

RATING RATIONALE

14 May 2026

Punjab & Sind Bank

Brickwork Ratings reaffirms the rating for Basel III Tier II bonds aggregating to Rs. 237.30 Crores of Punjab & Sind Bank.

Particulars

Instruments**	Amount Rs Crs		Tenure	Rating*	
	Previous	Present		Previous (16 May 2025)	Present
Tier II bonds (under Basel III)	237.30	237.30	Long Term	BWR AA/Stable (Reaffirmation with revision in outlook)	BWR AA/Stable (Reaffirmation)
Total	237.30	237.30	Rupees Two Hundred Thirty-Seven Crores and Thirty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of instruments are provided in Annexure-II

RATING ACTION/OUTLOOK: REAFFIRMATION/STABLE

Brickwork Ratings reaffirms the rating for Basel III Tier II bonds aggregating to Rs. 237.30 Crs. of Punjab & Sind Bank as tabulated above. BWR has principally relied on the company's audited financials up to FY26, publicly available information, and information/clarifications provided by the company.

The rating reaffirmation, inter alia, continues to factor in the Government of India (GOI)'s support to the Bank, long track record in the banking industry, steady growth in business, comfortable capitalisation, and adequate liquidity. The ratings are, however, constrained by the average asset quality, earnings and impact on profitability.

The rating reaffirmation factors in the Government of India (GOI)'s continued support to the Bank, with over 93% shareholding as at 31 March 2026. The rating also notes the growth in advances and deposits of the bank to Rs. 117,823 Crores and Rs. 145,829 Crores respectively, as at 31 March 2026; from Rs. 99,605 Crores and Rs. 129,774 Crores respectively, as at 31 March 2025. The CASA ratio has declined marginally from 31.43% in FY25 to 30.47% in FY26. The total CRAR and Tier I ratios at 17.42% and 15.92%, respectively, were maintained at similar levels as at 31 March 2025, and were well above the minimum regulatory requirements. BWR also notes the bank's improvement in asset quality in terms of its Gross Non-Performing Assets (GNPA) ratios at 2.40% as of 31 March 2026, as against 3.38% as of 31 March 2025, and Net Non-Performing Assets (NNPA) ratio, at 0.79% as of 31 March 2026, as against 0.96% as of 31 March 2025. There has been a consistent improvement in asset quality, especially the net NPA ratio below 1%. Fresh Slippages to NPA were Rs. 678 Crs (FY25: Rs. 801 Crs), of which Rs. 355 Crores were in Q4FY26. Incremental slippages to NPA shall be monitorable. Further, the impact of ECL provisions in line with the regulatory requirement shall

also be monitored. The Bank's SMA 1 and 2 books stood at rs.611 Crores as at 31 Mar 2026. On earnings, there has been a decline in yields on advances and NIMs, and maintaining them at the current levels or in line with peers in the industry shall be monitorable.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. However, a significant decline in the earnings profile and incremental asset quality may result in a revision of the rating/outlook.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

Tier-II Instruments (under Basel III) - The distinguishing feature of Tier-II capital instruments under Basel III is the existence of the point of non-viability (PONV) trigger, and the occurrence of such a situation may result in the loss of principal to investors, entailing default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. BWR believes that the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and the systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the Rating of the instrument.

KEY RATING DRIVERS

Credit Strengths:-

- **Continued strong support from GoI:** The rating factors in the continued strong support of the GOI, which held 93.85% stake in the bank as of 31 March 2026. The Bank is one of the few regional public sector banks (PSBs) with a high GOI stake.
- **Comfortable Capitalisation:** CRAR of the Bank stands at 17.42% for FY26 and was 17.41% in FY25. CET-I stood at 15.92% for FY26 as against 15.59% in FY25. It is comfortably placed against the regulatory requirement. The net stability funding ratio (NSFR) of the Bank as at 31 December 2025 was 123%, well above the minimum regulatory requirement of 100%. The Bank's networth stood at Rs. 11,945 Crores on borrowings of Rs. 16,352 Crores as at 31 Mar 2026, indicating comfortable gearing

Credit Risks:-

- **Improving asset quality, albeit monitorable:** The bank's asset quality for FY26 had improved over its previous year (FY25). GNPA ratio was 3.38% as at 31 March 2025, as against 2.40% as at 31 March 2026; and the NNPA ratio was 0.96% as at 31 March 2025, as against 0.79% as at 31 March 2026. Although there was a decline in fresh slippages from 801 crores as on March 31 2025, to 678 crores as on March 31st 2026, the upgradations decreased from Rs. 257 Crs in FY25 to Rs. 173 Crs in FY26. The total write-offs were at Rs. 556 Crs for FY26, which were at Rs. 1103 Crs during FY25.
- **Average earnings and impact on profitability:** The yield on advances (8.38% in FY26 as against 9.09% in FY25) and yield on investments (6.72% in FY26 as against 6.99% in FY25) have decreased from FY25 to FY26. The impact is due to the change in the monetary rates on the NIMs, which was comparable with peers in the industry.. The Bank, however, is improving upon

its earnings profile through non-interest income with an appropriate mix of investment portfolios to increase its treasury income and other fee-based income. Any deterioration in the NIMs going forward shall be rating monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR (Brickwork Ratings) has considered the company's standalone financials. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES:

BWR has rated Basel III instruments; however, any restrictions by the regulator on coupon servicing on any of the outstanding bonds due to the non-meeting of regulatory guidelines shall be a key rating sensitivity.

Positive:

- Banks' ability to grow its business over and above its guidance for FY27
- Consistently improve profitability with ROA above 1.2%,
- Maintain healthy capitalisation levels, with an additional buffer of at least 2% over and above the minimum regulatory requirement, including CCB.

Negative:

- Substantial weakening of the asset quality with a spike in GNPA ratios above 3.5%, or a substantial impact of ECL provisioning on the bank's profitability
- Decline in Stakeholding of the Government of India (GoI) below 51%
- Weakening of capital cushioning levels of less than 1% over and above the minimum regulatory requirements of CRAR 11.5% and Tier 1 ratio of 9.5%

LIQUIDITY: ADEQUATE

As on 31 March 2026, Cash & Balances with RBI are Rs. 6,300 Cr and Investments of Rs. 49,388 Cr. The bank can comfortably meet any repayment requirements. Basel III leverage ratio as of 31 Dec 2025 was 6.53%, which is well above the regulatory requirement of 3.5%, and the liquidity coverage ratio is 134% as of 31 Dec 2025. (The bank is yet to make the March 2026 disclosures. The Bank's liquidity position seems comfortable.

COMPANY PROFILE

Punjab and Sind Bank (PnSB or the bank), is a Public Sector Bank (PSB) in India. As of 31 March 2026, the Government of India holds 93.85% stake in the bank. The Bank has a network of 1654 branches as of 31 Mar 2026. It is one of the few regional PSBs in the country and assumes importance from its presence being majorly in the northern part of the country.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	Audited	Audited	Audited
Key parameters		31-March 2024	31-March 2025	31-March 2026
Total Assets	Rs. Crs	1,47,657	1,61,815	1,79,271
Total Business	Rs. Crs	2,05,374	2,29,379	2,63,652
Net Profits (Loss)	Rs. Crs	595	1,016	1,322
ROA	%	0.41	0.67	0.79
NIM	%	2.32	2.85	2.55
Gross NPA	%	5.43	3.38	2.40
Net NPA	%	1.63	0.96	0.79
CET-I ratio	%	14.74	15.59	15.92
Tier I ratio	%	14.74	15.59	15.92
Total CAR	%	17.16	17.41	17.42

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: There was no non-cooperation with other CRAs.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sr. No.	Instrument/Facility	Type	Current Rating (May 2026)		Rating History for the past 3 years		
			Amount Rs Crs	Rating	16-May-2025	17-May-2024	5-May-2023
1	Basel III Tier II bonds	Long Term	237.30	BWR AA/ Stable (Reaffirmation)	BWR AA/ Stable (Reaffirmation with revision in outlook)	BWR AA/ Negative (Reaffirmation)	BWR AA/ Negative (Reaffirmation)
Total			237.30	Rupees Two Hundred Thirty-Seven Crores and Thirty Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS:

Basel III Tier II bonds - Highly Complex

<http://www.brickworkratings.com/download/ComplexityLevels.pdf>

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Bank Financial Institution](#)
- [Approach to Financial Ratios](#)
- [Capital Instruments Issued by Banks and FIs](#)
- [Rating of entities based on Government Support](#)

Analytical Contacts	
Ankita Kothari Associate Manager B :+91 63669 53881 ankita.k@brickworkratings.com	Hemant Sagare Director - Ratings B :+91 22 2831 1426, +91 22 2831 1439 hemant.sagare@brickworkratings.com
I media@brickworkratings.com	

Punjab & Sind Bank

ANNEXURE-I

Details of Bank Loan Facilities rated by BWR: NA

ANNEXURE II

INSTRUMENT DETAILS:

Sr. No.	Instruments	Issue Date	Amount Rs Crs	Coupon Rate	Maturity Date	ISIN	Complexity
1	Basel III Tier II bonds	27-Jun-2019	237.30	9.50%	26-Oct-2029	INE608A08033	Highly Complex**
		Total	237.30	Rupees Two Hundred Thirty Seven Crores and Thirty Lakhs Only			

**<http://www.brickworkratings.com/download/ComplexityLevels.pdf>

ANNEXURE III

List of entities consolidated: NA

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA-
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)- ²	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)- ²	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs - ²	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - ³	-
Issuer Ratings ⁴	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) - ¹	Investor-side Regulator such as IRDAI, PFRDA ⁵
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies ⁶	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. The rated instrument may involve the issuance of different instruments, such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with the names of respective regulators.
4. There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
5. These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. 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

For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non- convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

Nature of Ratings & Information: BWR ratings are opinions on the relative ability of an entity/instrument to meet its financial obligations and are based on information obtained from issuers and other sources believed to be reliable. BWR does not conduct audits, due diligence, or independent verification of such information and does not guarantee its accuracy, adequacy, or completeness. Ratings are current only as of the date of publication and may be revised based on new or unavailable information.

No Advice or Recommendation: Ratings, reports, and related communications are not investment advice and do not constitute recommendations to buy, sell, or hold securities, or to sanction, renew, or disburse credit facilities. They do not represent offers or solicitations for any transaction. Users must rely on their own independent judgment and professional advice. Access to or use of these materials does not create any client relationship with BWR.

Liability, Usage & Regulatory Framework: This content is published for the purpose of dissemination of information as required under applicable laws and regulations. BWR holds exclusive copyright over the content. It may be used with appropriate credit to BWR, provided that the content is not altered or modified in any way that could change its meaning or intent. BWR retains the exclusive right to distribute or share its rating rationales, directly or indirectly, through any print, digital, or electronic media. All reports are provided on an "as is" basis without warranties of any kind, express or implied, including but not limited to merchantability, fitness for a particular purpose, or non-infringement. BWR and its affiliates shall not be liable for any direct, indirect, incidental, or consequential losses or damages arising from the use of these reports. Ratings are subject to continuous surveillance and may be revised, suspended, or withdrawn at any time without notice. These reports are intended for use within India only. BWR operates under SEBI Regulations and Code of Conduct.

For more information on policies and ratings, please visit our website www.brickworkratings.com