

Ref No: PSB/HO/Shares Cell / 53 /2026-27

October 5, 2026

To,

BSE Limited, Department of Corporate Services, 25 th 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
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Dear Sir,

Reg: Ratings by Fitch Ratings

In terms of SEBI (LODR) Regulations, 2015, we submit the ratings assigned by Fitch Ratings as under:

Type of Rating	Rating assigned	Rating Action
LT IDR	BBB-Rating Outlook Stable	New Rating
ST IDR	F3	New Rating
Viability	bb	New Rating
Government Support	bbb-	New Rating
LT IDR (xgs)	BB(xgs)	New Rating
ST IDR (xgs)	B(xgs)	New Rating

Please find the enclosed Rating rationale issued by Fitch Ratings.

We request you to take note of the above.

Yours faithfully

SAKET
MEHROTRA
RA

Digitally signed
by SAKET
MEHROTRA
Date: 2026.10.05
18:27:10 +05'30'

Saket Mehrotra
Company Secretary



RATING ACTION COMMENTARY**Fitch Assigns India's Punjab & Sind Bank First-Time 'BBB-' IDR; Outlook Stable**

Mon 05 Oct, 2026 - 7:51 AM ET

Fitch Ratings - Singapore - 05 Oct 2026: Fitch Ratings has assigned Punjab & Sind Bank (PSB) a Long-Term Issuer Default Rating (IDR) of 'BBB-' with a Stable Outlook, and Short-Term IDR of 'F3'. Fitch has also assigned PSB a Government Support Rating (GSR) of 'bbb-' and a Viability Rating (VR) of 'bb'. A full list of rating actions is below.

KEY RATING DRIVERS

Government Support-Driven IDR: PSB's IDR and GSR are equalised with India's sovereign rating (BBB-/Stable), reflecting Fitch's view of a high probability of extraordinary state support for the bank, if required. This takes into consideration the state's 94% ownership of PSB, our view of very limited politically acceptable scope to bail in senior creditors of a government-owned bank given the risk of contagion, and the government's record of supporting state-owned banks. The Stable Outlook on the IDR mirrors that on the sovereign IDR.

Improving OE With Manageable Risks: We have a positive outlook on Indian banks' operating environment (OE) score of 'bb+', reflecting our expectation of reduced sector risks due to enhanced regulations and supervision by the Reserve Bank of India (RBI). An upward revision to the score is possible if Fitch believes the strengthened regulatory regime and improved sector financial performance is sustainable.

The outlook is also supported by India's large and diversified economy and its strong medium-term growth potential, consistent with Fitch's forecast of GDP growth above 6% through the financial years ending March 2027 (FY27) and FY28. Downside risks remain, including the economic impact of a sustained rise in energy prices from an extended Middle-East conflict or sustained higher-than expected inflation, but we believe they are manageable.

Stronger Performance Supports VR: PSB's VR is supported by structural improvement in its financial profile over the past few years, including asset quality, capitalisation and profitability, which we expect to be sustained in an improving OE. We have positive outlooks on most rating factor scores in tandem with the outlook on the OE, which suggest potential upside if the OE score is revised upwards.

Small Market Share: PSB's business profile score of 'bb' reflects its smaller national market share than most state bank peers, with 0.5% of system loans and deposits. However, it is more prominent in northern and central Indian states, and its close state linkages support its business and profit generation. Its franchise of around 1,650 branches provides a base for growth in granular loans. Retail, agriculture and SME (RAM) loans accounted for 59% of total loans at FYE26, similar to most state bank peers. The bank aims to increase its RAM share in the medium term.

Large Growth Appetite in Granular Loans: PSB's risk profile score of 'bb-' reflects high loan growth of 18.1% in FY26 (FY25: 15.9%, FY24: 6.2%), albeit from a low base. We expect loan growth to remain around 17%-18% over the next two years. The RAM segment drove loan growth in recent years, with high growth in non-mortgage loans, but the bank's overall focus on secured loans mitigates risks.

PSB tightened underwriting and risk controls following regulatory measures and asset quality pressures in the previous cycle, like peers. This has resulted in a lower amount of fresh impaired loans and smaller exposure to riskier corporate loans. Nevertheless, PSB's above-average loan growth and rapid portfolio expansion are risks to the VR.

Improving Asset Quality: The asset-quality score of 'bb-' reflects that PSB's impaired-loan ratio has declined over the past few years and is projected to remain around 2% until FY28 in a relatively favourable part of the credit cycle. The ratio fell to 2.2% in FY26 from 2.4% in FY25, due to lower fresh bad loans and steady recoveries, although write-offs also contributed. The score also reflects the bank's reduced early bucket delinquencies of 0.3% of total loans at end-June 2026 (FY26: 0.5%, FY25: 0.9%) indicating less pressure from new impaired loans.

Improved Earnings: The bank's operating profit/risk-weighted asset (OP/RWA) ratio improved to 2.1% in FY26 from 1.8% in FY25 (FY24: 1.5%) supported by improved business volumes. Nonetheless, PSB's profitability remains at the lower end among rated peers due to higher operating cost leverage (cost/income ratio: 61% in FY26). We expect OP/RWA to remain steady around 2.1% through FY28, supported by an expanding portfolio, likely improvement in net interest margin (NIM) and manageable credit costs.

Adequate Capital Buffers: PSB's common equity Tier 1 (CET1) ratio rose to 15.9% in FY26 from 14.7% in FY24, supported by improved internal capital generation and an equity infusion in FY25. We expect the ratio to decline over the next two years due to loan growth and dividend payments. However, the bank's strengthened capital tolerance against stress, evident from the reduction in net impaired loan/CET1 ratio to 7% in FY26 from 15% in FY24 alongside an improving OE, should support its capitalisation profile.

Stable Deposit-Led Funding: PSB's funding and liquidity score of 'bbb-' is a VR strength, like at state-owned bank peers. This reflects high depositor confidence from its state linkages. Deposits were 89% of total non-equity funding and low-cost deposits were 31% of total deposits at FYE26. The loan/deposit ratio of 82% in FY26 - though higher than 78% in FY25 - is comparable with the peer average of about 84%. The liquidity coverage ratio of 130% and net stable funding ratio of 127% in FY26 indicate sufficient funding and liquidity buffers underpinned by investments in government securities and adequate stable funding.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The Long-Term IDR and GSR could be downgraded if we believe the sovereign's support for PSB has weakened, which would be reflected in negative rating action on India's sovereign rating or reduced propensity to extend timely support.

The Short-Term IDR is mapped to the Long-Term IDR, in line with Fitch's criteria, and will be downgraded if the Long-Term IDR is downgraded.

We do not expect the VR to be downgraded in the near term, given the improving OE, but it is possible if Fitch assesses the bank's risk profile to have weakened materially and becomes more of a binding constraint on PSB's financial profile and loss-absorption buffers, increasing the risk of materially weaker financial metrics.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Positive sovereign rating action could lead to a corresponding change to PSB's Long-Term IDR and GSR, if Fitch believes that the sovereign's propensity to support the bank remains unchanged.

The Short-Term IDR is mapped to the bank's Long-term IDR, in line with Fitch's criteria, and could be upgraded if the Long-Term IDR is upgraded.

The VR may be upgraded if we revise the bank's OE score to 'bbb-' from 'bb+', provided we believe the bank's business profile and profitability, among other factors, will benefit meaningfully from such improvement. A higher OE score would imply lower system risks and could lead to upward revisions in other rating factors. Even so, PSB's business and risk profiles will remain important considerations in determining whether the improvements to its financial metrics can be sustained.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

PSB's Long-Term IDR (xgs) is driven by its VR. The Short-Term IDR (xgs) is mapped from the Long-Term IDR (xgs) in accordance with Fitch's criteria.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The Long-Term IDR (xgs) would move in tandem with the VR. The Short-Term IDR (xgs) is sensitive primarily to changes in the Long-Term IDR (xgs) and would be mapped according to Fitch's criteria.

VR ADJUSTMENTS

The operating environment score of 'bb+' is above the 'b' category implied score due to the following adjustment reason(s): economic performance (positive), and size and structure of economy (positive).

The funding & liquidity score of 'bbb-' is above the 'bb' category implied score due to the following adjustment reason(s): deposit structure (positive).

DATE OF RELEVANT COMMITTEE

29-Sep-2026

Sources of Information

The principal sources of information used in the analysis are described in the Applicable Criteria.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

PSB's IDRs are driven by India's sovereign ratings. A change in the sovereign's IDRs would be reflected in PSB's IDRs.

ESG CONSIDERATIONS

PSB has an ESG Relevance Score of '4' for Governance Structure, in line with other state banks. This reflects our assessment that key governance aspects, in particular board independence, ownership concentration and protection of creditor or stakeholder rights, have a moderate, yet negative, influence on PSB's credit profile, and are relevant to the ratings in conjunction with other factors.

Government appointees dominate the board and its business model is often focused on supporting government strategies, with some lending directed towards promoting social and economic policies. These factors also drive our view on the bank's state linkages, which affect support prospects that determine the long-term ratings.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING TYPE ⚡	RATING ⚡	RATING ACTION ⚡
Punjab & Sind Bank	LT IDR	BBB- Rating Outlook Stable	New Rating
	ST IDR	F3	New Rating
	Viability	bb	New Rating
	Government Support	bbb-	New Rating
	LT IDR (xgs)	BB(xgs)	New Rating
	ST IDR (xgs)	B(xgs)	New Rating

[VIEW ADDITIONAL RATING DETAILS](#)**FITCH RATINGS ANALYSTS****Elaine Koh**

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 09 May 2026\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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[Solicitation Status](#)

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Punjab & Sind Bank

EU Endorsed, UK Endorsed

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