

**Press Release**  
**BANK OF INDIA**  
**August 29, 2025**  
**Rating Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Shc Rating
<b>BOND</b>	3000.00	ACUITE AA+   Stable   Reaffirmed	-
<b>BOND</b>	2000.00	ACUITE AAA   Stable   Reaffirmed	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	5000.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE AA+**' (read as **ACUITE double A Plus**) on the Rs. 3000.00 crore Basel III Additional Tier-I Bonds of Bank of India. The outlook is '**Stable**'.

Acuite has reaffirmed the long-term rating of '**ACUITE AAA**' (read as **ACUITE triple A**) on the Rs. 2000.00 crore Basel III compliant Tier-II Bonds of Bank of India. The outlook is '**Stable**'.

**Rationale for the rating**

The rating takes into consideration the sustained improvement in the earning profile, capital position and asset quality. Accordingly the bank reported a PAT of Rs. 9219.02 Cr. as on March 31, 2025 against Rs. 6317.92 Cr. in FY 24. This is the highest ever PAT that has been recorded by the bank. The rating further factors in the growth momentum in the overall business with the domestic advance scaling to Rs. 5,65,297 Cr. as on Q1FY26 which is a 11.24% growth year on year. The rating continues to factor in BoI's strong parentage and demonstrated capital support from the Government of India. This is well reflected in the bank's healthy capitalization levels, with overall capital adequacy ratio of 17.77% as on March 31, 2025 [Tier I CAR: 15.47%]. The rating also takes into account an improvement in the bank's financial performance primarily led by decline in slippages and overall credit costs. The ratings continue to factor in BoI's healthy liability profile characterized by Current Account Savings Account (CASA) mix of 39.88% as on June 30, 2025. Additionally, the bank's high provision cover of 92.94% as on June 30, 2025 which provides adequate buffer against near to medium term asset quality risks. These strengths are offset by the bank's modest albeit improving asset quality. The bank's GNPA and NNPA stood at 3.27% and 0.82% respectively as on March 31, 2025. While the bank continues to have healthy provision cover, performance of restructured portfolio and asset quality in softer buckets continue to be critical. Going forward, the bank's ability to maintain an upward trajectory in overall financial performance as well as contain asset quality risks will be key monitorables.

For AT1 bond ratings, Acuite has considered higher risk features including the discretion of coupon payments in a weak capital scenario and principal loss absorption in part or full at the 'point of non-viability (PONV)' of a bank.

**About the company**

Mumbai based Bank of India (BoI) was founded in 1906 and nationalised in 1969. The bank is engaged in retail banking, corporate/wholesale banking, priority sector banking, treasury operations and other banking services. The bank operates through a network of 5304 branches across India and 22 overseas branches across 15 countries as on June 30, 2025.

**Unsupported Rating**

Not Applicable.

**Analytical Approach**

Acuite has adopted the standalone approach while assessing the business and financial risk profile of the Bank of India. The standalone approach, however, also duly factors in benefit from the ownership i.e. Government of India. In case of the AT1 bond programme, the rating has been appropriately notched down as per the specific rating

criteria for these instruments.

## **Key Rating Drivers**

### **Strength**

#### **Ownership and demonstrated capital benefit from the Government**

BoI remains one of the 12 public sector banks in India subsequent to the consolidation exercise undertaken by the GoI in FY19-20. The bank operates through an extensive network of 5304 branches spread across India and 22 overseas branches across 18 countries. As of June 30, 2025, the government held 73.38% stake in the bank and has demonstrated its proactive support to the bank through regular equity infusions, underlining the strategic importance of the bank in furthering the objective of financial inclusion. 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 GoI. Turnaround in financial performance and ability to raise capital via market route has further augmented the bank's capitalisation position. As on March 31, 2025, the bank reported CAR of 17.77% with Tier I CAR of 15.47%.

Acuité believes that the GoI will continue to provide significant support to large public sector banks like BoI, which plays a critical role in penetration of financial services and social development.

#### **Stable liability franchise**

BoI has significant presence in semi urban and rural areas (64.61 percent of the overall branches) which facilitates mobilisation of small ticket/ CASA deposits. The resource profile also derives significant strength from robust Current Account Savings Account (CASA) base steadily improving from 37.1 percent as on March 31, 2015 to 40.28 percent as on March 31, 2025. The CASA improved aided by steady accretion of savings deposits coupled with a considerable reduction of bulk deposits over this period. The CASA deposits increased by 3.86 percent year-on-year at the end of FY25.

Acuité expects Bank of India to continue to benefit by way of access to lower cost of funds on the back of its sovereign parentage, stable retail deposit base and robust CASA share.

#### **Improvement in Financial Performance**

The bank turned profitable during FY2021 after 5 years of losses. The bank reported a Profit After Tax of Rs. 9219.02 Cr. in FY2025 as compared to Rs. 6317.92 Cr. in FY2024. The improvement was majorly on account of rise in interest income, reduction in overall slippages and associated credit costs. The NIM of the bank stood at 3.10 % during FY25 as compared to 3.20 % in FY24.

Acuité believes that the ability of the bank to maintain an upward trajectory in the overall financial performance will be a key monitorable.

### **Weakness**

#### **Moderate Asset Quality**

The bank's asset quality, though moderate, has been improving over the last few quarters, led by falling slippages and higher recoveries/ write-offs. The bank's GNPA levels have steadily improved to 3.27 percent as on March 31, 2025 as compared with 4.98 percent as on March 31, 2024. The bank continues to have healthy provision cover; performance of restructured portfolio and asset quality in softer buckets continue to be important.

While Acuité does not expect the bank to witness any major surge in delinquencies in the near to medium term, the bank's ability to maintain an upward trajectory in the overall financial performance as well as contain asset quality risks will be key monitorables.

### **ESG Factors Relevant for Rating**

Public sector banks play a significant role in promoting financial inclusion in the country including facilitation of banking services in unbanked areas. Healthy corporate governance practices are important for sustainability in a bank's long term performance. Some of the critical governance factors in the banking sector include board independence and diversity, effectiveness of the board sub committees, shareholders' rights as well as policies on KMP compensation and business ethics. Further, for the financial services sector, data privacy, security of financial instruments and responsible investments are relevant social factors. Other material social factors involve employee management and talent retention given the manpower intensive nature of banking operations and various initiatives for community support and development. While the banking sector has low exposure to environmental risks, energy efficiency and electronic waste management carry moderate materiality. Bank of India has taken multiple steps towards enhancement of shareholder rights. The bank has formed a stakeholders' relationship

committee for redressal of grievances of shareholders and investors. The bank board also has a committee for performance evaluation of MD & CEO, Executive Directors and General Managers; this committee is constituted as per Government of India, Ministry of Finance, Department of Financial Services directives. The bank has taken initiatives and programmes for improvement of business ethics; these include full, accurate timely and meaningful disclosures in the periodic reports required to be filed by the Bank with government and regulatory agencies. In the environmental category, the bank has financing products or services that help develop clean or renewable energy. Further in the social category, the bank continues to take initiatives towards career development of its employees by bridging the skill gap and imparting training through its 7 training colleges. The bank has recognised the importance of data privacy and has taken several initiatives towards it; it has put in place Captive Security Operation Centre (SOC) at Data Center and has also employed information security tools for Real-time monitoring of Information Security breach attempts / incidents / events on 24x7 basis. Some of the programmes of the bank under Corporate Social Responsibility (CSR) include engagement in Swachh Bharat Abhiyan, Beti Bachao Beti Padhao Abhiyan, rural socioeconomic development and health care to poor and under privileged

#### Rating Sensitivity

- Continued ownership from GoI
- Movement in asset quality and profitability metrics
- Movement in capitalization adequacy levels

#### Liquidity Position

##### Adequate

The bank's liquidity position is supported by sovereign ownership and stable liability franchise. Its liquidity coverage ratio stood at 118.62% as on March 31, 2025 as against minimum regulatory requirement of 100%.

#### Outlook:

Stable.

#### Other Factors affecting Rating

None.

#### Key Financials - Standalone / Originator

Particulars	Unit	FY25(Actual)	FY24(Actual)
Interest Income	Rs. Cr.	70,826.30	60,709.49
Interest Expense	Rs. Cr.	46432.35	37656.57
Profit After Tax (PAT)	Rs. Cr.	9219.02	6317.92
Deposits	Rs. Cr.	8,16,541.49	7,37,920.21
Net Advances	Rs. Cr.	6,49,657.04	5,63,144.67
Investments	Rs. Cr.	2,59,111.80	2,27,144.47
Capital Adequacy	(%)	17.77	16.96
Return on Average Assets (RoAA)	(%)	0.95	0.74
Gross NPA	(%)	3.27	4.98
Net NPA	(%)	0.82	1.22

#### Status of non-cooperation with previous CRA (if applicable):

Not Applicable.

#### Any other information

None.

#### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

- Hybrid Instruments Issued By NBFCs & HFCs: <https://www.acuite.in/view-rating-criteria-56.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Aug 2024	Basel III AT1 Bonds	Long Term	1500.00	ACUITE AA+   Stable (Upgraded from ACUITE AA   Positive)
	Basel III AT1 Bonds	Long Term	602.00	ACUITE AA+   Stable (Upgraded from ACUITE AA   Positive)
	Basel III AT1 Bonds	Long Term	750.00	ACUITE AA+   Stable (Upgraded from ACUITE AA   Positive)
	Proposed Perpetual Additional Tier I Bonds	Long Term	148.00	ACUITE AA+   Stable (Upgraded from ACUITE AA   Positive)
	Basel III Tier II Bonds	Long Term	2000.00	ACUITE AAA   Stable (Upgraded from ACUITE AA   Positive)
30 Aug 2023	Basel III AT1 Bonds	Long Term	750.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	602.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	1500.00	ACUITE AA   Positive (Reaffirmed)
	Proposed Perpetual Additional Tier I Bonds	Long Term	148.00	ACUITE AA   Positive (Reaffirmed)
	Proposed Basel III compliant Tier II Bonds	Long Term	2000.00	ACUITE AA+   Positive (Assigned)
23 Nov 2022	Proposed Perpetual Additional Tier I Bonds	Long Term	148.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	750.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	602.00	ACUITE AA   Positive (Reaffirmed)
	Proposed Perpetual Additional Tier I Bonds	Long Term	1500.00	ACUITE AA   Positive (Assigned)
22 Nov 2022	Proposed Perpetual Additional Tier I Bonds	Long Term	148.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	750.00	ACUITE AA   Positive (Reaffirmed)
	Basel III AT1 Bonds	Long Term	602.00	ACUITE AA   Positive (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE084A08136	Basel III AT1 Bonds	28 Jan 2021	9.04	Not avl. / Not appl.	750.00	Highly Complex	ACUITE AA+   Stable   Reaffirmed
Not Applicable	INE084A08144	Basel III AT1 Bonds	30 Mar 2021	9.30	Not avl. / Not appl.	602.00	Highly Complex	ACUITE AA+   Stable   Reaffirmed
Not Applicable	INE084A08169	Basel III AT1 Bonds	02 Dec 2022	8.57	Not avl. / Not appl.	1500.00	Highly Complex	ACUITE AA+   Stable   Reaffirmed
Not Applicable	INE084A08177	Basel III Tier II Bonds	15 Sep 2023	7.88	15 Sep 2033	2000.00	Highly Complex	ACUITE AAA   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Perpetual Additional Tier I Bonds	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	148.00	Highly Complex	ACUITE AA+   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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