

Scrip Code: BANKINDIA	Scrip Code: 532149
The Vice President – Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051.	The Vice-President – Listing Department, BSE Ltd., 25, P.J. Towers, Dalal Street, Mumbai 400 001.

Dear Sir/Madam,

**Reporting under Regulation 30 & Regulation 55
of SEBI (LODR) Regulations – Credit Rating of
Long Term Infra Bond – Reaffirmed
Long Term Infra Bond & Tier II Bonds – Reaffirmed
Additional Tier I Bonds - New**

In terms of Regulation 30 read with point 3 of Para A of Part A of Schedule III and Regulation 55 of SEBI (LODR) Regulations, 2015 and SEBI Circular No.CIR/CFD/CMD/4/ 2015 dated September 9, 2015, we wish to inform that the rating agency, India Ratings and Research, has reaffirmed our Bank's Long Term Infra Bonds, Long Term Tier II Bonds and assigned new rating for AT-I Bonds as per details given below:

S N	ISIN	Name of the Credit Rating Agency	Credit Rating Assigned	Outlook (Stable /Positive/ Negative/ No Outlook)	Rating Action (New/ Upgrade/ Downgrade/ Reaffirm/ Other)	Specify Other Rating Action	Date of Credit Rating	Verification Status of Credit Rating Agencies	Date of verification
1	2.	3.	4.	5.	6.	7.	8.	9.	10.
1	INE084A08185 (Long Term Infra Bonds)	India Ratings & Research	AA+	Stable	Reaffirm	-	19.11.2024	Verified	19.11.2024
2	INE084A08193 Basel III Tier-II	India Ratings & Research	AA+	Stable	Reaffirm	-	19.11.2024	Verified	19.11.2024
3	Basel III AT-I Bonds New issue ISIN to be allotted	India Ratings & Research	AA	Stable	New	-	19.11.2024	Verified	19.11.2024

The Rating Letter and Press Release is attached.

2. This is for your information and appropriate dissemination.

भवदीय Yours faithfully,



(Rajesh V Upadhyia)
कंपनी सचिव Company Secretary

Classification: **Public**

Shri B Kumar
Chief Financial Officer
Bank of India,
Star House, C-5, "G" Block,
7th Floor,
Bandra Kurla Complex, Bandra - East,
Mumbai, 400051

November 19, 2024

Dear Sir/Madam,

Re: Rating Letter of Bank of India

India Ratings and Research (Ind-Ra) has taken the following rating actions on Bank of India (BoI) and its debt instruments:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating assigned along with Outlook/Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AA+/Stable	Affirmed
Infrastructure bonds#	-	-	-	INR100	IND AA+/Stable	Affirmed
Basel III tier 2 bonds#	-	-	-	INR25	IND AA+/Stable	Affirmed
Basel III additional tier 1 bonds*	-	-	-	INR25	IND AA/Stable	Assigned

Details in Annexure

*Unutilised

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to

financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings


Karan Gupta
Director

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
Infrastructure bond	INE084A08185	19/07/2024	7.54	19/07/2034	IND AA+/Stable	50000

Infrastructure bond (Unutilised)					IND AA+/Stable	50000
Basel III tier 2 bonds	INE084A08193	26/09/2024	7.49	26/09/2034	IND AA+/Stable	25000



India Ratings Assigns Bank of India's Basel III Additional Tier 1 Bonds 'IND AA'/Stable; Affirms Existing Ratings

Nov 19, 2024 | Public Sector Bank

India Ratings and Research (Ind-Ra) has taken the following rating actions on Bank of India (BoI) and its debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating assigned along with Outlook/Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AA+/Stable	Affirmed
Infrastructure bonds#	-	-	-	INR100	IND AA+/Stable	Affirmed
Basel III tier 2 bonds#	-	-	-	INR25	IND AA+/Stable	Affirmed
Basel III additional tier 1 bonds*	-	-	-	INR25	IND AA/Stable	Assigned

Details in Annexure

*Unutilised

Analytical Approach

Ind-Ra continues to factor in the support from the government of India (GoI) to arrive at the ratings.

Detailed Rationale of the Rating Action

The ratings reflect BoI's systemic importance, which is driven by an increase in the bank's market share in net advances, along with a stable market share in its deposits and GoI's 73.38% stake in the bank at end-September FY25. Ind-Ra opines the GoI's support to BoI has been demonstrated through regular equity infusions over the past few years, which has helped the bank to step up provisions and strengthen its balance sheet.

The ratings also reflect the bank's improving capital position and operating buffers, indicating its increasing ability to absorb the impact of any expected and unexpected increase in credit costs. Further, BoI's provision cover has been improving without any significant deterioration in its credit profile and market position. These factors, in the agency's opinion, have enabled the bank to witness material profitability in 2QFY25 (FY24 annualised return on assets (RoA): 0.94%) and boost its share in advances and deposits over the medium term. Furthermore, the bank's high provision coverage moderates its additional provisioning requirements. With the slippages contained, the bank's overall profitability has been on an improving trend since FY21.

For AT1 instruments, the agency considers the discretionary component, coupon omission risk and the write-down/conversion risk as the key parameters to arrive at the ratings. Ind-Ra recognises the unique going-concern loss absorption features that these bonds carry and differentiates them from the bank's senior debt, factoring in a higher probability of an ultimate loss for investors in these bonds.

List of Key Rating Drivers

Strengths

- Continuing systemic importance
- Adequately capitalised
- Improvement in asset quality
- Improvement and sustainability of quality of earnings key to performance

Weaknesses

- Deposit profile could come under pressure

Detailed Description of Key Rating Drivers

Continuing Systemic Importance: Bol remains the sixth-largest public sector bank with a market share of 3.5% in advances in FYE24 (FY23: 3.6%) and 3.6% in deposits (3.7%). The bank had a sizeable network of 5,191 domestic and 22 overseas branches at 2QFY25. Bol continues to hold a high systemic importance for the GoI, resulting in a high probability of ordinary and extraordinary support from it, if required. Bol received a capital infusion of INR309.44 billion from the GoI over FY16-FY21; Ind-Ra expects the government support to continue, if required; the same has been factored into the ratings. Like other large public sector banks, Bol has been able to raise equity (December 2023: INR45.0 billion; August 2021: INR25.5 billion) from the market, led by an improvement in its financial position.

Adequately Capitalised: Since FY21, the bank has been reporting consistent profitability, which, along with timely capital raise, has largely led to an improvement in its common equity tier 1 to 13.52% at end-2QFY25 (FY24:14.24%; FYE23: 13.60%) and resulted in a total capital adequacy ratio of 16.63% (16.96%; 16.28%). Both the ratios compare favourably with its peer banks. Furthermore, with a sharp rise in internal accruals and the provision coverage ratio over FY18-FY21, the need to provide for its legacy non-performing assets (NPA) has been taken care of, which reduces the pressure on Bol's profitability.

Ind-Ra believes the manageable asset quality would enable the bank to maintain a relatively material profitability over FY25, with an RoA of about 0.94% in 2QFY25. Ind-Ra believes the existing capital buffers are adequately placed to absorb any asset quality shocks. After factoring in the elevated provisioning requirements in FY23, on account of the pandemic-induced potential slippages, the agency believes Bol's capital buffers will be moderately higher than the regulatory requirements over the medium term while maintaining peer-comparable net NPA ratio.

Improvement in Asset Quality: The bank's gross NPA ratio reduced to 4.41% in 2QFY25 (FY24: 4.98%; FY23: 7.31%) and its net NPA ratio to 0.94% (1.22%; 1.66%), mainly on account of write-offs of INR10.37 billion (INR97.49 billion; INR86.54 billion) and a recovery and upgrade of INR17.69billion (INR63.05 billion; INR72.34 billion), leading to negative net slippages in 2QFY25. Further, Ind-Ra believes the bank may not see significant net slippages in FY25 and the asset quality is likely to continue to improve and would be manageable over the near- to medium term.

Bol's provision coverage ratio stood at 79.43% (excluding technical write-offs) in 2QFY25 (FY24:76.5%; FY23: 78.6%), and hence, provisions on its legacy gross NPAs would not be substantial. Ind-Ra expects the credit costs to be absorbed by the bank's expected steady state pre-provisioning operating profit (2QFY25: 2.96%; FY24: 2.68% of average net advances; FY23: 2.95%) over the medium term; thus, the agency does not expect the bank to make significant losses on account of credit costs as witnessed in the past.

Improvement and Sustainability of Quality of Earnings Key to Performance: Bol reported a net profit of INR199.82 billion during FY21-2QFY25, after cumulative losses of INR221.95 billion over FY16-FY20. The bank's net interest income increased 5.2% yoy in 1HFY25 (FY24:13.7%; FY23: 44.2%), while the net interest margin reduced to 2.94%, down 11bp yoy (2.97%; 3.01%). The bank's pre-provision operating profit growth was up 4.2% yoy in 1HFY25 (FY24: 5.0%; FY23: 34.08%) while the bank's cost-to-income ratio remained stable at 51.34% at end-1HFY25 (51.7%; 51.1%). The contribution of treasury income and recoveries from written-off accounts constituted 22.8% of the pre-provision operating profit in 1HFY25 (FY24: 17.1%; FY23: 21.7%) and remains an important part of Bol's sustainable operating performance.

Moreover, the bank credit costs remained subdued at 91bp in 1HFY25 (FY24: 78bps; FY23: 79bp), led to a healthy profit generation. Bol had written off loan's worth about INR649.27 billion over FY18-1HFY25 (about 10.8% of its current net advances), and if recoveries pick up further, this could be a source of profitability, and internal accruals which add to the

capital buffers.

Deposit Profile Could Come under Pressure: Bol's low-cost current account and savings account deposits remained steady at 35.6% at 1HFY25(FYE24: 36.6%; FYE23: 37.7%), marginally below the peer median levels. During 1HFY25, Bol's current account and savings account grew at about 7.3% yoy, the overall deposits, including fixed deposits, grew about 10.1% yoy, while net advances grew 15.6% yoy. Given the deposit growth has lagged advance growth for a few quarters, the banking sector has been under pressure and accordingly the banks' term deposit rates increased about 150bp in the past two years. Furthermore, the agency expects as interest rate curve is adverse, the banks' interest rates on deposits will continue to increase over the medium term.

Liquidity

Adequate: Bol maintained a small cumulative funding deficit of 6.8% in the up-to-one-year bucket on the contractual asset-liability management at end-1HFY25. It also maintained about 24.16% of the total assets in balances with the Reserve Bank of India, banks and in government securities in FY24 as part of the statutory liquidity ratio requirements. The bank's liquidity coverage ratio was 119.07% at 1HFYE25 on a standalone basis.

Rating Sensitivities

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

Negative: Bol's Long-Term Issuer Rating could be downgraded if there is any unfavourable change in the government's support stance that restricts the bank's ability to maintain its systemic importance, or if the equity buffers of the bank consistently operate at close to the minimum regulatory levels, which could restrict its ability to grow its business and market share. There could also be a negative rating action if the bank loses its market share materially compared to other public sector banks.

The notching of the AT1 bonds could be widened from its anchor ratings if Ind-Ra believes there is a dilution in the government's support stance towards hybrid instruments of PSBs or if there is any delay in the timeliness of extending this support. This could lead to, among other things, capital buffers continuing to be close to the regulatory levels. In addition, Ind-Ra expects that the capital buffers would be higher for banks with weaker unsupported profiles; if not, then the notching from the Long-Term Issuer Rating could be wider/higher. These capital buffers could be important as the banks' ability to service the instrument could be impaired if it is incurring losses and/or if the capital levels are lower than the regulatory minimum levels.

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 Bol, 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

Bol is the sixth-largest Indian public sector bank. At end-1HFY25, it had net advances share of around 3.5% and a deposit share of about 3.6%. The bank had a sizeable network of 5,191 domestic and 22 overseas branches at end-1HFY25.

Key Financial Indicators

Particulars (INR billion)	FY24	FY23
Total assets	9,125.9	8,155.6

Total equity	688.8	589.7
Net profit/loss	63.2	40.2
Return on assets (%)	0.70	0.49
Common equity tier 1 (%)	14.24	13.60
Capital adequacy ratio (%)	16.96	16.28
Source: Bol, 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 (billion)	Rating	11 September 2024	3 July 2024	10 April 2024	12 January 2023	13 October 2021
Issuer rating	Long-term	-	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Infrastructure bonds	Long-term	INR100	INDAA+/Stable	INDAA+/Stable	INDAA+/Stable	-	-	-
Basel III tier 2 bonds	Long-term	INR25	INDAA+/Stable	INDAA+/Stable	-	-	WD	IND AA+/Stable
Basel III tier 1 bonds	Long-term	INR25	INDAA+/Stable	-	-	-	-	-

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel III AT1 bonds	High*
Basel III tier 2 bonds	Low
Infrastructure Bond	Low

*Perpetual instrument with built in loss absorbing features such as coupon discretion

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

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Infrastructure bond	INE084A08185	19 July 2024	7.54	19 July 2034	INR50.00	IND AA+/Stable
Unutilised					INR 50.00	
Source: NSDL, company						

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Basel III tier 2 bonds	INE084A08193	26 September 2024	7.49	26 September 2034	INR25.00	IND AA+/Stable
Unutilised					NIL	
Source: NSDL, company						

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is 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 and leasing companies, managed funds, urban local bodies and project finance companies.

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

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

Solicitation Disclosures

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

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APPLICABLE CRITERIA AND POLICIES

Rating Bank Subordinated and Hybrid Securities

Evaluating Corporate Governance

Financial Institutions Rating Criteria

The Rating Process

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