Ref No: PSB/HO/Shares Cell / 89 /2025-26 **March 20, 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 ICRA Ratings

It is hereby informed that ICRA Ratings vide its rating action dated 20.03.2026 has reaffirmed the Rating of the Certificate of Deposits of the Bank at ICRA A1+. The details are as under:

Instrument Type	**Rating / Outlook**
Certificate of Deposit	[ICRA]A1+; reaffirmed

The Rating Rationale 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: 2026.03.20 20:32:18 +05'30'

Saket Mehrotra
Company Secretary

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

March 20, 2026

Punjab & Sind Bank: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Certificates of deposit	15,000.00	15,000.00	[ICRA]A1+; reaffirmed
Total	**15,000.00**	**15,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating continues to factor in Punjab & Sind Bank's (P&SB) strong capitalisation profile (aided by recent capital raise in March 2025), the steady improvement in its solvency level, its established presence and branch network in North India, stable deposit base, and adequate liquidity. The liquidity position is reflected by the strong liquidity coverage ratio (LCR), supported by excess statutory liquidity ratio (SLR) holdings in relation to the average net demand and time liabilities (NDTL). The rating continues to factor in the sovereign ownership and capital support from the Government of India (GoI), if required, as demonstrated in the past. It also considers the gradual improvement in the asset quality indicators, though these remain monitorable amid potential shocks arising from the ongoing macroeconomic and geopolitical developments.

Additionally, P&SB's core operating profitability, while improving, remains weak due to its relatively higher cost of funds vis-à-vis peers and the sizeable proportion of non-earning assets {zero-coupon bonds (ZCBs) for recapitalisation by GoI} in the overall asset base. The ZCBs were marked down on a fair value basis in Q4 FY2022 for inclusion in the core capital. The discount on the face value of these bonds is likely to decline every year as they near maturity, which will aid the core capital accretion even in a scenario of weak profitability. Further, the bank has benefited from benign credit costs due to lower fresh slippages and healthy recoveries, though the ability to maintain the same would be monitorable, especially in case of an unexpected rise in slippages. Going forward, ICRA expects P&SB to navigate the transition to the proposed expected credit loss (ECL) norms, supported by its improved capital position.

Key rating drivers and their description

Credit strengths

Sovereign ownership with capital support from GoI, if required – P&SB continues to have majority sovereign ownership even after the qualified institutional placement (QIP) of Rs. 1,219 crore in March 2025 with the GoI's equity stake declining to 93.85% as on December 31, 2025 from 98.25% as on December 31, 2024. The GoI had infused Rs. 11,672 crore in the bank during FY2018-FY2022, which helped shore up the capital position significantly after several years of losses due to high slippages. Of the total capital infusion, Rs. 10,100 crore was in the form of ZCBs, which are redeemable at face value. Hence, the inclusion of the same in the bank's core capital is relatively lower and is done on a fair value basis.

P&SB's reported capital ratio remained strong with the CET I at 15.28% as on December 31, 2025 (after factoring in the fair valuation of the ZCBs; excluding interim profits) along with an overall improvement in the solvency[1] profile to 10.27% as on December 31, 2025 from 12.03% as on December 31, 2024. This was supported by the gradual moderation in the bank's net non-performing advances (NNPAs).

[1] *(NNPAs + Net non-performing investments + Net security receipts)/Core capital*

Established presence in North India – P&SB has a long and established presence in North India, depicted by its network of 1,623 branches as on December 31, 2025 (1,584 branches as on December 31, 2024). Branch expansion has remained limited over the last few years as the bank has been focussing on improving its operating efficiency and generating more business from the existing infrastructure.

P&SB continues to witness steady growth in deposits (9.3% year-on-year (YoY) as on December 31, 2025), with term deposits growing by 9.5% YoY and low-cost current and savings account (CASA) deposits increasing by 8.8% YoY. The share of CASA deposits in total deposits was 31.0% as on December 31, 2024 (31.4% as on March 31, 2025 and 31.2% as on December 31, 2024), remaining below the public sector banks' (PSB) average of 35.8%. P&SB's cost of interest-bearing funds was higher at 5.48% compared to the PSB average of 5.06% in 9M FY2026, leading to a relatively lower net interest margin (NIM) and operating profitability. Additionally, the granularity of deposits moderated in FY2025, with the share of the top 20 deposits increasing to 10.33% as of March 2025 from 8.23% as on March 31, 2024 though it remained below 12.30% as on March 31, 2023.

Improved capitalisation and solvency – The bank's core equity capital (CET I)/Tier I capital improved to 15.28% (excluding 9M FY2026 profit) as on December 31, 2025 (14.04% as on December 31, 2024), aided by the capital raise in March 2025 with further strengthening due to improving internal accruals generation. As a result, the capital cushions above the regulatory requirement have continued to improve. Going forward, ICRA expects P&SB to navigate the transition to the proposed ECL norms, supported by its improved capital position.

The reported capital metrics, as on December 31, 2025, also factor in the fair valuation changes of the ZCBs for 9M FY2026. While these bonds do not carry any coupon and will therefore remain a drag on the bank's reported interest income and hence operating profit, the discount on the face value will keep declining each year as the bonds approach maturity and would be capital accretive. P&SB remains well positioned on the capitalisation front to meet its near-to-medium-term growth requirements, although a meaningful improvement in core internal capital generation is yet to be seen. The decline in the net worth in FY2025 was on account of fair valuation of the recapitalisation bonds from April 1, 2024, as per the revised investment valuation guidelines. However, since these bonds were already considered at fair value while computing the capital ratios, the decline in the net worth has not impacted the capital ratios.

Credit challenges

Asset quality remains monitorable – The annualised fresh NPA generation rate decreased to 0.75% of standard advances in 9M FY2026 from 1.01% in FY2025 (and elevated levels of 2.9-5.9% during FY2016-FY2021). The bank's gross NPAs (GNPAs) declined to 2.60% as on December 31, 2025 from 3.83% as on December 31, 2024 on account of the moderation in the fresh NPA generation rate. NNPAs stood at 0.74% as on December 31, 2025 (1.25% as on December 31, 2024). The annualised credit cost also reduced to 0.05% of advances in 9M FY2026 from 0.20% in FY2025.

As on December 31, 2025, P&SB's standard restructured book declined to 0.9% of standard advances (1.6% as on December 31, 2024), though the total SMA-1 and SMA-2[2] remain elevated at 2.99% of standard advances largely because of two state government accounts. The bank's asset quality will be a key monitorable amid potential shocks arising from the ongoing macroeconomic and geopolitical developments coupled with the performance of the potential vulnerable pool[3], which stood at 3.9% of its standard advances as on December 31, 2025.

Moderate earnings profile in relation to sector average – P&SB's core operating profit (excluding gains on bond portfolio) improved to 1.05% of the average total assets (ATA) in 9M FY2026 from 0.90% in 9M FY2025, given the healthy increase in non-interest income to 0.82% of ATA from 0.57% during this period. However, its operating profitability (annualised) remained weaker than the PSB average of 1.54% in 9M FY2026. This was due to the higher cost of interest-bearing funds and operating costs vis-à-vis the sector average and the significant level of non-earning assets (ZCBs). Profitability was also supported by

[2] SMA is defined as a special mention account (SMA), which is an account exhibiting signs of incipient stress resulting in the borrower defaulting in the timely servicing of their debt obligations though the account has not yet been classified as an NPA as per the extant RBI guidelines; SMA-1 accounts are overdue by 31-60 days while SMA-2 accounts are overdue by 61-90 days. The SMA-level data is for the entire bank including exposures below Rs. 5 crore

[3] Includes SMA book and restructured book

higher trading gains in 9M FY2026, coupled with strong recoveries from written-off accounts and limited incremental provisioning on the stock of NNPAs. Accordingly, P&SB reported an annualised RoA of 0.73% in 9M FY2026 and 0.66% in FY2025 though the same remained below the banking sector average of 1.35% and 1.31%, respectively. Going forward, the ability to keep slippages and credit costs at lower levels will also remain key for ensuring a sustained improvement in the return metrics, especially given the evolving asset quality dynamics amid the ongoing geopolitical concerns.

Environmental and social risks

While banks like P&SB do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the entities or businesses, to which banks and financial institutions have an exposure, face business disruptions because of physical climate adversities or if such businesses face climate transition risks because of technological, regulatory or customer behaviour changes, it could translate into credit risks for banks. However, such risk is not material for P&SB as it benefits from adequate portfolio diversification. Further, the lending is typically short-to-medium term, allowing it to adapt and take incremental exposure to businesses that face relatively fewer downside environmental risks.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for banks as material lapses could be detrimental to their reputation and invite regulatory censure. P&SB has not faced material lapses over the years. Customer preferences are increasingly shifting towards digital banking, which provides an opportunity to reduce the operating costs. P&SB has been making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to the underserved segments, its lending practices remain prudent as reflected in the healthy asset quality numbers in this segment compared with its peers.

Liquidity position: Adequate

P&SB's liquidity profile is supported by its excess SLR holdings of 7-9% of total deposits during April-December 2025. Additionally, the bank reported a strong LCR of 134% for Q3 FY2026 (daily average) against the regulatory requirement of 100%. Its net stable funding ratio (NSFR) stood at 123% in Q3 FY2026 against the regulatory requirement of 100%. Despite the strong LCR, the liquidity profile is adequate because of negative cumulative mismatches in certain buckets, as per the structural liquidity statement as on December 31, 2025. P&SB can also avail liquidity support from the Reserve Bank of India (RBI; through repo against excess SLR investments and marginal standing facility mechanism) in case of urgent liquidity needs.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating will be reassessed in case of a change in the sovereign ownership of the bank. ICRA could downgrade the rating if there is a sustained breach in the regulatory capital ratios with the capital-to-risk weighted assets ratio (CRAR) declining below 9.0%.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks and Financial Institutions
Parent/Group support	The rating factors in P&SB's sovereign ownership and the demonstrated track record of capital infusions by the GoI. ICRA expects the GoI to support P&SB with capital infusions, if required.
Consolidation/Standalone	To arrive at the rating, ICRA has considered the standalone financials of P&SB. P&SB does not have any subsidiaries.

About the company

Established in 1908, P&SB is a public sector bank (PSB) with the GoI holding an equity stake of 93.85% as on December 31, 2025. As on December 31, 2025, the bank had a well-established network of 1,623 branches.

P&SB reported a profit after tax of Rs. 900 crore in 9M FY2026 and Rs. 1,016 crore in FY2025. Its asset quality indicators, i.e. GNPAs and NNPAs, stood at 2.60% and 0.74%, respectively, as on December 31, 2025 compared to 3.38% and 0.96%, respectively, as on March 31, 2025. The capitalisation metrics (excluding interim profits), i.e. Tier I and CRAR, stood at 15.28% and 16.83%, respectively, as on December 31, 2025 compared to 15.59% and 17.41%, respectively, as on March 31, 2025.

Key financial indicators (standalone)

Punjab & Sind Bank	FY2024	FY2025	9M FY2026
Total income#	4,050	4,977	3,851
Profit after tax	595	1,016	900
Total assets$ (Rs. lakh crore)	1.47	1.61	1.70
CET I	14.74%	15.59%	15.28%*
CRAR	17.16%	17.41%	16.83%*
PAT/ATA	0.42%	0.66%	0.73%^
Gross NPA	5.43%	3.38%	2.60%
Net NPA	1.63%	0.96%	0.74%

Source: P&SB, ICRA Research; Amount in Rs. crore unless mentioned otherwise; All calculations as per ICRA Research
 # Total income includes net interest income and non-interest income excluding trading gains
$ Total assets exclude revaluation reserves
*^ Annualised; *Excluding interim profits and including fair valuation of ZCBs*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Mar 20, 2026	Date	Rating	Date	Rating	Date	Rating
Certificates of deposit	Short term	15,000.00	[ICRA]A1+	Mar-10-2025	[ICRA]A1+	Feb-23-2024	[ICRA]A1+	Feb-23-2023	[ICRA]A1+
						Mar-11-2024	[ICRA]A1+		
Basel III Tier I bonds	Long term	-						Feb-23-2023	[ICRA]A (Stable); withdrawn

In compliance with the circular issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 for standardising the rating scales used by credit rating agencies, ICRA has discontinued its practice of affixing the (hyb) suffix alongside the rating symbols for hybrid instruments

Complexity level of the rated instrument

Instrument	Complexity indicator
Certificates of deposit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE608A16SP0	Certificates of deposit	Dec-18-2025	6.18%	Mar-18-2026	1,500	[ICRA]A1+
INE608A16SQ8	Certificates of deposit	Dec-19-2025	6.18%	Mar-20-2026	500	[ICRA]A1+
	Certificates of deposit	Dec-24-2025	6.22%	Mar-20-2026	500	[ICRA]A1+
INE608A16SR6	Certificates of deposit	Dec-22-2025	6.22%	Mar-23-2026	800	[ICRA]A1+
NE608A16SS4	Certificates of deposit	Dec-23-2025	6.22%	Mar-24-2026	700	[ICRA]A1+
	Certificates of deposit	Dec-24-2025	6.22%	Mar-24-2026	300	[ICRA]A1+
	Certificates of deposit	Dec-29-2025	6.22%	Mar-24-2026	300	[ICRA]A1+
INE608A16ST2	Certificates of deposit	Dec-29-2025	6.22%	Mar-25-2026	700	[ICRA]A1+
INE608A16SV8	Certificates of deposit	Feb-17-2026	7.20%	May-19-2026	1,000	[ICRA]A1+
NE608A16SW6	Certificates of deposit	Feb-24-2026	7.14%	Feb-24-2027	1,000	[ICRA]A1+
INE608A16SX4	Certificates of deposit	Feb-27-2026	7.13%	Feb-26-2027	1,000	[ICRA]A1+
Unplaced	Certificates of deposit*	-	-	-	6,700	[ICRA]A1+

*Source: Punjab & Sind Bank; * As on March 11, 2026*

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Not applicable	-	-

Source: Punjab & Sind Bank, ICRA Research

Key features of the rated debt instrument:

The servicing of the rated certificates of deposit is not contingent on the capital ratios or the bank's profitability.

ANALYST CONTACTS

Mr. Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Mr. Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Mr. Sachin Sachdeva
+91 124 4545 307
sachin.sachdeva@icraindia.com

Mr. Sohil Mehta
91 22 6114 3449
sohil.mehta@icraindia.com

Ms. Nikita Garg
+91 22 6114 3465
nikita.garg@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

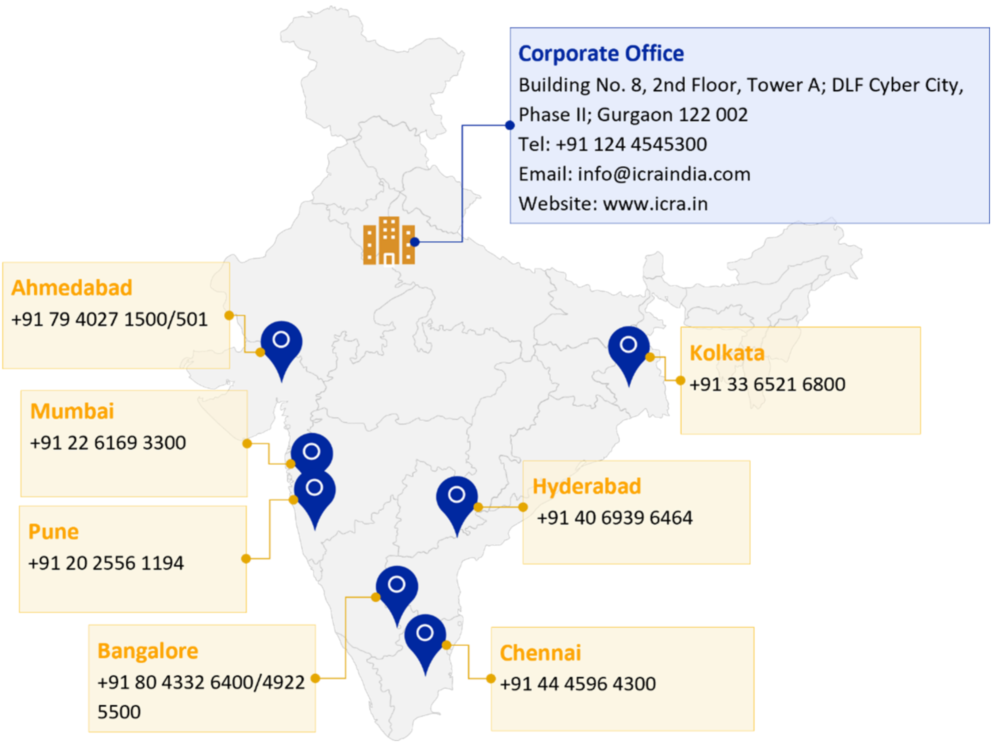
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.