CO:IRD:2025:26:68 **Date: 09.06.2025**

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 **Scrip code – CENTRALBK**	**BSE Limited.** Corporate Relationship Dept., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001 **Scrip Code – 532885**

Dear Sir/Madam,

Sub.: Revision (Upgrade) in Credit Ratings.

Pursuant to Regulation 30 and 55 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that ICRA Limited has reviewed and upgraded the rating of non-convertible securities of Bank as under :-

Sr. No	ISIN	Name of Credit Rating Agency	Credit Rating assigned and Outlook (stable/ positive/ negative/ no outlook	Rating action (New/Upgraded/downgraded /Reaffirm/ other)	Date of Credit rating	Verification status of Credit Rating agency	Date of verification
1	INE483A08049 Basel III Compliant Tier II Bond (Rs. 1500 Crore)	ICRA Limited	AA(Stable) Upgraded from AA- (Positive)	Upgraded	09.06.2025	Verified	09.06.2025
2	Proposed Basel III Compliant Tier II Bond (Rs 1500 Crore)	ICRA Limited	AA(Stable) Upgraded from AA- (Positive)	Upgraded	09.06.2025	Verified	09.06.2025
3	Proposed Basel III Compliant Tier I Bond (Rs 1000 Crore)	ICRA Limited	AA-(Stable) Upgraded from A+ (Positive)	Upgraded	09.06.2025	Verified	09.06.2025

We annex a copy of Rating rationale dated 09.06.2025 issued by ICRA Limited.

Please take the same on your record.

Thanking you,

Yours faithfully,
For **CENTRAL BANK OF INDIA**

CHANDRAKANT C BHAGWAT
Digitally signed by CHANDRAKANT C BHAGWAT
Date: 2025.06.09 18:09:17 +05'30'

CHANDRAKANT BHAGWAT
Company Secretary & Compliance Officer

Encl.: As above

June 09, 2025

Central Bank of India: Ratings upgraded; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Basel III Tier I bonds	1,000.00	1,000.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Positive) and outlook revised to Stable from Positive
Basel III Tier II bonds	3,000.00	3,000.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Positive) and outlook revised to Stable from Positive
Basel III Tier II bonds	500.00	0.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Positive), outlook revised to Stable from Positive and withdrawn simultaneously
Total	**4,500.00**	**4,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the long-term ratings of Central Bank of India (CBI) factors in the sustained improvement in its solvency[1] profile, capital position and profitability levels, in line with ICRA's expectations. The bank's asset quality also improved with the reduction in the fresh non-performing advances (NPA) generation rate and the legacy stressed assets. Though the bank increased its provision coverage ratio (PCR) and undertook additional provisioning on the standard restructured book, credit costs declined, leading to higher profitability in FY2025. CBI's capital profile was further strengthened by the capital raise of Rs. 1,500 crore in FY2025.

The ratings continue to factor in CBI's sovereign ownership, with the Government of India's (GoI) shareholding at 89.27%, as well as the demonstrated capital support over the years. Moreover, with the higher provision on legacy stressed assets, the overall net NPAs (NNPAs) remained on a downward trajectory. CBI's dependence on capital from the GoI in the near term remains limited, though the impact of the transition to provisioning based on the expected credit loss (ECL) framework will remain monitorable. Further, the ratings continue to consider CBI's well-established deposit franchise with a robust current account and savings account (CASA) base that also augments its strong liquidity profile, leading to a competitive cost of interest-bearing funds in relation to the public sector banks' (PSB) average.

Despite the relative improvement in the headline asset quality numbers and the continued moderation in the overall vulnerable/monitorable book (comprising SMA[2]-1, SMA-2 and the standard restructured book), the same remains high in relation to the bank's core capital. In addition, ICRA notes that CBI's profitability has been supported by healthy recoveries from its stressed assets (including written-off accounts). Its ability to maintain the same, while keeping the fresh NPA generation rate in check, would be key for profitability. Moreover, the portfolio generated via co-lending does not have an established track record. Hence, its performance over a longer tenure remains monitorable. Nevertheless, ICRA expects credit costs to remain benign, which will help the bank maintain healthy profitability metrics.

[1] Solvency ratio = Net stressed assets/Core capital; Net stressed assets includes NNPAs, net non-performing investments (NNPIs) and net security receipts

[2] SMA is defined as a special mention account; SMA-1 accounts are overdue by 31-60 days while SMA-2 accounts are overdue by 61-90 days

ICRA has upgraded and withdrawn the rating assigned to the Rs. 500.00-crore Basel III Tier II Bonds as these bonds have been fully redeemed with no amount outstanding against the same. The rating was withdrawn in accordance with ICRA's withdrawal policy (click here for the policy).

Key rating drivers and their description

Credit strengths

Sovereign ownership with demonstrated capital support from GoI – The ratings continue to factor in the bank's majority sovereign ownership (89.27% equity stake as on March 31, 2025) and the track record of capital infusions by the GoI. ICRA also takes into consideration the capital infusion of ~Rs. 21,000 crore during FY2017-FY2021, including the capital support of Rs. 4,800 crore in FY2021 by way of zero-coupon bonds (ZCBs)[3]. Given the significant amount of capital received during the aforementioned period, the overall NNPAs were brought down to a much lower level while improving the overall capitalisation profile. Going forward, CBI's ability to maintain healthy profitability metrics is likely to limit the near-term requirement of capital support from the GoI.

Capitalisation profile and solvency continue to improve – CBI's capitalisation profile improved with the CET I and capital-to-risk weighted assets ratio (CRAR) at 14.73% and 17.02%, respectively, as on March 31, 2025 (12.46% and 15.08%, respectively, as on March 31, 2024), supported by the capital raise of Rs. 1,500 crore via a qualified institutional placement (QIP) as well as the improvement in internal capital accretion. Accordingly, the solvency level moderated to 7.0% as on March 31, 2025 (13.3% as on March 31, 2024). Notwithstanding the sufficient internal accruals and growth capital as well as the additional provisions made towards standard assets, the Reserve Bank of India's (RBI) implementation of the ECL framework for credit exposures remains monitorable from a capitalisation perspective.

Well-developed deposit franchise with strong CASA base – The bank has a long-standing presence in the Indian banking system with an extensive network of over 4,545 branches as on March 31, 2025, of which ~65% is in rural (36%) and semi-urban regions (29%), providing access to low-cost CASA deposits. CBI's share of low-cost CASA stood at 48.9% as on March 31, 2025, which remained meaningfully higher than the PSB average, thereby translating into a lower cost of interest-bearing funds for the bank. Given the deposit mix, the bank has been able to maintain a competitive cost of interest-bearing funds, which is expected to continue supporting it from a profitability perspective. While CBI's net credit-to-deposit (CD) ratio remained comfortable at 68.4% as on March 31, 2025 (63.2% as on March 31, 2024), it witnessed slow deposit growth of 4-7% over the past few years, which could pose a challenge for future growth.

Earnings profile improves – The bank's operating profitability declined to 1.51% of average total assets (ATA) in FY2025 from 1.57% in FY2024 due to higher operating expenses. However, credit costs moderated in FY2025 from FY2024 despite the increase in the PCR on stressed assets and the voluntary standard asset provision. This led to an improvement in the return on assets (RoA) to 0.82% in FY2025 from 0.60% in FY2024 (0.40% in FY2023). ICRA notes that the recoveries from written-off accounts of Rs. 1,716 crore in FY2025 (Rs. 1,433 crore in FY2024) and trading profit of Rs. 1,193 crore (Rs. 710 crore in FY2024) were the key contributors to the profit before tax of Rs. 4,934 crore (Rs. 4,053 crore in FY2024). Hence, with the expected compression in spreads due to policy rate cuts, the bank's ability to generate healthy trading profits and ensure strong recoveries from written-off accounts, while controlling fresh slippages, will be key for healthy profitability in the near future.

Credit challenges

Vulnerable book remains elevated; asset quality a monitorable – The overall gross fresh NPA generation rate moderated to 1.7% in FY2025 from 3.0% in FY2024 (3.1% in FY2023) and was significantly below the elevated levels seen in the past (6-14% during FY2017-FY2020). Further, significant write-offs by the bank and loan book growth led to a reduction in the gross NPAs (GNPAs) to 3.2% as on March 31, 2025 from 4.5% as on March 31, 2024. Moreover, CBI improved its PCR (excluding write-offs)

[3] These ZCBs were issued at face value and are redeemable at face value after the 10-15th year from issuance; accordingly, the fair value is lower than the face value. CBI has accounted for these ZCBs at fair value in its core capital since March 2022

to 83.3% as on March 31, 2025 from 73.5% as on March 31, 2024, leading to reduction in the NNPA percentage to 0.55% as on March 31, 2025 from 1.23% as on March 31, 2024.

Though the vulnerable book has moderated from the high levels witnessed in the past, it remains elevated in relation to the bank's core capital. Hence, CBI's ability to limit slippages from this book will remain a near-to-medium-term monitorable. Besides, the increasing share of portfolio generated via co-lending partnerships exposes the bank to asset quality vulnerabilities and the performance of its underwriting practices and guardrails on the same remains to be seen. In addition, geopolitical issues, the impact of macro-economic shocks on borrowers {especially micro, small and medium enterprises (MSMEs)} and concerns around overleveraging among retail borrowers could impact the asset quality metrics adversely.

Environmental and social risks

While banks like CBI do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the entities or businesses, to which banks and financial institutions have an exposure, face business disruptions because of physical climate adversities or if such businesses face climate transition risks because of technological, regulatory or customer behaviour changes, it could translate into credit risks for banks. However, such risk is not material for CBI as it benefits from adequate portfolio diversification. Further, the lending is typically short-to-medium term, allowing it to adapt and take incremental exposure to businesses that face relatively fewer downside environmental risks.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for banks as material lapses could be detrimental to their reputation and invite regulatory censure. CBI has not faced material lapses over the years. Customer preferences are increasingly shifting towards digital banking, which provides an opportunity to reduce the operating costs. CBI has been making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to the underserved segments, its lending practices remain prudent as reflected in the healthy asset quality numbers in this segment compared with its peers.

Liquidity position: Strong

CBI's liquidity profile is strong, supported by its strong retail liability franchise. Moreover, the bank maintained a liquidity coverage ratio of 194.9% while the net stable funding ratio was 140.9% for the quarter ended March 31, 2025 against the regulatory requirement of 100%. Further, it can avail liquidity support from the RBI (through repo against excess statutory liquidity ratio (SLR) investments and marginal standing facility mechanism) in case of urgent liquidity needs. Supported by its sovereign ownership, healthy liabilities profile and excess SLR holdings, ICRA expects CBI to continue maintaining a strong liquidity profile.

Rating sensitivities

Positive factors – An increase in CBI's scale of operations, leading to a meaningful improvement in its market position, while maintaining healthy profitability, a comfortable solvency profile, and cushions of more than 2% over the regulatory Tier I levels (including capital conservation buffers), will be a positive factor.

Negative factors – The ratings will be reassessed in case of a change in the sovereign ownership. ICRA could also downgrade the ratings if the asset quality or capitalisation profile deteriorates, weakening the solvency profile with net stressed assets/core equity exceeding 30% on a continued basis. Further, RoA of less than 0.3% on a sustained basis will remain a negative trigger. A sharp deterioration in the profitability, leading to a weakening in the distributable reserves (DRs) eligible for the coupon payment on the Additional Tier I (AT-I) bonds, will also be a negative trigger for the rating for these bonds.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[ICRA's Rating Methodology for Banks and Financial Institutions] [Policy on Withdrawal of Credit Ratings]
Parent/Group support	The ratings factor in CBI's sovereign ownership and the demonstrated track record of capital infusions by the GoI.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of CBI. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and extraordinary support that it is expected to extend to its subsidiary.

About the company

Central Bank of India was incorporated in 1911. It was nationalised in 1969, along with 13 other major banks of India, by the GoI. Headquartered in Mumbai, it is a PSB with the GoI holding a stake of 89.27% as on March 31, 2025. CBI is a mid-sized PSB and the eighth largest, in terms of assets, among PSBs. It had a market share of 1.5% in advances and 1.8% in deposits in the Indian banking sector as on December 31, 2024. Furthermore, given the improvement in its performance, the bank exited the RBI's prompt corrective action (PCA) framework in September 2022.

For the year ended March 31, 2025, CBI reported a profit of Rs. 3,785 crore on a total asset base of Rs. 4.75 lakh crore compared to a net profit of Rs. 2,549 crore on a total asset base of Rs. 4.42 lakh crore for the year ended March 31, 2024. The Tier I and CRAR stood at 14.73% and 17.02%, respectively, as on March 31, 2025 (12.46% and 15.08%, respectively, as on March 31, 2024).

Key financial indicators (standalone)

Central Bank of India	FY2023	FY2024	FY2025
Total income	15,419	16,898	18,558
Profit after tax	1,582	2,549	3,785
Total assets (Rs. lakh crore)	4.03	4.42	4.75
CET I	12.11%	12.46%	14.73%
CRAR	14.12%	15.08%	17.02%
PAT/ATA	0.40%	0.60%	0.82%
Gross NPA	8.44%	4.50%	3.18%
Net NPA	1.77%	1.23%	0.55%

Source: Central Bank of India, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore unless mentioned otherwise
Note: All calculations are as per ICRA Research
Total income includes net interest income and non-interest income (excluding treasury income)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026 Jun 09, 2025	Date & rating in FY2025 Jun 11, 2024	Date & rating in FY2024 Jun 12, 2023	Date & rating in FY2023 Sep 23, 2022
1	Basel III Tier II bonds	Long term	2,000	**[ICRA]AA (Stable)**	**[ICRA]AA- (Positive)**	**[ICRA]AA- (Stable)**	**[ICRA]A+ (Positive)**
		Long term	1,000	**[ICRA]AA (Stable)**	**[ICRA]AA- (Positive)**	**[ICRA]AA- (Stable)**	-
2	Basel III Tier II bonds	Long term	500	**[ICRA]AA (Stable) withdrawn**	**[ICRA]AA- (Positive)**	**[ICRA]AA- (Stable)**	-
3	Basel III Tier I bonds	Long term	1,000*	**[ICRA]AA- (Stable)**	**[ICRA]A+ (Positive)**	**[ICRA]A+ (Stable)**	-

^ *Balance amount yet to be placed*

Complexity level of the rated instruments

Instrument	Complexity indicator
Basel III Tier I bonds	Highly Complex
Basel III Tier II bonds	Highly Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance /Sanction	Coupon rate	Maturity date^	Amount rated (Rs. crore)	Current rating and outlook
INE483A08023	**Basel III Tier II bonds**	Sep 30, 2019	9.80%	Nov 30, 2024	500.00	[ICRA]AA (Stable); withdrawn
INE483A08049	**Basel III Tier II bonds**	Aug 30, 2023	8.80%	Aug 30, 2028	1,500.00	[ICRA]AA (Stable)
Unplaced	**Basel III Tier II bonds**	-	-	-	1,500.00	[ICRA]AA (Stable)
Unplaced	**Basel III Tier I bonds**	-	-	-	1,000.00	[ICRA]AA- (Stable)

Source: Central Bank of India
^ Call option date

Key features of rated debt instruments

The servicing of the Basel III Tier II bonds is not subject to any capital ratios and profitability. However, the Basel III Tier II bonds and the Basel III Tier I bonds (AT-I bonds) are expected to absorb losses once the point of non-viability (PONV) trigger is invoked.

Further, the exercise of the call option on the Basel III Tier II bonds and Tier I bonds is contingent upon the prior approval of the RBI. Moreover, the bank will need to demonstrate that the capital position is well above the minimum regulatory requirement, post the exercise of the said call option.

The rated Tier I bonds have the following loss-absorption features that make them riskier:

- Coupon payments are non-cumulative and discretionary, and the bank has full discretion at all times to cancel the same. Cancellation of discretionary payments shall not be an event of default.
- Coupons can be paid out of the current year's profits. If the current year's profit is not sufficient or if the payment of the coupon is likely to result in a loss, the coupon payment can be made through the reserves and surpluses[4] created through the appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the minimum regulatory requirements for CET I, Tier I and total capital ratios (including capital conservation buffer, CCB) at all times as prescribed by the RBI under the Basel III regulations.

These Tier I bonds are expected to absorb losses through the write-down mechanism at the objective prespecified trigger point fixed at the bank's CET I ratio as prescribed by the RBI, i.e. 6.125% of the total risk-weighted assets (RWAs) of the bank, or when the PONV trigger is breached in the RBI's opinion.

Given the above distinguishing features of the Tier I bonds, ICRA has assigned a one notch lower rating to these than the rating for the Tier II instruments. The DRs that can be used for servicing the coupon in a situation of inadequate profit or a loss during the year stood at a comfortable 5.1% of RWAs as on March 31, 2025.

The rating for the Tier I bonds continues to be supported by the bank's capital profile, which is likely to remain comfortable, given the profitability outlook. However, transitioning to the ECL framework and its impact on the capital and DRs remain monitorable.

[4] *Calculated as per the amendment in the Basel III capital regulations for Tier I bonds by the RBI, vide its circular dated February 2, 2017. As per the amended definition, DR includes all reserves created through appropriation from the profit and loss account*

Annexure II: List of entities considered for consolidated analysis

Company name	CBI ownership*	Consolidation approach
Cent Bank Home Finance Limited	64.40%	Full consolidation
Centbank Financial Services Limited	100.00%	Full consolidation
Uttar Bihar Gramin Bank, Muzaffarpur	35.00%	Full consolidation
Uttarbanga Kshetriya Gramin Bank	35.00%	Full consolidation
Indo Zambia Bank Limited	20.00%	Full consolidation

Source: Central Bank of India

**As on March 31, 2025; With effect from May 1, 2025, CBI has ceased to be the sponsor bank of Uttarbanga Kshetriya Gramin Bank and Uttar Bihar Gramin Bank, Muzaffarpur due to their amalgamation with other regional rural banks (RRBs)*

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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