



Date: 09th October 2015

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

Dear Sir,

We furnish below details of revision in rating of our Bank by S & P as below.

The International Credit Rating Agency M/s Standard & Poor's [S & P] has revised its rating on our Bank vide its Research Update dated 30.9.2015.

On 30th September, 2015, S & P affirmed its 'BB+' long term issuer credit rating on IOB. The outlook is stable. At the same time, S & P affirmed 'B' short term rating and 'BB+' long term issue rating on the Bank.

Quote:

IOB will continue to benefit from government support in the event of financial distress.

We are affirming 'BB+' long term and 'B' short term issuer credit rating on the India Based bank.

We have revised our assessment of IOB's funding profile to average from above average as it is now comparable to that of other midsize banks. We have lowered the bank's stand alone credit profile to '**bb-**' from '**bb**'

The stable outlook on IOB reflects our expectation that there is very high likelihood that the government of India will continue to support the bank.

Unquote

Rationale:

- Rating affirmation is based on likelihood of timely and sufficient support from Govt. of India in the event of financial distress.
- IOB's standalone credit profile lowered to '**bb-**' from '**bb**' as IOB's funding profile has deteriorated and is no longer comparable to that of other banks with above average funding profiles.
- Ratio of customer loans [net] to customer deposits of 69% as of March 31.3.2015 compares well with industry average.





इण्डियन ओवरसीज़ बैंक Indian Overseas Bank

- Stable funding ratio of 137% is also good.
- However the Bank's ratio of low cost current and savings accounts of 25.4% is lower than industry average of about 30%.
- The Bank's ratio has progressively deteriorated in the past four years.
- The bank's funding profile is average and comparable with that of other mid size banks.
- The bank's earnings will be under pressure because of high credit costs.

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

This is for your information and record.

Yours faithfully

(Anurag Shankar)

Deputy Chief Executive and Authorised User

