

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 & Tier II Bonds – Reaffirmed
Long Term Infra Bond & Tier II Bonds – Assigned (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, Care Ratings Limited, has reaffirmed our Bank's Long Term Infra Bond and Tier II Bond as well as assigned new rating for Long Term Infra Bond and Tier II Bond as per details given below:

Sr. No	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)	Care Rating Limited	AA+	Stable	Reaffirm	-	12.09.2024	Verified	13.09.2024
2.	INE084A08060 (Basel III Compliant Tier-II Bonds)	Care Rating Limited	AA+	Stable	Reaffirm	-	12.09.2024	Verified	13.09.2024
3.	New Infra Bond Issue – ISIN to be allotted	Care Rating Limited	AA+	Stable	New	-	12.09.2024	Verified	13.09.2024
4.	New Basel III Compliant Tier-II Bond Issue - ISIN to be allotted	Care Rating Limited	AA+	Stable	New	-	12.09.2024	Verified	13.09.2024

- The Press Release issued by CARE Ratings Ltd., is attached.
- This is for your information and appropriate dissemination.

भवदीय Yours faithfully,



(Rajesh V Upadhyia)
कंपनी सचिव Company Secretary

Classification: Public

Bank of India

September 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Infrastructure Bonds	5,000.00	CARE AA+; Stable	Assigned
Tier II Bonds	2,500.00	CARE AA+; Stable	Assigned
Infrastructure Bonds	5,000.00	CARE AA+; Stable	Reaffirmed
Tier II Bonds	3,000.00	CARE AA+; Stable	Reaffirmed
Fixed Deposit	0.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Tier-II Bonds under Basel III are characterised by a point-of-non-viability (PONV) trigger due to which the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses, and raising the Common Equity Tier-I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

The ratings assigned to the debt instruments of Bank of India (BOI) factor in demonstrated and expected support from Government of India (GOI), which holds majority (73.38% as on June 30, 2024) shareholding in the bank, the bank's established franchise through its pan India branch network, which has helped the bank build a depositor base allowing its deposits to be granular.

The ratings further factor in the bank's comfortable capitalisation supported by periodic capital infusion, diversified advances portfolio and improvement in asset quality parameters and financial performance over the last few years.

These strengths are partly offset by its moderate asset quality and earnings profile with return on total assets (ROTA) being relatively lower to peer banks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in profitability with ROTA of above 0.8% on a sustained basis.
- Sustained improvement in asset quality parameters.

Negative factors

- Decline in profitability with ROTA below 0.30% on a sustained basis.
- Decline in the capitalisation level with decline in cushion over the minimum regulatory requirement by less than 2.5%
- Deterioration in asset quality parameters from the current levels.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Analytical approach: Standalone

The rating is based on the standalone profile of the bank and factors in the strong and continued support from the GoI, which holds the majority shareholding in the bank.

Outlook: Stable

The Stable outlook is on account of expected gradual improvement in asset quality parameters and reduction in credit cost, which would improve the bank's overall profitability the medium term.

Detailed description of key rating drivers:**Key strengths****Expected and demonstrated support from GOI**

GoI has been supporting public sector banks (PSBs) with regular capital infusions and with steps to improve operational efficiency and asset quality. There has been a continued support from the GoI through capital infusions in the past, when the bank was classified under prompt corrective action (PCA) framework of RBI. In FY22, the bank raised equity capital of ₹2,550 crore through qualified institutional placement (QIP) (non-government) route, resulting in reduction in GoI's shareholding in the bank from 89.10% as on March 31, 2021, to 81.41% as on March 31, 2022. Post capital infusion through a QIP of equity shares in Q3FY24, GoI's shareholding came down to 73.38% as on December 31, 2023. However, GoI continues to hold a significant majority shareholding in the bank. Considering the bank's significance as one of the largest PSBs, and with a majority shareholding, CARE Ratings expects timely and regular support from GoI, to maintain capitalisation, when required, and is a key rating sensitivity.

Long track record of operations and pan India presence

BOI has a long and established operational track record of more than a century and is the sixth-largest nationalised bank in terms of advances with advances of ₹5.85 lakh crore and total business (Advances + Deposits) of ₹13.24 lakh crore as on March 31, 2024. Its pan India geographical presence has risen substantially, furthering its existing strong franchise with a network of 5,148 branches in India and 22 branches overseas, catering to a larger customer base, as on March 31, 2024. Around 64% of its total domestic branches caters to rural and semi-urban areas. The bank has a strong liability profile, as depicted by increasing deposit base and increasing proportion of Current Account Savings Account (CASA) year-on-year. The bank's CASA deposit ratio marginally decreased from 44.73% as on March 31, 2023 to 43.21% as on March 31, 2024, to, due to surge in deposit interest rates, which led to the customers shifting from CASA to term deposits and other investment avenues which was observed across banks.

Comfortable capitalisation levels

The bank has been maintaining adequate cushion over the minimum regulatory requirement and support credit growth. As on March 31, 2024, the capital adequacy ratio (CAR) of the bank stood at 16.96% with Common Equity Tier-(CET) I Ratio of 14.24% and Tier-I CAR of 14.93% (March 31, 2023: 16.28%, 13.6% and 14.41%, respectively). There is a sufficient capital cushion to absorb asset quality pressures as well as support growth in the near term. In Q3FY24, the bank had raised ₹4,500 crore through a qualified institutional placement (QIP) of equity shares which along with accretion to profit helped the bank improve its core capitalisation. The bank raised Tier II capital through bond issuances of ₹2,000 crore during FY24 which helped overall capitalisation level of the bank. With improvement in profitability, CARE Ratings expects the bank to maintain a CAR of over 2.5% above the regulatory requirement in the near to medium term. The bank reported CAR of 16.18% with CET I Ratio of 13.62% as on June 30, 2024.

Diversified advances profile and deposit growth

The bank's gross advances stand at ₹5.85 lakh crore as on March 31, 2024. Exposure to Retail, Agriculture and MSME (RAM) is 55.61% of domestic advances. In FY24, exposure to government and government-guaranteed advances has reduced which is in line with the bank's strategy to reduce low-yielding loans. Its international portfolio (which is largely corporate) constituted around 16.43% of the total advances as on March 31, 2024. The overseas bank branches are spread across 15 countries. A major part of overseas exposure is towards oil marketing companies and remaining are given to the companies from diversified sectors. In case of deposits, overall deposits have grown by 10.21% in FY24 (y-o-y), (6.6% in FY23 y-o-y). While CASA deposits grew at a slower pace of 7.03% (y-o-y) in FY24, term deposits grew by 12.42% (y-o-y) in the same period, leading to the decline in CASA proportion to 36.57% as on March 31, 2024. During Q1FY25, the bank saw 17.63% (y-o-y) growth in advances and 9.74% growth in deposits.

Key weaknesses

Improvement in asset quality parameters; however, its sustenance is to be seen

Although the bank's asset quality parameters improved over the years with gross non-performing assets (GNPA) ratio and net NPA (NNPA) ratio of 4.98% and 1.22% as on March 31, 2024 (7.31% and 1.66% as on March 31, 2023) as against 9.98% and 2.34% as on March 31, 2022, it is still relatively high than its peers. Reduction in GNPA was mainly due to higher write-offs of ₹9,749 crore and cash recoveries of ₹5,261 crore. The bank's slippage ratio reduced from 1.94% in FY23 to 1.58% in FY24. During Q4FY24, the bank saw slippages in few state government backed accounts and one corporate account; however, the bank has recovered from some of the accounts and expects recovery over the coming quarters resulting in improvement in asset quality parameters.

The gross stressed assets* and net stressed assets* though decreased y-o-y, continued to remain high at 6.65% of the gross advances (March 31, 2023: 9.53%) and 28.02% of the net worth as on March 31, 2024 (March 31, 2023: 52.27%), respectively. The bank has special team looking at Special Mention Accounts (SMA) which has resulted in significant decline in SMAs during FY24. The SMA (above Rs.5 crore) declined from 3.55% of net standard advances as on March 31, 2023 to 1.28% of net standard advances as on March 31, 2024. BOI reported Gross NPA Ratio of 4.62% and Net NPA Ratio of 0.99% as on June 30, 2024.

Going forward, improvement in asset quality parameters in line with peer banks is a key rating monitorable.

**Gross Stressed Asset = Gross NPA + Standard Restructured Assets + Security Receipts*

**Net Stressed Assets = Net NPA + Standard Restructured Assets + Security Receipts*

Moderate profitability

The bank has seen continuous improvement in its profitability over the last five years, due to reducing cost of deposits y-o-y led by increase in the proportion of CASA deposits and increase in the gross advances post coming out of the PCA framework.

The bank's net interest margin (NIM) has improved to 2.70% in FY24 from 2.64% in FY23 as the bank was able to pass on its incremental cost of deposits. The bank's total income increased by 22% to ₹66,804 crore for FY24 from ₹54,748 for FY23. The bank saw increase in operating expenses by 8% to ₹15,079 crore for FY24 from ₹13,982 crore largely due to increase in employee cost on account by wage revision. BOI's pre provisioning operating profit (PPOP) increased by 5% to ₹14,069 crore for FY24 as compared to ₹13,393 crore for FY23. The bank's credit cost (provisioning) declined by 45% to ₹3,970 crore for FY24 from ₹7,163 crore for FY23 which helped the bank report profit after tax (PAT) of ₹6,318 crore for FY24 as compared to PAT of ₹4,023 crore for FY23.

The bank's return on total assets (ROTA) increased to 0.74% for FY24 as compared to 0.53% for FY23. While increasing, ROTA remained lower compared to larger public sector banks. The bank is expected to have ROTA of around 0.90% for FY25 with continued margin, lower operating cost and credit cost.

During Q1FY25, the bank reported PAT of ₹1,703 crore on total income of ₹18,240 crore as compared to PAT of ₹1,551 crore on total income of ₹15,821 crore during Q1FY24 with ROTA of 0.77% (annualised) for Q1FY25. The bank's ability to contain credit cost and improve its profitability in line with peers is a key rating monitorable.

Liquidity: Strong

The bank's liquidity profile is supported by the bank's strong retail and CASA depositor base. The bank reported liquidity coverage ratio (LCR) was 153.12% for quarter ended March 31, 2024, as against minimum regulatory requirement of 100%. The bank also had an excess statutory liquidity ratio (SLR) of ₹39,230.03 crore as on March 31, 2024, which provides a liquidity buffer, and allows the bank to borrow against it, in case of liquidity requirement for contingencies. Further, the bank has access to RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) along with access to refinancing from SIDBI, NHB, NABARD, among others, and access to call money markets.

Environment, social, and governance (ESG) risks

Bank's Board has adopted ESG Policy (Environment, Social and Governance) for the Bank. ESG policy include the governance structure for taking the cause ahead and also set deliverables for the various departments in the Bank. The ESG policy outlines the Banks intent to move in the direction of net zero as per the country's commitment and also enable to comply with all the regulatory requirement on ESG & related disclosures. Bank has taken various staff welfare initiatives to improve cordial working atmosphere under ESG (Environmental Social Governance) programme launched by Human Resources.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Bank](#)

[Rating Basel III - Hybrid Capital Instruments issued by Banks](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Banks	Public Sector Bank

BOI was incorporated in September 1906 by a group of eminent businessmen from Mumbai. The bank was under private ownership and control till July 1969, when it was nationalised and 13 other banks. BOI is the sixth-largest public sector bank (PSB) in India in terms of advances, with net advances of ₹5.86 lakh-crore as on June 30, 2024. The bank's franchise is spread across 5,155 branches in India and 22 branches overseas as on June 30, 2024. Around 65% of its total domestic branches cater to rural and semi-urban areas.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	June 30, 2024 (UA)
Total income	54,747	66,804	18,240
PAT	4,023	6,318	1,703
Total Assets	8,02,021	9,02,899	9,38,835
Net NPA (%)	1.66	1.22	0.99
ROTA (%)	0.52	0.74	0.77*

A: Audited UA: Unaudited; Note: these are latest available financial results *annualised

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Tier II Bonds	INE084A08060	December 31, 2015	8.52%	December 31, 2025	3,000.00	CARE AA+; Stable
Fixed deposits	-	-	-	-	0.00	CARE AA+; Stable
Tier II Bonds (Proposed)	-	-	-	-	2,500.00	CARE AA+; Stable
Infrastructure Bonds	INE084A08185	July 19, 2024	7.54%	July 19, 2034	5,000.00	CARE AA+; Stable
Infrastructure Bonds (proposed)	-	-	-	-	5,000.00	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type*	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Bonds-Tier II Bonds	LT	3000.00	CARE AA+; Stable	1)CARE AA+; Stable (04-Jul-24) 2)CARE AA+; Stable (04-Apr-24)	1)CARE AA+; Stable (06-Jun-23)	-	-
2	Fixed Deposit	LT	0.00	CARE AA+; Stable	1)CARE AA+; Stable (04-Jul-24) 2)CARE AA+; Stable (04-Apr-24)	-	-	-
3	Bonds-Infrastructure Bonds	LT	5000.00	CARE AA+; Stable	1)CARE AA+; Stable (04-Jul-24)	-	-	-
4	Bonds-Infrastructure Bonds	LT	5000.00	CARE AA+; Stable				
5	Bonds-Tier II Bonds	LT	2500.00	CARE AA+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Tier II Bonds	Complex
3	Fixed Deposit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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