

Bank of India

November 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Certificate of deposit	50,000.00	CARE A1+	Assigned
Tier-II bonds ^{&}	2,500.00	CARE AA+; Stable	Assigned
Infrastructure bonds	5,000.00	CARE AA+; Stable	Reaffirmed
Infrastructure bonds	5,000.00	CARE AA+; Stable	Reaffirmed
Infrastructure bonds	5,000.00	CARE AA+; Stable	Reaffirmed
Tier-II bonds ^{&}	3,000.00	CARE AA+; Stable	Reaffirmed
Tier-II bonds ^{&}	2,500.00	CARE AA+; Stable	Reaffirmed
Fixed deposit	0.00	CARE AA+; Stable	Reaffirmed
Tier-I bonds [#]	-	-	Withdrawn

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. Difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I (CET I) capital of the bank should be considered the most appropriate way to prevent the bank from turning non-viable.

[#]CARE Ratings Limited (CareEdge Ratings) has rated the mentioned Basel-III compliant additional Tier-I bonds after considering following key features:

- The bank has full discretion, at all times, to cancel coupon payments. The coupon is to be paid from the current year's profits. However, if the current year's profits are not sufficient, the payment of such coupon is likely to result in losses in the current year, balance coupon payment may be made from revenue reserves, including statutory reserves and/or credit balance in profit and loss account and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve, and reserves created on amalgamation, provided the bank meets the minimum regulatory requirements for CET I, Tier-I and total capital ratios, and capital buffer frameworks as prescribed by the RBI.
- The instrument may be written down on CET I breaching pre-specified trigger of 6.125% on and after October 01, 2021, or written off/converted into common equity shares on the occurrence of the trigger event called PONV. PONV trigger will be determined by the RBI. Delays in payment of interest or principal (as the case may be) due to invocation of features mentioned will constitute an event of default per CareEdge Ratings' definition of default, and as such these instruments may exhibit somewhat sharper migration of the rating compared to other subordinated debt instruments.

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Rationale and key rating drivers

Ratings assigned to debt instruments of Bank of India (BOI) factor in the bank's established franchise through its pan India branch network, which has helped the bank build a granular deposit base. Ratings further factor in the bank's comfortable capitalisation supported by periodic capital infusions, its diversified advances portfolio, and improvement in financial performance over the last few years. Ratings also consider expectation of continued support from the Government of India (GoI), having a majority (73.38% as on September 30, 2025) shareholding in the bank.

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

However, these strengths are partly offset by its relatively weaker, albeit improving, asset quality and earnings profile than its peer banks.

CARE Ratings Limited (CareEdge Ratings) expects the bank's net interest margin (NIM) to witness some pressure in FY26, considering the faster repricing of advances than deposits during the year post the rate cuts, which would result in a moderation in profitability for the bank in the near term.

CareEdge Ratings has withdrawn rating of "CARE AA; Stable" to the proposed Tier-I Bonds on request received from the bank.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in profitability with return on total asset (ROTA) remaining above 0.8% on a sustained basis.
- Sustained improvement in asset quality parameters.

Negative factors - Factors that could individually or collectively lead to negative rating action/downgrade:

- Fall in profitability with ROTA remaining below 0.30% on a sustained basis.
- Decline in the capitalisation level with the cushion over the minimum regulatory requirement remaining less than 2.5%.
- Sustained deterioration in asset quality parameters.

Analytical approach: Standalone

The ratings are based on the bank's standalone profile and factor in the strong and continued support from the GoI, which holds the majority shareholding in the bank.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that BOI would demonstrate a stable financial performance with gradual improvement in asset quality parameters and low credit costs, while maintaining healthy capitalisation.

Detailed description of key rating drivers:

Key strengths

Continued support from the GOI

GoI has been supporting public sector banks (PSBs), including BOI, with regular capital infusions and steps to improve operational efficiency and asset quality. BOI has received continued 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 QIP of equity shares in Q3FY24, GoI's shareholding came down to 73.38% as on December 31, 2023 and remained at 73.38% as on September 30, 2025. Considering the bank's significance as one of the largest PSBs, and with a majority shareholding, CareEdge Ratings expects timely and regular support from GoI to maintain its capitalisation levels, and the same remains a key rating sensitivity.

Long track record of operations and pan-India presence

BOI has a long and established operational track record of over a century and is the sixth-largest nationalised bank in terms of advances (advances of ₹6.96 lakh crore and total business including deposits of ₹15.49 lakh crore as on September 30, 2025). Its pan India geographical presence has risen substantially, furthering its strong franchise with a network of 5,375 branches in India and 22 branches overseas, and having a large customer base as on September 30, 2025 with ~65% of its total domestic branches catering to rural and semi-urban areas. The bank has a strong liability profile, as depicted by increasing deposit base and healthy share of current account savings accounts (CASA). However, the bank's CASA deposit ratio (as a proportion of domestic deposits) decreased from 43.21% as on March 31, 2024, to 40.29% as on March 31, 2025, and dipped further to 39.39% as on September 30, 2025, as there are other investment avenues available with the customers, which has been observed across banks.

Comfortable capitalisation levels

The bank has been maintaining adequate cushion over the minimum regulatory requirement to support its credit growth. As on March 31, 2025, the bank's capital adequacy ratio (CAR) stood at 17.77% with Common Equity Tier-(CET) I Ratio of 14.84% and Tier-I CAR of 15.47% (March 31, 2024: 16.96%, 14.24% and 14.93%, respectively), implying sufficient capital cushion to absorb asset quality pressures and support growth in the near term. The bank raised Infrastructure bonds and Tier-II bonds of ₹12,690 crore and ₹2,500 crore, respectively, in FY25. The bank reported CAR of 16.69% with CET I Ratio of 13.89% as on September 30, 2025.

With improvement in profitability, CareEdge Ratings expects the bank to maintain a sufficient capital cushion over and above the regulatory requirement in the near-to-medium term.

Diversified advances profile and deposit growth

The bank's gross advances stood at ₹7.09 lakh crore as on September 30, 2025. The bank's focus on retail, agriculture, and MSME (RAM) segments continued, and it constituted 58.21% of domestic advances as on September 30, 2025. In FY25, exposure to RAM advances increased, which is aligned with the bank's strategy to increase higher yielding loans. Its international portfolio (which is largely corporate) constituted ~15.76% of the total advances as on September 30, 2025. The overseas bank branches are spread across five continents and 15 countries.

BOI's overall deposits have grown y-o-y by 10.65% in FY25 implying a higher growth than PSB's industry growth of 9.5%. While CASA deposits grew at a slower pace of 3.86% (y-o-y) in FY25, term deposits grew by 14.77% (y-o-y) in this period, leading to decline in CASA ratio (as a proportion of global deposits) to 34.33% as on March 31, 2025. CASA proportion stood at 33.57% as on September 30, 2025. In H1FY26, the bank saw 15.94% (y-o-y) growth in advances and 10.08% (y-o-y) growth in deposits, while CASA deposits grew by 3.95% (y-o-y). The proportion of bulk term deposits to total domestic deposits stood at 13.20% as on September 30, 2025 compared to 13.82% as on March 31, 2025.

Key weaknesses

Relatively moderate, albeit improving, asset quality parameters

Although the bank's asset quality parameters improved over the years with gross non-performing assets (GNPA) ratio and net non-performing assets (NNPA) ratio of 3.27% and 0.82%, respectively, as on March 31, 2025 (4.98% and 1.22% as on March 31, 2024), it remained relatively high than its peers. Reduction in GNPA was mainly due to lower slippages, higher upgradations and recoveries, and lower write-offs. The bank's slippage ratio reduced from 1.58% in FY24 to 1.36% in FY25.

While net stressed assets (as a proportion of net-worth)* decreased y-o-y, they continued to remain high at 15.27% as on March 31, 2025. The bank has earmarked a team looking at Special Mention Accounts (SMA), which has resulted in significant decline in SMAs in FY25. The SMA declined from 6.88% of gross advances as on March 31, 2024, to 4.69% as on March 31, 2025.

BOI reported GNPA ratio of 2.54% and NNPA ratio of 0.65% as on September 30, 2025, compared to GNPA ratio of 4.41% and NNPA ratio of 0.94% as on September 30, 2024. Going forward, improvement in asset quality parameters and benchmarking of the same against peer banks remains a key rating monitorable.

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

Moderate, albeit improving, profitability; some pressure expected in FY26

The bank has seen continuous improvement in its overall profitability in the last few years. The bank's net interest margin (NIM) reduced to 2.52% in FY25 from 2.70% in FY24, as increase in cost of funds outpaced yield on assets. The bank witnessed increase in non-interest income by ~48% majorly due to increase in treasury income and income from recovery accounts. As a result, the bank's total income increased by ~19% to ₹79,820 crore in FY25 from ₹66,804 in FY24. The bank witnessed increase in operating expenses by ~13 % to ₹16,975 crore in FY25 from ₹15,079 crore in FY24. BOI's pre provisioning operating profit (PPOP) increased by ~17% to ₹16,412 crore for FY5 against to ₹14,069 crore for FY24. The bank's credit cost (provisioning) increased marginally by 0.20% to ₹3,978 crore for FY25 from ₹3,970 crore for FY24, which along with the above factors, helped the bank report profit after tax (PAT) of ₹9,219 crore for FY25 compared to PAT of ₹6,318 crore for FY24. Thus, the bank reported a ROTA of 0.95% for FY25 against 0.74% for FY24.

In H1FY26, the bank reported PAT of ₹4,807 crore on a total income of ₹41,144 crore compared to PAT of ₹4,076 crore on a total income of ₹38,112 crore in H1FY25 with ROTA of 0.91% (annualised) for H1FY26 against 0.86% (annualised) for H1FY25.

Despite the improvement, ROTA remained lower compared to larger PSBs. CareEdge Ratings expects the bank's (NIM) to witness some pressure in FY26, considering the faster repricing of advances than deposits, which would result in a moderation in profitability for the bank in the near term. The bank's ability to contain credit costs and improve its profitability in line with peers remains a key rating monitorable.

Liquidity: Adequate

The bank's liquidity profile is supported by its strong retail and CASA depositor base. The bank's reported liquidity coverage ratio (LCR) was 119.76% and Net Stable Funding Ratio (NSFR) of 113.88% for quarter ended September 30, 2025, against minimum regulatory requirement of 100%. The bank also had an excess SLR investments of ~₹39,076 crore (5.19% of NDTL) as on September 30, 2025, which provides a liquidity buffer, and allows the bank to borrow against it, in case of liquidity requirement for contingencies. The bank also has access to RBI's liquidity adjustment facility (LAF) and marginal standing facility (MSF) and access to refinancing from Small Industries Development Bank of India (SIDBI), National Housing Bank (NHB), and National Bank for Agriculture and Rural Development (NABARD), among others, and access to call money markets.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

While BOI's business model limits its direct exposure to environmental risks, credit risk may arise if operations of any asset class of the portfolio are adversely impacted by environmental factors.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect the bank's regulatory compliance and reputation and hence remains a key monitorable.

Bank of India's Board comprises nine Directors, with three Independent Directors and also includes a female Director.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Rating Outlook and Rating Watch](#)

[Bank](#)

[Financial Ratios - Financial Sector](#)

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

[Withdrawal Policy](#)

[Short Term Instruments](#)

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 along with 13 other banks. BOI is the sixth-largest PSB in India in terms of advances, with net advances of ₹6.96 lakh-crore as on September 30, 2025. The bank's franchise is across 5,375 branches in India and 22 branches overseas as on September 30, 2025, and ~65% of its total domestic branches cater rural and semi-urban areas.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	66,804	79,820	41,144
Profit after tax (PAT)	6,318	9,219	4,807
Total assets	902,899	1,033,012	1,077,458^

Net interest margin (NIM) (%)	2.70	2.52	2.26*
Gross NPA (%)	4.98	3.27	2.54
Net NPA (%)	1.22	0.82	0.65
Total capital adequacy ratio (CAR) (%)	16.96	17.77	16.69

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

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Infrastructure Bonds	INE084A08219	18-Feb-2025	7.50	16-Feb-2035	2,690.00	CARE AA+; Stable
Bonds-Infrastructure Bonds (proposed)	-	-	-	-	2,310.00	CARE AA+; Stable
Bonds-Infrastructure Bonds	INE084A08185	19-Jul-2024	7.54	19-Jul-2034	5,000.00	CARE AA+; Stable
Bonds-Infrastructure Bonds	INE084A08201	29-Nov-2024	7.41	29-Nov-2034	5,000.00	CARE AA+; Stable
Bonds-Tier I Bonds (proposed)	-	-	-	-	0.00	Withdrawn
Bonds-Tier II Bonds	INE084A08060	31-Dec-2015	8.52	31-Dec-2025	3,000.00	CARE AA+; Stable
Bonds-Tier II Bonds	INE084A08193	26-Sep-2024	7.49	26-Sep-2034	2,500.00	CARE AA+; Stable
Bonds-Tier II Bonds (proposed)	-	-	-	-	2,500.00	CARE AA+; Stable
Certificate Of Deposit (proposed)	-	-	-	-	50,000.00	CARE A1+

Fixed Deposit	-	-	-	-	0.00	CARE AA+; Stable
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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 2025-2026	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
1	Bonds-Tier II Bonds	LT	3000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (06-Feb-25) 2)CARE AA+; Stable (19-Nov-24) 3)CARE AA+; Stable (12-Sep-24) 4)CARE AA+; Stable (04-Jul-24) 5)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 (06-Feb-25) 2)CARE AA+; Stable (19-Nov-24)	-	-

						3)CARE AA+; Stable (12-Sep- 24) 4)CARE AA+; Stable (04-Jul- 24) 5)CARE AA+; Stable (04-Apr- 24)		
3	Bonds- Infrastructure Bonds	LT	5000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (06-Feb- 25) 2)CARE AA+; Stable (19-Nov- 24) 3)CARE AA+; Stable (12-Sep- 24) 4)CARE AA+; Stable (04-Jul- 24)	-	-
4	Bonds- Infrastructure Bonds	LT	5000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (06-Feb- 25) 2)CARE AA+; Stable (19-Nov- 24) 3)CARE AA+; Stable	-	-

						(12-Sep-24)		
5	Bonds-Tier II Bonds	LT	2500.00	CARE AA+; Stable	-	1)CARE AA+; Stable (06-Feb-25) 2)CARE AA+; Stable (19-Nov-24) 3)CARE AA+; Stable (12-Sep-24)	-	-
6	Bonds-Tier I Bonds	LT	-	-	-	1)CARE AA; Stable (06-Feb-25) 2)CARE AA; Stable (19-Nov-24)	-	-
7	Bonds-Infrastructure Bonds	LT	5000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (06-Feb-25)	-	-
8	Bonds-Tier II Bonds	LT	2500.00	CARE AA+; Stable				
9	Certificate Of Deposit	ST	50000.00	CARE A1+				

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 I Bonds	Highly Complex
3	Bonds-Tier II Bonds	Complex
4	Certificate Of Deposit	Simple
5	Fixed Deposit	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

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