



Date: 26th July 2017

The Listing Department
Singapore Exchange
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2,
Singapore 138589

Dear Sir,

Sub: Revision of Ratings by M/s. Moody's Investors Service

The International Credit Rating Agency, M/s Moody's Investors Service, Singapore has revised the ratings as follows:

Indian Overseas Bank

Change in Outlook

- Outlook for the Bank changed to **Stable** from negative.

Affirmation of Ratings

- Short term foreign currency bank deposit ratings affirmed at Not Prime.
- Foreign Currency other short term program rating affirmed at (P)NP
- Foreign Currency subordinate MTN Program rating affirmed at (P)B3
- Foreign Currency Junior Subordinate MTN Program rating affirmed at (P)Caa1.
- Baseline Credit Assessment and Adjusted Baseline Credit Assessment affirmed at b3.
- Short term Counterparty Risk Assessment affirmed at NP(cr)

Downgrading of Rating:

- Long term local and foreign currency bank deposit ratings downgraded to Ba3 from Ba1: outlook changed to stable from negative.
- Foreign Currency Senior Unsecured MTN Program rating was downgraded to (P)Ba3 from (P)Ba1
- Long Term Counterparty Risk Assessment downgraded to Ba2(cr) from Ba1(cr).



Indian Overseas Bank, Hong Kong Branch

Change in Outlook

- Outlook for the Branch changed to **stable** from negative

Affirmation of Ratings

- Foreign Currency other short term program rating affirmed at (P)NP
- Foreign Currency subordinate MTN program rating affirmed at (P)B3.
- Foreign Currency Junior subordinate MTN Program rating affirmed at (P)Caa1
- Short term Counterparty Risk Assessment affirmed at NP(cr)

Downgrading of Rating

- Foreign Currency Senior Unsecured Debt rating downgraded to Ba3 from Ba1, outlook changed to stable from negative
- Foreign Currency Senior unsecured MTN program rating downgraded to (P)Ba3 from (P) Ba1
- Long term Counterparty Risk Assessment downgraded to Ba2(cr) from Ba1 (cr)

Rating Rationale:

The downgrade of the Bank's ratings reflect the Bank's weak Baseline Credit Assessment of b3 and some moderation in M/s. Moody's expectation of extra ordinary support from the Indian Government as the Government has not increased its planned capital injections.

The affirmation of the Bank's Baseline Credit Assessment at b3 reflects M/s. Moody's expectation that the Bank's financial profile will broadly remain stable, although very weak, over the next 12-18 months.

Asset quality has largely stabilised and new Non Performing Loan (NPL) formation has moderated in the financial year ended March 2017. Given the amount of recognition done over the last 2-3 years, M/s. Moody's expect the pace of new NPL formation to gradually slow down. As such M/s. Moody's expects the bank to remain dependent on capital infusion from the Indian Government. Despite severe pressure on its solvency profile, the bank's funding and liquidity have remained stable and support the overall financial profile. The Bank has been placed under Prompt Corrective Action by the RBI. As such, M/s. Moody's expects greater regulatory scrutiny by the RBI but that should not negatively impact IOB's performance.



The revision in rating is being conveyed in order to comply with continuing listing obligations.

This is for your information and record.

Yours faithfully



(R Rangarajan)
Deputy Chief Executive and Authorised User

