

Ref No: PSB/HO/Shares Cell / 45 /2025-26

September 10, 2025

To,

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

**Reg: Rating by CRISIL Ratings**

We hereby inform that CRISIL Ratings vide rating rationale dated September 10, 2025 has reaffirmed the Rating of the Bonds issued by the Bank as detailed hereunder:

Instrument Type	Rating / Outlook
Infrastructure Bonds of Rs 3000 crore	CRISIL AA/Stable (Reaffirmed)
Tier II Bond Series XIV of Rs 500 crore	CRISIL AA/Stable (Reaffirmed)
Tier II Bond Series XVI of Rs 500 crore	CRISIL AA/Stable (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**  
Company Secretary



## Rating Rationale

September 10, 2025 | Mumbai

### Punjab and Sind Bank Rating reaffirmed at 'Crisil AA/Stable'

#### Rating Action

Rs.500 Crore Tier II Bonds (Under Basel III)	Crisil AA/Stable (Reaffirmed)
Rs.500 Crore Tier II Bonds (Under Basel III)	Crisil AA/Stable (Reaffirmed)
Rs.3000 Crore Infrastructure Bonds	Crisil AA/Stable (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.

The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA/Stable' rating on the Infrastructure Bonds and Tier-II Bonds (under Basel III) of Punjab and Sind Bank (P&SB).

The rating factors in the sustained improvement in asset quality, and strengthening of capital position, which is likely to be maintained over the medium term. The rating is constrained by the company's modest earnings profile.

Capital position is supported by regular fund infusion and expectation of strong support from the majority stakeholder, the Government of India (GoI). In fiscals 2021 and 2022, the bank received Rs 5,500 crore and Rs 4,600 crore, respectively, from the GoI. Capitalisation metrics maintain an improving trend with tier 1 and overall capital adequacy ratio (CAR) improved to 16.0% and 17.9%, respectively, as on June 30, 2025, from 14.8% and 17.3%, a year earlier. As a result, the bank was able to build a sufficient buffer for its non-performing assets (NPAs), with a provision coverage ratio (PCR) of 72% as on March 31, 2025 (71% as on March 31, 2024).

Asset quality has seen sequential improvement with gross NPAs (GNPAs) at 3.34% as on June 30, 2025, compared with 3.38% as on March 31, 2025, and 5.43% as on March 31, 2024. This gradual improvement was driven by controlled slippages as well as write offs.

The earnings profile remains modest exhibiting some volatility across years. Notably, the bank has been profitable since fiscal 2022. The profits after tax (PAT) had declined to Rs 595 crores in fiscal 2024, compared to Rs 1,313 crores in the fiscal 2023, attributable to wage revision and, absence of any large recoveries and higher cost of funds. Subsequently, PAT recovered to Rs 1,016 crore, driven by higher net interest income. With increasing contribution towards retail, agriculture and micro small and medium enterprises (MSME), together referred to as RAM segments, adequate provisions and lower slippages, the bank is expected to maintain profitability over the medium term.

The rating continues to factor in the expectation of strong support from majority owner, the GoI. These strengths are partially offset by the bank's modest earnings and asset quality.

#### Analytical Approach

The Crisil Ratings has evaluated the Standalone business and financial risk profile for Punjab and Sind bank. Crisil Ratings has also factored in expectation of support that Punjab and Sind bank is expected to receive from Government of India, both on an ongoing basis, and in the event of distress as GoI is the majority shareholder with 93.85% stake.

#### Key Rating Drivers & Detailed Description

##### Strengths:

##### Expectation of strong support from GoI

The rating continues to factor in the expectation of strong government support, both on an ongoing basis and in case of distress. This is because GoI is both a majority shareholder in public sector banks (PSBs), and the guardian of India's financial system. Stability of the banking sector is of prime importance to the government, given its criticality to the economy, strong public perception of sovereign backing for PSBs, and severe implications of any PSB failure, in terms of political fallout, systemic stability, and investor confidence. The majority ownership creates a moral obligation on GoI to support PSBs, including P&SB.

As part of the Indradhanush framework, the government had pledged to infuse at least Rs 70,000 crore in PSBs over fiscals 2015 to 2019, of which Rs 25,000 crore each was infused in fiscals 2016 and 2017. Furthermore, in October 2017, the government had outlined a recapitalisation package of Rs 2.11 lakh crore over fiscals 2018 and 2019. P&SB received Rs 785 crore in fiscal 2018 under this package. Also, GoI allocated Rs 70,000 crore in fiscal 2020, of which Rs 787 crore was

received by P&SB. In fiscals 2021 and 2022, the bank received Rs 5,500 crore and Rs 4,600 crore, respectively, from Gol. Thus, over the past five fiscals, Gol has infused around Rs 11,672 crore into P&SB.

The bank's tier 1 and overall capital adequacy ratio (CAR) improved to 16.0% and 17.9%, respectively, as on June 30, 2025, from 14.8% and 17.3%, a year earlier on account of Rs 1,219 crore funds raised in Q4 of fiscal 2025 via qualified institutional placement.

#### **Weakness:**

##### **Modest, albeit improving asset quality**

The bank's asset quality has improved with GNPA at 3.38% as on March 31, 2025, from the earlier elevated level of 5.43% as on March 31, 2024 and 6.97% as of March 31, 2023. The improvement was largely driven by higher recovery and write-offs during the years. In absolute terms, GNPA decreased to Rs 3,339 crore as on June 30, 2025 (Rs 3370 crore as on March 31, 2025, and Rs 4,665 crore as on March 31, 2024). The bank has written off close to ~Rs 5232 crore over fiscals 2021-2025. As on June 30, 2025, GNPA further improved to 3.34% while NNPA improved further to 0.9%. Slippages (as a % of opening gross advances) reduced marginally to 0.9% in fiscal 2025 from 1.2% in fiscal 2024. The pace of deterioration in asset quality is expected to slow down over the medium term with decrease in slippages and higher recoveries.

##### **Average resource profile**

Resource profile remains average, marked by below industry average CASA deposits, the same stood at 30.6% of total deposits as on Jun'25 and 31.43% as on Mar'25, lowering from 32.42% as on Mar'24 and 33.59% as on Mar'23. As on March 31, 2025, the bank had 1,610 branches, of which around 56% are in rural and semi-urban areas. As a result, there is geographic diversity in the deposit base.

Gross advances grew 15.9% to Rs 99,605 crore, while deposits grew 8.7% to Rs 129,774 crore in fiscal 2025. Loan growth was particularly driven by strong growth in secured retail and MSME segments.

Cost of funds saw slight uptick and stood at 5.6% in March 2025 from 5.5%, a year earlier due to repricing on the liability side. As on June 30, 2025, gross advances and deposits stood at Rs 99,950 crore and Rs 131,182 crore, respectively, while cost of funds remained rangebound at 5.6% in first quarter of fiscal 2026.

##### **Modest earnings profile**

The earnings profile remains modest, and volatile across years. While PAT declined by fiscal 2024, there was a healthy improvement in PAT in fiscal 2025, attributable to a combination of factors including higher net interest income as a result of portfolio growth, offsetting higher funding costs, rangebound operating expenses and a large account transfer to NARCL (National Asset Reconstruction Company) which contributed to Rs 369 crore recovery in written off accounts in Q4 of fiscal 25. The bank witnessed higher credit cost of Rs 737 crore in fiscal 2025 compared to Rs 194 crore for the previous fiscal on account of delinquencies in MSME and Agri segments.

The bank's pre-provisioning profits (as a proportion of average assets) improved to 1.3% in fiscal 2025 compared to 0.8% in the previous fiscal; and it remains lower than industry average. Profitability is expected to be supported by steady loan growth, and moderate credit costs with the quantum of recovery related earnings support likely to reduce gradually. For the quarter ended June 30, 2025, P&SB reported a profit of Rs 269 crore, down 14% q-o-q and up 48% over the same period last year.

Ability to improve core profitability through consistent portfolio growth, and a focused liability strategy, while also managing asset quality will remain a key monitorable.

##### **Liquidity: Strong**

Liquidity coverage ratio was 138% for the quarter ended June 30, 2025, and was higher than the regulatory requirement. The excess statutory liquidity ratio was Rs 9,866 crore as on June 30, 2025. Liquidity also benefits from access to systemic sources of funds such as the liquidity adjustment facility from the RBI, access to the call money market, and refinance limits from sources such as the National Housing Bank and National Bank for Agriculture and Rural Development.

##### **Outlook: Stable**

Crisil Ratings believes P&SB will continue to benefit from the strong government support. The bank's asset quality and profitability, are expected to maintain positive trajectory, however, will remain a monitorable.

##### **Rating Sensitivity Factors**

###### **Upward Factors**

- Significant improvement in overall market position over the medium term
- Sustained improvement in profitability, with ROA over 1.0% on steady-state basis

###### **Downward Factors**

- Material change in shareholding or expectation of support from the government
- Deterioration in asset quality and continuous pressure on profitability
- Substantial decline in capital adequacy buffers above minimum regulatory requirements (which including CCB, is Tier I of 9.5% and overall, CAR of 11.5%) over an extended period of time.

##### **About the Bank**

P&SB is a relatively small PSB, founded in 1908. The bank had 1607 branches and 1053 ATMs as on June 30, 2025, primarily in northern India. Gol's ownership stood at 93.85% as on June 30, 2025.

For fiscal 2025, the bank reported a profit of Rs 1016 crore and total income (net of interest expenses) of Rs 5351 crore, against a profit of Rs 595 crore and total income (net of interest expenses) of Rs 4063 crore in the previous fiscal.

For the quarter ended June 30, 2025, net profit was Rs 269 crore and total income (net of interest expense) was Rs 1369 crore, against a net profit of Rs 182 crore and total income (net of interest expense) of Rs 1044 crore for the corresponding period previous fiscal.

### Key Financial Indicators

As on/for the year ended March 31,	Units	2025	2024	2023
Total assets	Rs crore	1,61,815	1,47,657	1,36,455
Total income (net of interest expense)	Rs crore	5,351	4,063	3,913
Profit after tax (PAT)	Rs crore	1,016	595	1,313
GNPA	%	3.38	5.43	6.97
Overall capital adequacy ratio	%	17.41	17.16	17.10
Return on assets	%	0.7	0.4	1.0

As on / for the quarter ended June 30,	Units	2025	2024	2023
Total assets	Rs crore	1,61,528	1,44,886	1,40,933
Total income (net of interest expense)	Rs crore	1,369	1,044	916
PAT	Rs crore	269	182	153
GNPA	%	3.34	4.72	6.80
Overall capital adequacy ratio	%	17.90	17.30	17.19
Return on assets (annualized)	%	0.67	0.51	0.46

**Any other information:** Not Applicable

### Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
INE608A08058	Infrastructure Bonds	20-Dec-24	7.74	20-Dec-34	3000.00	Simple	Crisil AA/Stable
INE608A08017	Tier II Bonds (Under Basel III)	19-Oct-16	7.99	19-Oct-26	500.00	Complex	Crisil AA/Stable
INE608A08041	Tier II Bonds (Under Basel III)	04-Nov-19	8.67	03-Dec-29	500.00	Complex	Crisil AA/Stable

### Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Infrastructure Bonds	LT	3000.0	Crisil AA/Stable		--	20-09-24	Crisil AA/Stable		--		--	--
Lower Tier-II Bonds (under Basel II)	LT		--		--		--		--	26-08-22	Withdrawn	Crisil AA/Negative
Tier II Bonds (Under Basel III)	LT	1000.0	Crisil AA/Stable		--	20-09-24	Crisil AA/Stable	17-08-23	Crisil AA/Stable	26-08-22	Crisil AA/Negative	Crisil AA/Negative
			--		--	12-08-24	Crisil AA/Stable		--		--	--

All amounts are in Rs.Cr.

### Criteria Details

**Links to related criteria**[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)[Criteria for factoring parent, group and government linkages](#)[Criteria for Banks and Financial Institutions \(including approach for financial ratios\)](#)[Criteria for Finance and Securities companies \(including approach for financial ratios\)](#)

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