

Ref No: PSB/HO/Shares Cell / 54 /2026-27

October 6, 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
--	--

Dear Sir,

Reg: Rating by India Ratings

We hereby inform that India Ratings vide Press Release dated October 6, 2026 has reaffirmed the Rating of the Infrastructure Bonds issued by the Bank as detailed hereunder:

Instrument Type	Rating / Outlook
Infrastructure Bonds of Rs 3000 crore	IND 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
RA
Saket Mehrotra
Company Secretary

Digitally signed
by SAKET
MEHROTRA
Date: 2026.10.06
16:50:25 +05'30'



India Ratings Affirms Punjab and Sind Bank's Infrastructure Bonds at 'IND AA'/Stable

Oct 06, 2026 | PUNJAB AND SIND BANK | Public Sector Bank

India Ratings and Research (Ind-Ra) has affirmed Punjab and Sind Bank's (PSB) infrastructure bonds as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Infrastructure bonds*	Refer ISIN annexure	-	-	-	30,000	IND AA/Stable	Affirmed

*Details in Annexure

Analytical Approach

Ind-Ra has factored in the availability of support from the government of India (Gol; holds 93.85% stake) to arrive at the rating due to PSB's systemic importance to the Gol.

Detailed Rationale of the Rating Action

The affirmation reflects the continued improvements in the bank's capital position and operating buffers in FY26, indicating its enhanced ability to absorb the impact of any rise in credit costs. Furthermore, the rating reflects the continued improvement in PSB's systems and processes, improved profitability buffers and movement towards a granular loan portfolio. Following the implementation of centralised processing centres (CENMARG) for granular ticket sizes across the retail, agri and micro, small and medium enterprises (RAM) segments, PSB has witnessed continued improvements in asset quality.

Furthermore, the bank's digital transformation initiatives are likely to enhance operational efficiency and support customer acquisition, thereby providing an opportunity to further scale up the franchise. PSB's ability to strengthen its low-cost deposit franchise, particularly through current account savings account (CASA) mobilisation, and sustain targeted loan growth amid continued competitive pressures in deposit mobilisation remains a key monitorable.

List of Key Rating Drivers

Strengths

- Adequate capital buffers; improvement in internal accruals
- Improved operating performance driven by structural reforms
- Improved profitability; however, margins incrementally need to catch up

Weaknesses

- Consistent improvement in asset quality, albeit monitorable
- Need to strengthen low-cost liability franchise

Detailed Description of Key Rating Drivers

Adequate Capital Buffers; Improvement in Internal Accruals: PSB is a well-capitalised public sector bank, with a common equity tier-1 (CET-1) ratio of 16.56% in 1QFY27 (FY26: 15.92%; FY25: 15.59%) and a capital adequacy ratio of 17.61% (17.42%; 17.41%). The Gol continues to hold a majority stake in PSB at 93.85% as of 1QFY27. The bank reported return on asset (ROA) of 0.79% in FY26 (FY25: 0.67%) and aims to improve it to around 1% in the medium term.

Moreover, during 1HFY25, in lieu of regulatory requirements, the bank took a revaluation hit of INR42.5 billion on recapitalisation bonds of INR116.7 billion, which was adjusted through general reserves. Every year, about INR4.5 billion (until the recap bonds are paid) will be reverted to shareholder reserves.

Improved Operating Performance Driven by Structural Reforms: Around 2015, PSB was primarily a community-focused bank, with higher concentration in Punjab and Uttar Pradesh, and faced higher agriculture delinquencies. Following the asset quality review cycle, the non-bank financial company crisis during 2016-2020, and the impact of COVID-19 in FY21, PSB reported aggregate losses of INR50.1 billion between FY18 and FY21, requiring the GoI to infuse INR101 billion during FY21-FY22. Subsequently, PSB implemented several measures to strengthen its profile, including the centralised loan origination system in FY20, which reduced the underwriting load at branches, and the launch of CENMARG in August 2022. CENMARG facilitates the underwriting decisions for retail, agri and micro, small and medium enterprises loans above certain ticket sizes through centralised processing centres.

Following these initiatives, asset quality in the RAM segment improved with gross non-performing assets (GNPA) of 0.95% as of 1QFY27 (1QFY26: 1.79%) in the retail segment, 7.54% (9.59%) in the agri segment and 3.87% (7.20%) in the micro, small and medium enterprises segment. The bank's ongoing digital transformation initiatives have strengthened customer engagement, transaction activity and digital acquisition capabilities. Its digital platform, PSB UNiC, continues to witness increasing customer adoption, aided by a broad suite of digital services and streamlined customer journeys. Ind-Ra expects ongoing investments in the digital infrastructure to enhance operational efficiency, support customer acquisition and improve scalability of the bank's retail franchise.

Improved Profitability; However, Margins Incrementally Need to Catch Up: The bank reported net interest income of INR38.1 billion in FY26 (FY25: INR37.8 billion), supported by an improved net-loans-to-deposit ratio of 79.5% (75%). However, the reported net interest margin (NIM) declined to 2.55% in FY26 (FY25: 2.85%) largely due to higher corporate exposure (39.98% as of 1QFY27) and competitive pressures in the MSME segment. Despite this, the bank continues to grow its advances at a healthy pace. Following the turnaround in FY22, the bank reported profit after tax of INR13.22 billion in FY26 (FY25: INR10.16 billion), with gross advances growing at 18.29% yoy to INR1,178.23 billion. The management has guided for advances growth of 16%-18% yoy in FY27. The structural changes, along with improved underwriting and digital initiatives, resulted in an increase in profit after tax in FY26. Furthermore, the pre-provision operating profit increased to INR21.82 billion in FY26 (FY25: INR20.75 billion). Ind-Ra expects the bank's profitability to continue to improve over the medium term due to these structural changes. However, margins could remain under pressure in the near term.

Moreover, the bank's advances mix has changed over the past few years, with the share of the RAM segment increasing to 60% of the advances in 1QFY27 from 47.2% in FY20. The bank has guided for the RAM segment to contribute more than 60% of the total advances in FY27. Furthermore, the credit profile of the corporate advance mix above INR50 million has improved, with the share of 'A' and above ratings at 60.7% as of 1QFY27 (1QFY26: 58.2%). The cost-to-income ratio reduced to 61% in FY26 (FY25: 61.2%; FY24: 72.2%, FY23: 62.9%, FY22: 63.2%). The increase to 72% in FY24 was largely attributable to the bipartite wage settlement cost of INR4 billion. Also, a substantial decline in average credit costs, as per Ind-Ra's calculation methodology, to 0.40% in FY26 (FY25: 0.82%) supported profitability. Overall, Ind-Ra expects the profitability to sustain and improve further in the near-to-medium term. However, the impact of expected credit loss implementation remains a key monitorable while according to the management, the current level of capitalisation is sufficient to absorb the same.

Consistent Improvement in Asset Quality, Albeit Monitorable: In 1QFY27, PSB's GNPA and net non-performing asset (NNPA) improved to 2.21% (FY26: 2.40%; FY25: 3.38%) and 0.65% (0.79%; 0.96%), respectively. The bank's provision coverage ratio, excluding technical write-offs, stood at 70.96% in 1QFY27 (FY26: 67.53%, FY25: 72.19%). The improvement in asset quality was supported by the annualised slippage ratio at 0.72% in 1QFY27 (FY26: 0.70%, FY25: 0.99%), largely supported by the implementation of CENMARG. The special mention account-2 pool, with a ticket size of above INR50 million, remained negligible at 0.27% of gross advances in 1QFY27 (FY26: 0.52%).

Furthermore, the bank might need to make additional provisions for the implementation of expected credit loss, which could result in higher provisions in the medium term. However, the bank expects the impact of expected credit loss implementation on its capitalisation to remain minimal. Ind-Ra expects the bank to maintain comfortable asset quality over the medium term, supported by adequate provisioning for the slipped assets.

Need to Strengthen Low-cost Liability Franchise: The bank's CASA deposit ratio declined to 30.05% in 1QFY27 (FY26: 30.77%; FY25: 31.4%), largely in line with the industry trends, although it remains below that of similarly rated peers. While PSB's CASA share is weak, its CASA plus retail term deposits stood at 74.76% in 1QFY27 (FY26: 75.37%; FY25: 74.2%). PSB continues to face intense competition for deposit mobilisation, as reflected in its guidance for FY27, and Ind-Ra expects the competitive environment to continue in the medium term. The bank's ability to sustain loan growth amid continued competition for deposit mobilisation would be a key monitorable in the near-to-medium term.

Liquidity

Adequate: PSB's short-term (one year) asset-liability deficit stood at 15.5% at 1QFY27. The bank's liquidity coverage ratio stood at 133.45% as of June 2026, well above the regulatory requirement. The bank also maintains 22.06% of its total assets in government securities and balances with the Reserve Bank of India to meet its short-term funding requirements. The bank's access to alternate funding channels and efforts to increase the overall liability tenure provides the agency an additional comfort towards the liquidity.

Rating Sensitivities

Positive: A substantial, demonstrated growth in the franchise, delivering of consistent market share gains, consistency in the profitability while maintaining capital buffers at materially higher levels than the regulatory requirements and an improvement in the deposit profile hereon could result in a positive rating action.

Negative: The infrastructure bond rating is based on Ind-Ra's expectation of continued support from the Gol (majority shareholder) to meet the minimum capital requirements. Events that could, individually or collectively, lead to a negative rating action:

- any change in the majority Gol ownership or a change in the agency's opinion regarding the Gol's timely support for the bank;
- a material reduction in the capital buffers, with the CET-1 capital buffer reducing below 12% on a sustained basis,
- sharp deterioration in the operating performance and consistent pressure on the asset quality, thereby impacting profitability buffers, with the ROA remaining below 0.5% on a sustained basis.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on PSB, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

PSB is a public sector bank, with operations across India. At end-June 2026, the bank had over 1,679 branches, with a strong presence in North India.

Key Financial Indicators

Particulars (INR billion)	FY26	FY25
Total assets	1,792.7	1,618.1
Total equity	141.3	133.6
Net income	13.2	10.2
Return on assets (%)	0.79	0.67

Particulars (INR billion)	FY26	FY25
CET-1 (%)	15.92	15.59
Capital adequacy ratio (%)	17.42	17.41
Source: PSB, Ind-Ra		

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook	
	Rating Type	Rated Limits (INR million)	Current Rating	7 October 2025	23 October 2024
Infrastructure bonds	Long-term	30,000	IND AA/Stable	IND AA/Stable	IND AA/Stable

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Infrastructure bonds	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument Type	ISIN	Regulator of Instruments	Date of Issuance	Coupon Rate (%)	Maturity Date	Rating/Outlook	Outstanding/Rated Amount (INR million)
Infrastructure bonds	INE608A08058	SEBI	20 December 2024	7.74	20 December 2034	IND AA/Stable	30,000
Source: PSB, NSDL							

Contact

Primary Analyst

Ravi Udeshi
Analyst
India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 2240356119

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Ankit Jain

Associate Director

+91 22 4035 6160

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Financial Institutions Rating Criteria

Rating Bank Subordinated and Hybrid Securities

The Rating Process

Evaluating Corporate Governance

DISCLAIMER

India Ratings and Research Private Limited (India Ratings) is a private limited company registered under the provisions of the Companies Act, 1956, having CIN U67100MH199SFTC140049, and registered office at Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India. The contact details of India Ratings are Telephone No.: +91 22 4000 1700 and Fax. No.:

+91 22 4000 1701. India Ratings is registered with the Securities and Exchange Board of India (SEBI) as a Credit Rating Agency under Section 12 of the SEBI Act, 1992, having SEBI Registration Number IN/CRA/002/1999.

India Ratings and Research Private Limited (India Ratings) is a Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI) under Section 12 of the SEBI Act, 1992. In this capacity, India Ratings undertakes ratings of listed and proposed to be listed instruments that fall under the regulatory oversight of SEBI. In addition, in line with Regulation 9(f) of the SEBI (Credit Rating Agencies) Regulation, 1999, India Ratings rates financial instruments falling under the purview of other financial sector regulators (FSR). Instruments which come under the purview of other FSRs do not come under the overall governance of SEBI. Issuers/Users/readers of this communication/report are, therefore, cautioned to know the risks involved in dealing in such instruments. Such instruments can carry Liquidity and Price Risk which pertains to how saleable a Security is in the market. If a particular Security does not have a market at the time of sale, then the Investor's investments may have to bear an impact depending on its exposure to that particular Security. It is not possible to predict if, and to what extent, a secondary market may develop in the debt securities or at what price the debt securities will trade in the secondary market or whether such market will be liquid or illiquid. The more limited the secondary market is, the more difficult it may be for holders of the debt securities to realise value for the debt securities prior to redemption of the debt securities. If the debt securities are unlisted, then the ability of the Investors to resell or trade them may be limited, leading to liquidity and price risk on the debt securities. The returns from a particular asset class may underperform returns from other asset classes. The changes in government policy in general and changes in taxation may impact the returns to investors. There can be external risks arising out of geopolitical situations which can lead to volatility in/impact the performance of the individual securities. Issuers/Users/readers are advised to note that SEBI's investor protection mechanisms and SEBI's grievance or dispute redressal mechanisms are not applicable to ratings assigned by India Ratings that fall under the purview of other FSRs. Should you have any grievance with instruments under the purview of other FSRs, please write to infogrp@indiaratings.co.in. For any grievance with instruments under the purview of SEBI, please write to investor.grievances@indiaratings.co.in.

All credit ratings assigned by India Ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India Ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.