Ref No: PSB/HO/Shares Cell / 88 /2025-26 **February 28, 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 Infomerics Ratings

We hereby inform that Infomerics Ratings has reaffirmed the Rating of the Tier II Bonds issued by the Bank as detailed hereunder:

Instrument Type	Rating / Outlook
Basel III compliant Tier II Bond Series XV of Rs.237.30 crore	IVR AA / Stable (IVR Double A with Stable Outlook) (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: 2026.02.28 05:00:08 +05'30'

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

Saket Mehrotra
Company Secretary

Press Release

Punjab and Sind Bank

February 27, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
BASEL III Complaint Tier II Bonds	237.30	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Rating Reaffirmed	Highly complex
Total	**237.30 (Rupees Two Hundred and Thirty-Seven Crore and Thirty Lacs only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

Infomerics Ratings has reaffirmed the rating assigned to the Tier II bonds of Punjab and Sind Bank (PSB) which continues to derive strength from sovereign ownership with continued support, adequate capitalisation, diversified loan book, improvement in earnings profile over the years and significant improvement in asset quality over the years. However, the ratings are constrained by moderate resource profile, relatively moderate size & geographically concentrated operations.

Infomerics Ratings expects outlook to remain stable on the expectations of continued support from the Government of India (GoI), growth in advances, healthy resource profile, comfortable capitalization levels and improvement in asset quality.

Note on Basel-III Compliant Tier-II Instruments:

Basel III–compliant Tier II instruments carry a point of non-viability (PONV) clause, the invocation of which could result in a write down of principal or conversion into equity, leading to a loss for investors. As per the Basel III framework, the determination of the PONV trigger

rests with the Reserve Bank of India (RBI). The presence of the PONV clause introduces additional risk for investors. This risk has been adequately factored into the rating assigned to the instrument.

Key Rating Sensitivities:

Upward Factors

- Substantial growth in advances and deposits, profitability, and capitalization levels of the bank.
- Substantial improvement in asset quality.

Downward Factors

- Any weakening of linkages with Government of India (GoI)
- Any major increase in slippage leads to weakening of asset quality, thereby impacting the earnings profile.
- Any material decline in overall capital adequacy ratios below the current level.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Sovereign ownership with continued support: The Government of India (GoI) continues to be the majority shareholder in Punjab & Sind Bank, with a 93.85% stake as on December 31, 2025. The GoI has a demonstrated track record of extending capital support and undertaking measures aimed at strengthening the capital position, operational efficiency and asset quality of public sector banks. Given the GoI's majority ownership and the systemic importance of public sector banks within the domestic banking sector, Infomerics Ratings expects timely and adequate capital as well as operational support from the GoI, if required. The extent of sovereign ownership and support considerations remains a key rating driver.

Adequate capitalisation: The bank's capitalization levels remain adequate, with the reported Common Equity Tier-1 (CET-1) ratio, Tier-I Capital Adequacy Ratio (CAR) and overall CAR at 15.28%, 15.28% and 16.83%, respectively, as on December 31, 2025, compared to 15.59%, 15.59% and 17.41%, respectively, as on March 31, 2025. During FY25, the bank augmented its capital base through equity infusion of Rs. 1,219 crore via the QIP route and Rs. 3,000 crore through infrastructure bonds. Furthermore, the bank has articulated plans to raise additional equity capital of Rs. 3,000 crore over FY26–FY27 through the QIP route. Going forward, Infomerics Ratings expects the bank's capitalization profile to remain adequate, supported by internal accruals and the proposed equity infusion, thereby enabling it to maintain a prudent cushion over the regulatory minimum requirements to support its anticipated credit growth.

Diversified loan book: The bank's total advances increased by ~15% year-on-year to Rs. 1,10,297 crore as on December 31, 2025, from Rs. 99,605 crore as on March 31, 2025. The RAM segment accounted for ~57% of the total advances as on December 31, 2025. Within RAM, the retail portfolio registered a y-o-y growth of ~20%, primarily driven by the gold loan segment, followed by growth in the housing and vehicle loan portfolios. The MSME and agriculture segments also exhibited healthy growth of ~23% and ~24%, respectively, on a y-o-y basis. The corporate portfolio, constituting ~43% of total advances, grew by ~7% y-o-y, with exposures to sectors such as infrastructure, NBFCs, textiles, and iron and steel, among others. Infomerics Ratings expects the bank to continue focusing on the RAM segment as a key driver of credit growth over the medium term, given its granularity and relatively diversified risk profile.

Improvement in earning's profile over the years: During FY2018–FY2021, the Bank witnessed pressure on its profitability, reporting losses primarily on account of weak asset quality, which led to elevated credit costs. However, its earnings profile has exhibited a marked improvement over FY2022–FY2025, supported by a sustained improvement in asset quality. The Bank's net interest income (NII) increased modestly by ~7% year-on-year to Rs. 2,837 crore as on December 31, 2025, compared to Rs. 2,662 crore as on December 31, 2024. The growth remained moderate despite higher AUM expansion, largely due to the prompt

transmission of policy rate cuts on the lending portfolio, while deposit repricing—being undertaken in a phased manner—has not yet fully aligned. Consequently, the Bank's net interest margin (NIM) moderated to 2.57% in 9M FY2026 from 2.73% in 9MFY25. Non-interest income registered a strong growth of ~52% year-on-year to Rs. 1,350 crore as on December 31, 2025, primarily driven by higher treasury gains from sale of investments and recoveries from written-off accounts. Supported by the growth in non-interest income and rationalization of operating expenses, the Bank's operating profit improved by ~30% year-on-year to Rs. 1,639 crore as on December 31, 2025. Going forward, the Bank's ability to sustain improvement in profitability metrics while containing credit costs amidst growth in AUM will remain a key rating monitorable.

Significant improvement in asset quality over the years: The Bank's asset quality indicators have demonstrated a sustained improvement over the past few years. The gross non-performing assets (GNPA) ratio declined to 2.60% as on December 31, 2025 from elevated levels of 13.76% in FY21, 12.17% in FY22, 6.97% in FY23, 5.43% in FY24 and 3.38% in FY25. The improvement has been supported by recoveries and technical write-offs amounting to Rs. 1,103 crore in FY25 and Rs. 402 crore in 9MFY26. The net non-performing assets (NNPA) ratio correspondingly improved to 0.74% as on December 31, 2025 compared to 4.04% in FY21, 2.74% in FY22, 1.84% in FY23, 1.63% in FY24 and 0.96% in FY25. As on December 31, 2025, the GNPA ratio remained relatively higher in the agriculture segment at 7.50%, followed by MSME at 5.00%, retail at 1.35% and corporate at 0.44%. The provision coverage ratio (including technical write-offs) stood at a comfortable 92.23% as on December 31, 2025, compared to 89.53% as on December 31, 2024, providing adequate loss absorption buffers. On an annualized basis, the slippage ratio moderated to 0.72% in 9MFY26 from 0.99% in FY25, while the credit cost remained low at 0.05% in 9MFY26 against 0.20% in FY25. Going forward, further improvement in the Bank's asset quality metrics is expected over the medium term, supported by lower incremental slippages and an established recovery mechanism.

Key Rating Weaknesses:

Moderate resource profile: The Bank's resource profile remains moderate, characterized by a CASA ratio of 31.02% as on December 31, 2025, compared to 31.43% as on March 31, 2025. The total deposit base stood at Rs. 1,39,202 crores as on December 31, 2025. The share of retail deposits remained largely stable at ~45%, which provides stability to the liability profile given the relatively lower susceptibility of such deposits to premature withdrawals. The cost of deposits and overall cost of funds moderated to 5.58% and 5.69%, respectively, as on December 31, 2025 from 5.74% and 5.80% as on December 31, 2024, primarily on account of repricing of deposits due to softening of policy rates. Going forward, the Bank's ability to improve and sustain its CASA mobilization will remain a key rating monitorable.

Relatively moderate size & geographically concentrated operations: With a total business of approximately Rs. 2.50 lakh crore and an asset size of Rs. 1.71 lakh crore as on December 31, 2025, PSB is positioned as a mid-sized public sector bank. While the Bank has demonstrated growth in its balance sheet over the years, its scale remains lower than that of the larger public sector peers and achieving comparable scale and operating efficiencies is likely to be a gradual process. The Bank's franchise exhibits a moderate geographic concentration, with nearly 60% of its branch network located in the northern region of India. Although steps have been undertaken to expand the branch footprint in other regions, diversification benefits are expected to accrue only over the medium to long term. Consequently, geographic concentration remains a key monitorable.

Analytical Approach: Standalone

We have considered the standalone approach while assessing the financial and business risk profile of PSB. The approach also factors in the support that the bank is expected to receive from GoI, both on an ongoing basis and in the event of distress.

Applicable Criteria:

Rating Methodology for Banks

Financial Ratios & Interpretation: Financial Sector

Criteria for Government Support

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Strong

PSB's liquidity position is supported by the strength of its liabilities franchise and its sovereign ownership. The Bank is having a sizeable retail deposit base that forms a significant part of the total deposits. Its liquidity coverage ratio stood at 134.09% as on 31 December 2025, as against minimum regulatory requirement of 100%. The Bank had cash and cash equivalents amounting to Rs. 5,703 crores and investments of Rs. 49,049 crores as on December 31, 2025. Liquidity is further supported by the Bank's access to systemic sources of funds, such as the liquidity adjustment facility from RBI and access to the call money market.

About the Bank

PSB established in 1908, is a mid-sized corporate-focused public sector bank based out of New Delhi that operates through a network of 1,584 branches as on December 31, 2024 with branch concentration in north India. It was nationalised in the year 1980. In December 2010, the Government of India (GOI) divested 17.93% stake through an initial public offer (IPO). However, post many capital infusions over the subsequent years (FY18 onwards), the GOI shareholding had steadily risen and stood at 93.85% as on December 31, 2025.

Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31-03-2024	31-03-2025
	Audited	Audited
Total Income	10,915.44	13,048.95
PAT	595.41	1,015.83
Total Advances	85,964.47	97,299.90
Total Deposits	1,19,409.55	1,29,777.02
Total Assets	1,47,656.53	1,61,815.17
Ratios		
NIM (%)	2.45	2.85
ROTA (%)	0.41	0.67
CET I CRAR (%)	14.74	15.59
Overall CAR (%)	17.16	17.41
Gross NPA (%)	5.43	3.38
Net NPA (%)	1.63	0.96
PCR (%)	88.69	91.38
CASA (%)	32.42	31.43

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025 - 26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 - 25	Date(s) & Rating(s) assigned in 2023 - 24	Date(s) & Rating(s) assigned in 2022 - 23
				--	March 03, 2025	March 05, 2024	March 09, 2023
1.	BASEL III Complaint Tier II Bonds - INE608A08033	Long Term	237.30	IVR AA / Stable (Feb 27, 2026)	IVR AA / Stable	IVR AA / Stable	IVR AA / Stable

Analytical Contacts:

Name: Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned / Outlook
BASEL III Compliant Tier II Bonds	INE608A08033	27 June 2019	9.50	26 October 2029	237.30	Listed	IVR AA / Stable

Annexure 2: Facility wise lender details : Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Security Name	Punjab & Sind Bank, BASEL III Tier II Bonds – Series XV
Issuer/Bank	Punjab and Sind Bank
Type of Instrument	Listed, rated, Unsecured, Subordinated, Taxable, Non-Convertible, fully paid -up Basel III Compliant Tier II Bonds, (Series XV) in the nature of Debentures eligible for inclusion in Tier II Capital (“Bonds”)
Issue Size	Aggregate total issue size not exceeding Rs.500 crore, with a base issue size of Rs.200crore and a green shoe option to retain oversubscription up to Rs.300 crore.
Amount raised	Rs 237.30 Crores
Option to retain oversubscription	Green shoe option to retain oversubscription up to Rs 300 crores in single or multiple tranches
Objects of the issue	Augmenting Tier II capital and overall capital of the bank
Security	Unsecured and subordinated
ISIN	INE608A08033
Issue date	June 27, 2019
Maturity date	October 26, 2029
Coupon (%)	9.50% Subject to Loss absorbency, “Permanent Principal Write down” on PONV trigger event and other events
Coupon payment frequency	Annual

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com