बैंक ऑफ़ इंडिया Bank of India BOI

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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,

Revision in Credit Rating

In compliance of Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations-2015, this is to inform you that **Moody's Investors Services** has revised their **outlook** for Bank of India to `**Stable'** from ` Negative'. We are attaching a copy of press release of the same.

Thanking you,

Yours faithfully,

(Rajeev Bhatia)
Company Secretary

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's revises outlook for three Indian public sector banks to stable from negative

Global Credit Research - 06 Nov 2017

NOTE: On November 6, 2017, the press release was corrected as follows: after the 8th paragraph under the Ratings Rationale heading, a section titled "Factors that Could Lead to an Upgrade/Downgrade" was added for each bank. Revised release follows.

Singapore, November 06, 2017 -- Moody's Investors Service has affirmed the Baa3/P-3 local and foreign currency bank deposit ratings of three Indian public sector banks. The affected banks are: (1) Bank of India (BOI), (2) Union Bank of India (Union Bank), and (3) Oriental Bank of Commerce (OBC).

For BOI, Moody's has affirmed the senior unsecured MTN program rating at (P)Baa3 and the senior unsecured debt rating at Baa3 for debt issued from its London and Jersey branch.

Similarly, for Union Bank, Moody's has affirmed the senior unsecured MTN program rating at (P)Baa3 and the senior unsecured debt rating at Baa3 for debt issued from Union Bank's Hong Kong Branch.

Moody's has also affirmed the standalone credit profiles or baseline credit assessments (BCA) of these three banks at ba3. As a result, Moody's has affirmed the subordinate MTN program rating at (P)Ba3 for BOI and its London and Jersey branch, and Union Bank and its Hong Kong branch.

In the case of BOI, Moody's has affirmed the bank's preferred stock non-cumulative rating at B3(hyb). And, for Union Bank and its Hong Kong branch, Moody's has affirmed the junior subordinate MTN program rating at (P)B1.

The counterparty risk assessment (CRA) of the three banks is affirmed at Baa3(cr)/P-3(cr).

At the same time, Moody's changed the outlook to stable from negative for BOI and its London and Jersey branch, Union Bank and its Hong Kong branch, and OBC.

The list of affected ratings is provided at the end of this press release.

RATINGS RATIONALE

ANNOUNCEMENT OF THE GOVERNMENT'S CAPITAL INFUSION PLAN IS THE KEY DRIVER OF THE CHANGE IN OUTLOOK

On 24 October 2017, the Government of India (Baa3 positive) announced a INR2.1 trillion ($32.0 billion) recapitalization plan for Indian public sector banks.

The quantum of the plan is large enough to help improve the capitalization levels of the banks. Of the total, INR1.5 trillion ($23.5 billion) would be in the form of recapitalization (recap) bonds and already announced budgetary support. The government expects the banks to raise INR580.0 billion ($8.9 billion) from the capital markets.

Given that the overarching credit weakness of the public sector banks is currently their weak capitalization levels, Moody's sees the announced capital infusion plan as a credit positive for the banks.

While details of the capital allocation plan, including the structure of the recap bonds and allocations to individual banks, have not yet been disclosed, Moody's expects that the INR1.5 trillion will be sufficient for all public sector banks to maintain some buffer over the minimum Basel III common equity tier 1 (CET1) ratio of 8% by fiscal March 2019. This estimate factors in moderate loan growth of about 10% over the next two fiscal years and an improvement in the provisioning coverage ratio.

Furthermore, the additional capital will help the banks take accelerated provisioning for their problem assets, which will in turn improve their capacity to take haircuts on those assets in a resolution process. In addition, as

their credit profiles improve, Moody's expects that some banks will be able to raise capital from the equity markets, which will further support their capitalization profiles.

GOVERNMENT CAPITAL INFUSION PLAN ALLEVIATES DOWNSIDE RISKS TO THE BANKS' BCAs

The revision in the outlooks for BOI's, Union Bank's, and OBC's ratings to stable from negative, reflect Moody's view that the government's capital infusion plan alleviates some of the downside risks to their BCAs and ratings.

Prior to this rating action, the BCAs of these three banks were under pressure due to the deterioration in their asset quality, as well as Moody's expectation of pressure on their profitability, as they continued to build loan loss buffers. Furthermore, their capitalization profile is somewhat weaker than other rated banks in India, and the ability to generate internal capital is limited.

As such, the capital infusion plan — which is significantly higher than what was originally budgeted — will mitigate some downside risks. Moreover, their funding and liquidity levels remain stable and support their overall financial profiles.

FACTORS THAT COULD LEAD TO AN UPGRADE/DOWNGRADE

Bank of India; Bank of India (London); and Bank of India, Jersey Branch

What could lead to an upgrade:

Given the stable outlook, BOI's ratings are unlikely to face upward pressure in the next 12-18 months. However, the outlook could be revised to positive if the bank returns to profitability on a sustainable basis which will help in internal capital generation.

What could change lead to a downgrade:

BOI's BCA and ratings could face downward pressure if further credit losses worsen its capital position. Any indication that government support has diminished for the bank could also lead to a downgrade of the bank's ratings.

Union Bank of India; Union Bank of India, Hong Kong Branch

What could lead to an upgrade:

Given the stable outlook, Union Bank’s ratings are unlikely to face upward pressure in the next 12-18 months. However, the outlook could be revised to positive if the bank returns to profitability on a sustainable basis which will help in internal capital generation.

What could lead to a downgrade:

Union Bank's BCA and ratings could be lowered if further credit losses worsen its capital position. Any indication that government support has diminished for the bank could also lead to a downgrade of the bank's ratings.

Oriental Bank of Commerce

What could lead to an upgrade:

Given the stable outlook, OBC’s ratings are unlikely to face upward pressure in the next 12-18 months. However, the outlook could be revised to positive if the bank returns to profitability on a sustainable basis which will help in internal capital generation.

What could lead to a downgrade:

OBC’s BCA and ratings could be lowered if further credit losses worsen its capital position. Any indication that government support has diminished for the bank could also lead to a downgrade of the bank's ratings.

The principal methodology used in these ratings was Banks published in September 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Bank of India (Lead Analyst: Srikanth Vadlamani)

Long-term local and foreign currency bank deposit ratings affirmed at Baa3; outlook changed to stable from negative

Short-term local and foreign currency bank deposit ratings affirmed at P-3

Foreign currency senior unsecured MTN program rating affirmed at (P)Baa3

Foreign currency subordinated MTN program rating affirmed at (P)Ba3

Pref. stock (non-cumulative) rating affirmed at B3(hyb)

BCA and Adjusted BCA affirmed at ba3

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the bank changed to stable from negative

Bank of India, headquartered in Mumbai, reported total assets of INR6.3 trillion ($97 billion) as of 30 June 2017.

Bank of India (London) (Lead Analyst: Srikanth Vadlamani)

Foreign currency senior unsecured debt rating affirmed at Baa3; outlook changed to stable from negative

Foreign currency senior unsecured MTN program rating affirmed at (P)Baa3

Foreign currency subordinated MTN program rating affirmed at (P)Ba3

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the branch changed to stable from negative

Bank of India, Jersey Branch (Lead Analyst: Srikanth Vadlamani)

Foreign currency senior unsecured debt rating affirmed at Baa3; outlook changed to stable from negative

Foreign currency senior unsecured MTN program rating affirmed at (P)Baa3

Foreign currency subordinated MTN program rating affirmed at (P)Ba3

Foreign currency junior subordinate MTN program rating affirmed at (P)B1

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the branch changed to stable from negative

Union Bank of India (Lead Analyst: Alka Anbarasu)

Long-term local and foreign currency bank deposit ratings affirmed at Baa3; outlook changed to stable from negative

Short-term local and foreign currency bank deposit ratings affirmed at P-3

Foreign currency senior unsecured MTN program rating affirmed at (P)Baa3

Foreign currency subordinated MTN program rating affirmed at (P)Ba3

Foreign currency junior subordinate MTN program rating affirmed at (P)B1

BCA and Adjusted BCA affirmed at ba3

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the bank changed to stable from negative

Union Bank of India, headquartered in Mumbai, reported total assets of INR4.5 trillion ($69 billion) as of 30 June 2017.

Union Bank of India, Hong Kong Branch (Lead Analyst: Alka Anbarasu)

Foreign currency senior unsecured debt rating affirmed at Baa3; outlook changed to stable from negative

Foreign currency senior unsecured MTN program rating affirmed at (P)Baa3

Foreign currency subordinated MTN program rating affirmed at (P)Ba3

Foreign currency junior subordinate MTN program rating affirmed at (P)B1

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the branch changed to stable from negative

Oriental Bank of Commerce (Lead Analyst: Srikanth Vadlamani)

Long-term local and foreign currency bank deposit ratings affirmed at Baa3; outlook changed to stable from negative

Short-term local and foreign currency bank deposit ratings affirmed at P-3

BCA and Adjusted BCA affirmed at ba3

CRA affirmed at Baa3(cr)/P-3(cr)

Outlook for the bank changed to stable from negative

Oriental Bank of Commerce, headquartered in New Delhi, reported total assets of IN 2.4 trillion ($38 billion) as of 30 June 2017.

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For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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