

संदर्भ क्र. Ref. No.: HO:IRC:SVM:2023-24: 309

दिनांक Date: 08.09.2023.

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, <u>Mumbai 400 001.</u>

Dear Sir/Madam,

**Reporting under Regulation 30 of SEBI (LODR) Regulations –
Credit rating of Non-Convertible Tier II Bond**

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, Infomeric Valuation & Rating Pvt. Ltd., has reaffirmed Tier II Bond rating 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.	INE084A08151 (Tier II Bond)	Infomeric Valuation & Rating Pvt. Ltd.	AAA	Stable	Reaffirmed	-	08.09.2023	Verified	08.09.2023

The Rating sheet & Press Release of the agency is attached herewith.

This is for your information and appropriate dissemination.

भवदीय Yours faithfully,



(Rajesh V Upadhyia)
कंपनी सचिव Company Secretary

Classification: Public



Press Release

Bank of India

September 08 2023

Ratings

Facilities/Instrument	Amount (INR crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term – BAEL III Compliant Tier II Bonds	1800.00	IVR AAA/Stable (IVR Triple A with Stable outlook)	Reaffirmed	Complex
Total	1800.00 (INR One Thousand Eight Hundred Crores only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of ratings assigned to the Basel III Compliant Tier II Bonds of Bank of India takes into consideration the sovereign ownership with continued support, BOI's established and well spread market reach, adequate capitalisation, and its healthy resource profile. Further, the rating also considers a healthy provision coverage ratio of the Bank. However, the ratings are constrained by a moderate albeit improving asset quality.

Note on Basel-III Compliant Tier-II Instruments: The distinguishing feature of Tier-II capital instruments under Basel III is the existence of the point of non-viability (PONV) trigger, the occurrence of such situation might result in loss of principal to the investors and, henceforth, to default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. IVR believes 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 on the instrument.

Key Rating Sensitivities:

- **Downward Factor**
 - Material decline in Govt Shareholding and/or expectation of support from Government of India.
 - Any major increase in slippages leading to weakening of asset quality with gross NPAs crossing 14.50%, thereby impacting the earnings profile.



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- Any material Decline in overall capital adequacy ratios below the current level.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Sovereign ownership with continued support:**
The Government of India holds 81.41% stake in the Bank as of 30 June 2023. The Bank is one of the major public sector banks (PSBs) of the country. It is one of the major Banks which has not been merged or in plans for amalgamation as of now. The Bank has received regular capital support from the Government of India. The Bank received capital support aggregating to Rs. 29,794 crore over FY17- FY21 (Rs. 2,838 crore in FY17, Rs. 9,232 crore in FY18, Rs. 14,724 crore in FY19 and Rs. 3,000 crore in FY2021) from Gol. The Gol is expected to continue to provide significant support to large public sector banks like the Bank of India as it plays an important role in penetration of economic and social development.
- **Established and well spread market reach:**
The Bank has a geographically well spread branch network in India and abroad. Bank has 5,131 domestic branches and ~5,426 ATMs in India; and strong international presence with 22 foreign branches, 4 subsidiaries, 1 associate and 1 rep office as on 30 June 2023 which keeps Bank's presence felt in all times Zones and important financial centres of the globe.
- **Adequate capitalisation:**
Capitalisation of the bank is adequate, with Common Equity Tier-1 (CET 1) ratio, Tier-I capital adequacy ratio (CAR) and overall, CAR at 13.02%, 13.80% and 15.60%, respectively, as on June 30, 2023 (13.60%, 14.41% and 16.28%, respectively, as on March 31, 2023). The bank has flexibility to raise additional equity from the market, with the Gol stake at 81.41% as on June 30, 2023. The bank has raised funds to the tune Rs. 2550 crore through QIP programme on August 31, 2021 and during the year ended March 31, 2023, the Bank has raised Basel III compliant Additional Tier I Bonds Series VIII amounting to ₹ 1,500. The capital level is also supported by regular infusion from Gol.
- **Healthy resource profile:**
Resource profile of the Bank has remained healthy with the proportion of low-cost CASA deposits at 44.52% as on June 30, 2023. The proportion remains above the industry average, helping the Bank maintain its cost of deposits at a manageable level. The Cost of deposits was 4.22% over Q1 FY24 (3.67% in FY23).



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Key Rating Weaknesses

- **Modest, albeit improving, asset quality:**

Asset quality of the Bank, with reported gross NPAs of 6.67% as on June 30, 2023 (7.31% as on March 31, 2023, improving from 9.88% in FY22), remains modest, albeit with an improving trend. The Net NPA has improved from 5.61% in FY19 to 1.65% in Q1 FY24. The provision coverage ratio of the bank remained above industry average at 89.52% as on June 30, 2023

Analytical Approach: Standalone

IVR has considered the standalone approach while assessing the financial and business risk profile of the Bank of India. The approach also factors in the support that the bank is expected to receive from the Government of India, both on an ongoing basis and in the event of distress.

Applicable Criteria (Please add Hyperlink to the respective criteria):

[Rating Methodology for Banks](#)

[Criteria of assigning rating outlook](#)

Liquidity – Strong

The Bank of India's liquidity position is supported by the strength of its liabilities franchise and its sovereign ownership. The Bank is having a sizeable retail deposit base that forms a significant part of the total deposits. Its liquidity coverage ratio stood at 178.55% as on June 30, 2023, as against minimum regulatory requirement of 100%. Liquidity is further supported by the Bank's access to systemic sources of funds, such as the liquidity adjustment facility from RBI and access to the call money market.

About the Bank

Bank of India was founded on 7th 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 along with 13 other banks. Beginning with one office in Mumbai, with a paid-up capital of Rs.50 lakh and 50 employees, the Bank has made a rapid growth over the years and blossomed into a mighty institution with a strong national presence and sizable international operations. In business volume, the Bank occupies a premier position among the nationalized banks. The Bank has over 5100+ branches in India spread over all states/ union



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territories including specialized branches. These branches are controlled through 69 Zonal Offices and 13 NBG Offices. There are 45 branches/ offices abroad which includes 23 own branches, 1 representative office and 4 Subsidiaries(20 branches) and 1 joint venture.

Financials (Standalone):

(Rs. Crore)

For the year ended/As on*	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Income	45954.55	54747.61
PAT	3404.69	4022.94
Total Advances	420841.79	485899.64
Total Deposits	627895.96	669585.77
Total Business	1048737.75	1155485.41
NIM (%)	2.36	3.01
ROTA (%)	0.47	0.52
CET I CRAR (%)	13.49	13.60%
Overall CRAR (%)	16.51	16.28
Gross NPA (%)	9.98	7.31
Net NPA (%)	2.34	1.66
PCR (%)	87.76	89.68
CASA (%)	45.02	44.73

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.



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98Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	BASEL III compliant Tier II Bonds	Long Term	1800.00	IVR AAA /Stable (IVR Triple A with Stable Outlook)	16 September 2022 IVR AAA /Stable (IVR Triple A with Stable Outlook)	21 September 2021 IVR AAA /Stable (IVR Triple A with Stable Outlook)	-

Name and Contact Details of the Rating Director:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors..

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
BASEL III Complaint Tier II Bonds	30 September 2021	7.14%	30 September 2031	1800.00	IVR AAA/Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Security Description	7.14% Bank of India BASEL III Tier II (Series XV) Bonds in the nature of Debentures
Issue Size (Rs in Crores)	Rs 1800 Crores
Objects of the Issue	Augmenting Tier II Capital
Tenor	120 months
Covenants	Write-down trigger of Non-Viability ("PONV Trigger") PONV Trigger, in respect of the bank means the earlier of: i. Notify the trustee. ii. cancel any Coupon which is accrued and unpaid on the



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	<p>Bonds as on the write-down date; and</p> <p>iii. Without the need for the consent of Bondholders or the Trustee,</p> <p>write down the outstanding principal of the Bonds by such amount</p> <p>as may be prescribed by RBI ("PONV Write Down Amount") and</p> <p>as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within thirty days of the PONV Write- Down Amount being determined and agreed with the RBI.</p> <p>PONV Trigger, in respect of the Issuer or its group, means the earlier of:</p> <p>i. a decision that a principal write-down, without which the Issuer or its group (as the case may be) would become nonviable, is necessary, as determined by the RBI; and</p> <p>ii. the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or its group (as the case may be) would have become non-viable, as determined by the RBI.</p>
Coupon rate	7.14% subject to "Loss Absorbency", "Permanent principal write-down on PONV trigger event
Call Option	On or after the fifth anniversary from the date of allotment, the Issuer may at its sole discretion, having notified the debenture trustee not less than 21 days prior to the date of exercise of the issuer call date

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.