Adequate capitalisation levels

PSB has received significant amount of equity capital against zero coupon recapitalisation bonds in FY21 and FY22 (₹5,500 crore in FY21 and ₹4,600 crore in FY22) from GoI. The bank's profitability improved over the last four years leading to accretion to net worth, which has helped the capitalisation level of the bank.

In FY25, pursuant to the Reserve Bank of India's (RBI's) amendment to the 'Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021' dated March 31, 2022, PSB had fair valued the investments in recapitalisation bonds of ₹10,100 crore received in FY21 and FY22; however, the difference was not adjusted through P&L as required by the notification as the bank was given special exemption by RBI to not do so. As a result, the bank's tangible net worth declined as the adjustment was routed directly through General Reserves of the bank.

In FY25, the bank raised equity capital of ₹1,219 crore through qualified institutional placement (QIP) of equity shares which along with accretion of profit helped the bank's capitalisation levels. The bank reported an improvement in capital adequacy parameters and reported capital adequacy ratio (CAR) of 17.42% with Common Equity Tier (CET) I Ratio of 15.92% as on March 31, 2026, compared to CAR of 17.41% with CET I Ratio of 15.59% as on March 31, 2025.

As on June 30, 2026, the bank reported CAR of 17.61% and CET I Ratio of 16.56% The bank has board approval to raise equity capital of up to ₹3,000 crore through QIP of equity shares and ~₹2,000 crore through issue of Tier-II / Tier-I Bonds. GoI would be required to reduce its shareholding in the bank to below 75% to enable it to meet the regulatory criteria for public shareholding. The bank has significant cushion over the minimum regulatory requirement, which would help the bank to achieve its targeted credit growth in the near term. CareEdge Ratings expects the bank to maintain sufficient capital cushion to meet the targeted credit growth supported by improvement in internal accruals, capital raise and unwinding of discount on recapitalisation bonds.

Improving asset quality

There has been significant improvement in PSB's asset quality over the last six years. The bank reported GNPA ratio of 2.40% as on March 31, 2026 (3.38% as March 31, 2025) compared to 14.18% as on March 31, 2020, supported by write-offs and recoveries of NPAs. The bank has been providing for NPAs and its provision coverage ratio (PCR) stood at 67.53% (excluding technically written-off accounts) as on March 31, 2026 (PY: 68.36%). As a result of higher PCR, the bank's net NPA (NNPA) ratio declined from 8.03% as on March 31, 2020, to 0.79% as on March 31, 2026, and further to 0.65% as on June 30, 2026. The bank's NNPA to net worth ratio stood at 7.07% as on March 31, 2026 (PY: 8.52%).

The bank has been focusing on retail, agriculture, and MSME (RAM) segments to increase granularisation in its advances. The proportion of corporate lending portfolio has decreased from 53% of advances as on March 31, 2020, to 41% of advances as on March 31, 2026. The bank has seen reduction in incremental slippages resulting in slippages ratio improving from 1.01% for FY25 to 0.70% in FY26 from 1.01% in FY25.

Key weaknesses

Moderate, though improving profitability

CareEdge Ratings observes that after being under pressure in FY18-FY21, PSB's earnings profile has improved significantly in the last five years owing to improvement in asset quality parameters. In FY26, the bank's advances growth was higher compared to the industry growth. The bank's interest income has increased to ₹11,982 crore in FY26 from ₹11,481 crore in FY25 registering a growth of ~4.4%, while its interest expense also increased by ~6.1% from ₹7,698 crore in FY25 to ₹8,170 crore in FY26. As a result, the bank's net interest income remained stable with a growth of ~0.7%, from ₹3,784 crore in FY25 to ₹3,811 crore in FY26. The bank's net interest margin (NIM) resultantly decreased from 2.49% in FY25 to 2.25% in FY26 due to transmission of rate cut benefit to its customers, resulting in decline in yield on advances and one-off interest income on account recovered in FY25.

The bank's non-interest income grew by ~13.4% from ₹1,568 crore in FY25 to ₹1,778 crore in FY26 supported by increase in fee-based income and recovery from written off accounts. The total income of the bank demonstrated a growth of 5.4% in FY26 from ₹13,049 crore in FY25 to ₹13,759 crore in FY26. The bank's operating expenses increased by ~4.0% in FY26. The cost-to-income ratio of the bank has also decreased from ~61.23% in FY25 to ~60.97% in FY26, though remains higher than industry peers. Pre-provisioning operating profit (PPoP) of the bank increased by ~5.1% to ₹2,182 crore in FY26 against ₹2,075 crore in FY25. The credit cost of the bank decreased from 0.48% in FY25 to 0.25% in FY26. The bank's profit after tax (PAT) increased by ~30.1% to ₹1,332 crore for FY26 from ₹1,016 crore for FY25 translating into a return on total assets (ROTA) of 0.78% in FY26 against 0.67% in FY25. In Q1FY26, the bank witnessed increase in net interest income due to increase in yield on advances. The total income increased by 3.1% in Q1FY25. Credit cost reduced from 0.25% in FY26 to 0.21% (annualised) in Q1FY27. Thus, PAT remained stable with bank's ROTA of 0.73% (annualised) in Q1FY27.

CareEdge Ratings notes that despite improvement, PSB's profitability remains lower than peer public sector banks because of a large share of non-earning assets and lower share of CASA deposits, resulting in higher cost of funds. Going forward, the NIM of the bank is expected to improve due to increase in share of RAM advances.

Relatively large proportion of stressed portfolio
PSB's standard restructured assets (including the RBI Resolution Framework 1.0 and 2.0) stood at ₹868 crore constituting 0.7% of gross advances as on March 31, 2026 (PY: 1.2%). The net stressed assets (NNPA + Net Standard Restructured assets + Net Security Receipts) stood at ~15% of net worth on March 31, 2026, and ~13% of net worth as on June 30, 2026 (March 31, 2024: ~22% of net worth), indicating high portion of stressed portfolio in relation to peer public sector banks. The bank's ability to manage its slippages in the stressed assets and improve its asset quality parameters continues to be a key monitorable.

The bank's special mention accounts (SMA), SMA 1 and SMA 2 accounts stood at 2.3% of gross advances as on March 31, 2026 (June 30, 2026: 2.3%). The bank has witnessed an increase in SMA 2 exposure in FY26 and Q1FY27 from ₹233 crore (0.2% of gross advances) as on March 31, 2025, to ₹331 crore (0.3% of gross advances) as on March 31, 2026, and ₹1,523 crore (1.3% of gross advances) as on June 30, 2026.

Relatively low share CASA deposits
The low-cost CASA of PSB registered a growth of ~10% (y-o-y) to ₹44,876 crore as on March 31, 2026, compared to ₹40,790 crore as on March 31, 2025. However, the share of CASA deposits in total deposits has been declining in line with the industry trend and remained relatively low at ~30.77% as on March 31, 2026 (March 31, 2025: 31.43%) and 30.06% as on June 30, 2026, compared to other public sectors banks which is ~38% to 40%. This has also kept PSB's cost of funds high.

Liquidity: Adequate
According to structural liquidity statement as on June 30, 2026, there were no negative cumulative mismatches in time buckets up to 30 days. The liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) for the bank stood at 133.45% and 127.67%, respectively, for the quarter ended June 30, 2026, which are above the regulatory requirement of 100%. The bank also has an excess SLR of ~₹8,762 crore (5.91% of net demand and term liabilities) as on June 30, 2026, providing additional comfort. The bank has access to systemic liquidity such as RBI's LAF and MSF facility and access to refinance from Small Industries Development Bank of India (SIDBI), National Housing Bank (NHB), and National Bank for Agriculture and Rural Development (NABARD), among others, and access to call money markets.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks
Although PSB's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of asset class of the portfolio are adversely impacted by environmental factors. The bank continues to integrate environmental aspects into its operations by financing green and sustainable initiatives, promoting digital banking to minimise its carbon footprint, and actively participating in ESG awareness campaigns.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect PSB's regulatory compliance and reputation and hence remain a key monitorable. The bank conducts awareness SMS', newsletters, mock phishing drills, and publishes cyber fraud posters online to safeguard customer data and privacy.

PSB's Board comprises six Directors, with three Independent Directors and no Female Director. The position of Chairperson is vacant in the Bank.

Applicable criteria

Definition of Default
Factoring Linkages Government Support
Rating Outlook and Rating Watch
Banks
Financial Ratios – Financial Sector
Rating Basel III – Hybrid Capital Instruments issued by Banks

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Public sector bank

Established in 1908, PSB is a mid-sized corporate-focused public sector bank based out of New Delhi that operates through a network of 1,679 branches as on June 30, 2026, with branch concentration in north India. It was nationalised in 1980. However, post many capital infusions over the subsequent years (FY18 onwards), the GoI shareholding had stood at 93.85% as on June 30, 2026.

Standalone financials:

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total income	13,049	13,759	3,546
Profit after tax (PAT)	1,016	1,322	332
Total assets	1,59,453	1,79,271	1,81,701
Net interest margin (NIM) (%)	2.49	2.25	2.30
Gross non-performing assets (NPA) (%)	3.38	2.40	2.21
Net NPA (%)	0.96	0.79	0.65
Capital adequacy ratio (CAR) (%)	17.41	17.42	17.61

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier-II Bonds	SEBI	Complex	INE608A08017	19-Oct-2016	7.99	19-Oct-2026	500.00	CARE AA; Stable
Bonds-Tier-II Bonds	SEBI	Complex	INE608A08033	27-Jun-2019	9.50	26-Oct-2029	237.30	CARE AA; Stable
Bonds-Tier-II Bonds	SEBI	Complex	INE608A08041	04-Nov-2019	8.67	03-Dec-2029	500.00	CARE AA; Stable

Annexure-2: Rating history for 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 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Bonds-Tier-II Bonds	LT	500.00	CARE AA; Stable	-	1)CARE AA; Stable (22-Aug-25)	1)CARE AA-; Positive (05-Sep-24)	1)CARE AA-; Positive (29-Sep-23)
2	Bonds-Tier-II Bonds	LT	237.30	CARE AA; Stable	-	1)CARE AA; Stable (22-Aug-25)	1)CARE AA-; Positive (05-Sep-24)	1)CARE AA-; Positive (29-Sep-23)
3	Bonds-Tier-II Bonds	LT	500.00	CARE AA; Stable	-	1)CARE AA; Stable (22-Aug-25)	1)CARE AA-; Positive (05-Sep-24)	1)CARE AA-; Positive (29-Sep-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

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

Contact us

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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