



INDIAN OVERSEAS BANK
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04.03.2015

The Senior General Manager
Listing Department
Bombay Stock Exchange Limited
Floor 25, P.J. Towers
Dalal Street
Mumbai – 400 001

Kind Attn: Shri. Girish Joshi

Dear Sir,

Sub: Revision in Ratings of IOB by M/s. Moody's Investors Service

The International Credit Rating Agency, M/s. Moody's Investors Service, has revised its rating on our Bank, vide its communication dated 03rd March, 2015, as follows:

The full list of ratings for IOB:

- Bank financial strength rating of E+, with a stable outlook; which is equivalent to a BCA of b2, remains unchanged.
- Long-term local currency bank deposit rating was downgraded to Ba1 from Baa3, outlook maintained at stable.
- Long-term foreign currency bank deposit rating was downgraded to Ba1 from Baa3, outlook maintained at stable.
- Short-term foreign currency bank deposit rating was downgraded to NP from P-3.
- Foreign currency senior unsecured MTN program was downgraded to (P) Ba1 from (P) Baa3.
- Foreign currency other short term program was downgraded to (P) NP from (P) P-3.
- Foreign currency subordinate MTN program remains unchanged at (P) B2.
- Foreign currency junior subordinate MTN program remains unchanged at (P) B3.



The full list of ratings for IOB (Hong Kong branch):

- Foreign currency senior unsecured MTN program was downgraded to (P) Ba1 from (P) Baa3.
- Foreign currency other short term program was downgraded to (P) NP from (P) P-3
- Foreign currency senior unsecured debt rating was downgraded to Ba1 from Baa3, outlook maintained at stable
- Foreign currency subordinate MTN program remains unchanged at (P)B2
- Foreign currency junior subordinate MTN program remains unchanged at (P)B3

The **revision in rating**(down by one notch) is being done by M/s. Moody's Investors Service, based on the following **rationale**:

- Government's preference in allocating capital to banks whose average return on assets over the past three years and whose return on equity over the past one year surpass the corresponding weighted average ratios of SOE banks overall.
- The new approach of the Government is reflected in the capital allocations earmarked for the fiscal years ending March 2015 and March 2016.
- IOB has the weakest standalone credit profiles among Moody's rated Indian banks, as indicated by their baseline credit assessment of b2.
- Previous supported senior ratings of Baa3 relied on more notches of government support relative to other rated SOE banks.
- To reflect the impact of the government's establishment of more selective criteria, Moody's has lowered the notches of support provided to IOB.

The revision in rating intimation was received by us during the late evening on 03.03.2015, the same is being intimated to the exchange today i.e. 04.03.2015 as per clause 36 of the Listing Agreement.

Thanking You.

Yours faithfully,


S. Kalpaga Rani
Assistant General Manager

