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Date: 29.01.2018

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.
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Dear Sir/Madam,

Revision in Credit Rating

In compliance of Regulation 84 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations-2015, this is to inform that CRISIL has revised its Rating on following Bank of India bonds from **Negative** Outlook to **Stable** Outlook:


Sr. No.	Types of Bonds	Revised Rating
1.	Rs.1500 Crore Tier-II Bonds (under Basel III)	CRISIL AA+/Stable (Outlook revised from 'Negative' to 'Stable')
2.	Rs.1500 Crore Tier-II Bonds (under Basel III)	CRISIL AA+/Stable (Outlook revised from 'Negative' to 'Stable')
3.	Rs.3000 Crore Tier-II Bonds (under Basel III)	CRISIL AA+/Stable (Outlook revised from 'Negative' to 'Stable')
4.	Upper Tier-II Bonds aggregating to Rs.2500 Crore (under Basel II)	CRISIL AA+/Stable (Outlook revised from 'Negative' to 'Stable')
5.	Perpetual Tier-I Bonds aggregating to Rs.625 Crore (under Basel II)	CRISIL AA+/Stable (Outlook revised from 'Negative' to 'Stable')

We enclose a copy of the Rating Rationale issued by CRISIL on January 25, 2018.

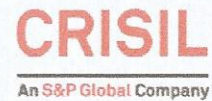
Thanking you,

Yours faithfully,




(Rajeev Bhatia)
Company Secretary

Ratings



Rating Rationale

January 25, 2018 | Mumbai

CRISIL revises outlook on public sector banks to 'Stable' from 'Negative'

Recapitalisation, peaking of asset quality issues, revival in credit growth to improve outlook

CRISIL has revised its outlook on the long-term debt instruments (excluding Basel III Tier I) of 18 public sector banks (PSB) to 'Stable' from 'Negative', while reaffirming their ratings.

The revision in outlook is primarily driven by government's PSB recapitalisation programme for this fiscal, which will improve the financial risk profile of these banks and also help them meet Basel III regulatory capital norms, and provide cushion against expected rise in provisioning for non-performing assets (NPAs).

The ratings on Basel III Tier I bonds of nine PSBs have also been reaffirmed, and the outlook has been retained as 'Negative'. CRISIL is evaluating the flexibility with banks to set off any accumulated losses with the bank's balance in share premium account and its implication on the availability of eligible reserves to service AT1 coupon payments. We will revisit our ratings on AT1 instruments once there is clarity.

On October 24, 2017 after the government announced its Rs 2.11 lakh crore recapitalisation plan, CRISIL had said that it was credit positive for public sector banks and when details of the capital infusion for individual PSBs are announced, it will consider those and take appropriate rating action.

On Wednesday, the government announced details of bank-wise infusion of ~Rs 88,000 crore capital this fiscal.

CRISIL has assessed the impact of this and believes with expected capital infusion from government, PSBs are now adequately placed to meet Basel III capital norms and are also better prepared to absorb the hit from provisioning on stressed assets and also on account of migration to Ind AS (Indian Accounting Standards).

The government has also outlined its banking reforms agenda. The strengthening of prudent lending practices through responsible banking - that is, banking based on core strengths, sharper pre- and post-disbursal monitoring for large exposures, and improving NPA resolution mechanisms (including separate asset management verticals), will structurally improve credit culture at PSBs.

Says Krishnan Sitaraman, Senior Director, CRISIL Ratings, 'The recapitalisation plan while emphasising government's support, also persuades public sector banks to up the ante on responsible banking. The upshot of more accountability, governance and efficiencies is a structurally stronger banking system and improved investor sentiment towards them'.

Asset quality issues are peaking for banks with incremental slippages to NPAs expected to taper in fiscal 2018 and 2019 as credit health of corporate borrowers' are improving. However, the resolution of large corporate stressed accounts under the Insolvency and Bankruptcy Code and the potential haircuts thereof are expected to increase the provisioning burden of PSBs and impact their earnings profile and capital position in the near term.

CRISIL will continue to monitor the performance of PSBs - their asset quality and profitability performance, and the capital support from the government in future and will appropriately factor in the same in the ratings of these banks.

Annexure 1 : List of rating actions on PSBs

Bank	Tier II Bonds (Under Basel II & Basel III)/ Infrastructure Bonds	Hybrid Instruments (Under Basel II)	Fixed Deposits	Tier I Bonds (Under Basel III)	Certificate of Deposits
Allahabad Bank	CRISIL AA-/Stable (Outlook revised from Negative)	CRISIL A+/Stable (Outlook revised from Negative)			
Andhra Bank	CRISIL AA+/Stable (Outlook revised from Negative)	CRISIL AA/Stable (Outlook revised from Negative)		CRISIL AA-/Negative (Reaffirmed)	
Bank of Baroda					

	CRISIL AAA/Stable (Outlook revised from Negative)	CRISIL AAA/Stable (Outlook revised from Negative)		CRISIL AA+/Negative (Reaffirmed)	
Bank of India	CRISIL AA+/Stable (Outlook revised from Negative)	CRISIL AA+/Stable (Outlook revised from Negative)		CRISIL A+/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)
Bank of Maharashtra	CRISIL A+/Stable (Outlook revised from Negative)	CRISIL A/Stable (Outlook revised from Negative)		CRISIL BBB+/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)
Canara Bank	CRISIL AAA/Stable (Outlook revised from Negative)	CRISIL AAA/Stable (Outlook revised from Negative)		CRISIL AA/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)
Central Bank of India	CRISIL A+/Stable (Outlook revised from Negative)	CRISIL A/Stable (Outlook revised from Negative)			
Corporation Bank	CRISIL AA-/Stable (Outlook revised from Negative)	CRISIL A+/Stable (Outlook revised from Negative)	FAA+/Stable (Outlook revised from Negative)	CRISIL A-/Negative (Reaffirmed)	
Dena Bank	CRISIL AA-/Stable (Outlook revised from Negative)	CRISIL A+/Stable (Outlook revised from Negative)		CRISIL A-/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)
IDBI Bank Ltd.	CRISIL A+/Stable (Outlook revised from Negative)	CRISIL A/Stable (Outlook revised from Negative)	FAA/Stable (Outlook revised from Negative)	CRISIL BBB+/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)
Indian Overseas Bank	CRISIL A+/Stable (Outlook revised from Negative)	CRISIL A-/Stable (Outlook revised from Negative)	FAA/Stable (Outlook revised from Negative)		CRISIL A1+ (Reaffirmed)
Oriental Bank of Commerce			FAA+/Stable (Outlook revised from Negative)		CRISIL A1+ (Reaffirmed)
Punjab & Sind Bank	CRISIL AA/Stable (Outlook revised from Negative)				
Punjab National Bank	CRISIL AAA/Stable (Outlook revised from Negative)	CRISIL AAA/Stable (Outlook revised from Negative)		CRISIL AA/Negative (Reaffirmed)	
Syndicate Bank	CRISIL AA/Stable (Outlook revised from Negative)	CRISIL AA/Stable (Outlook revised from Negative)			
UCO Bank	CRISIL A+/Stable (Outlook revised from Negative)	CRISIL A/Stable (Outlook revised from Negative)			CRISIL A1+ (Reaffirmed)
Union Bank of India	CRISIL AA+/Stable (Outlook revised from Negative)	CRISIL AA+/Stable (Outlook revised from Negative)			
United Bank of India	CRISIL AA-/Stable (Outlook revised from Negative)	CRISIL A/Stable (Outlook revised from Negative)		CRISIL BBB+/Negative (Reaffirmed)	CRISIL A1+ (Reaffirmed)

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Rating History for last 3 Years

Instrument	Current			2018 (History)		2017		2016		2015		Start of 2015 Rating
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
	ST	30000	CRISIL A1+									

Certificate of Deposits				No Rating Change	No Rating Change	No Rating Change	No Rating Change	CRISIL A1+		
Lower Tier-II Bonds (under Basel II)	LT	--	--	27-01-17	Withdrawal	09-03-16	CRISIL AA+/Negative	No Rating Change	CRISIL AAA/Stable	
Perpetual Tier-I Bonds (under Basel II)	LT	1280	CRISIL AA+/Stable	No Rating Change	No Rating Change	09-03-16	CRISIL AA+/Negative	24-07-15	CRISIL AAA/Negative	CRISIL AAA/Stable
Tier I Bonds (Under Basel III)	LT	2500	CRISIL A+/Negative	No Rating Change	No Rating Change	09-03-16	CRISIL A+/Negative	--	--	
Tier II Bonds (Under Basel III)	LT	6000	CRISIL AA+/Stable	No Rating Change	No Rating Change	09-03-16	CRISIL AA+/Negative	24-07-15	No Rating Change	CRISIL AAA/Stable
Upper Tier-II Bonds (under Basel II)	LT	2500	CRISIL AA+/Stable	No Rating Change	No Rating Change	09-03-16	CRISIL AA+/Negative	24-07-15	CRISIL AAA/Negative	CRISIL AAA/Stable

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Links to related criteria

[Rating Criteria for Banks and Financial Institutions](#)

[CRISILs Criteria for rating short term debt](#)

[Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support](#)

[Rating criteria for Basel III - compliant non-equity capital instruments](#)

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Last updated: April 2016

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