CO:IRD:2025:26:213 **Date: 22.12.2025**

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 Madam/Sir,

Sub: Credit Rating.

Pursuant to Regulation 30 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, we wish to inform that India Rating & Research Private Limited has assigned its rating for Long Term Issuer Rating and Proposed non- convertible securities of Bank as under :-

Details of Credit Rating									
Current Rating Details									
Sr No.	Particular	Name of Credit Rating Agency	Credit Rating assigned	Outlook (stable/ positive/ negative/ no outlook	Rating action (New/Upgraded/ downgraded/ Reaffirm/other)	Specify other rating action	Date of Credit rating	Verification status of Credit Rating agency	Date of verification
1	Long-Term Issuer Rating	India Rating & Research Pvt. Ltd.	IND AA	Stable	Reaffirmed	NA	22.12.2025	Verified	22.12.2025
2	Proposed BASEL III Compliant Tier II Bonds*		IND AA	Stable	Reaffirmed	NA	22.12.2025	Verified	22.12.2025

***Note:** Rs. 1000 Crore is unutilised.

We enclose a copy of Rating rationale dated 22.12.2025 issued by India Rating & Research Private Ltd.

Please take the above on record.
Thanking you,

Yours faithfully,
For **CENTRAL BANK OF INDIA**
CHANDRAKANT C BHAGWAT
Digitally signed by CHANDRAKANT C BHAGWAT
Date: 2025.12.22 20:59:18 -08'00'
CHANDRAKANT BHAGWAT
Company Secretary & Compliance Officer

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Central Bank of India and its Basel III Tier-II Bonds at ‘IND AA’/Stable

Dec 22, 2025 | Public Sector Bank

India Ratings and Research (Ind-Ra) has affirmed Central Bank of India (CBOI) and its Basel III Tier-II bonds as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Issuer rating	-	-	-	-	IND AA/Stable	Affirmed
Basel III Tier-II bonds*	-	-	-	INR10 (reduced from INR15)	IND AA/Stable	Affirmed

*Unutilised

Analytical Approach

Ind-Ra continues to factor into the rating the support available from the government of India (GoI). The GoI’s 89.27% stake in CBOI at end-September 2025 indicates the bank’s systemic importance to the government.

Detailed Rationale of the Rating Action

The affirmation reflects CBOI's improved capital position and operating buffers, including pre-provisioning operating profit (PPOP) /credit cost. in 1HFY26, indicating its enhanced ability to absorb the impact of expected and unexpected credit costs. The rating also factors in the continued improvement in the bank’s asset quality, as evidenced by its declining credit cost, adequate provision coverage, and manageable Special Mention Accounts II. The rating also factors in CBOI’s strong current and savings account (CASA) franchise and low loan-to-deposit ratio (LDR), giving adequate headroom for healthy credit growth. These factors, in the agency’s opinion, could help sustain CBOI’s improved profitability in the medium term.

List of Key Rating Drivers

Strengths

- Strengthened capital buffers; Improved internal accruals
- Improved liability franchise
- Asset quality improving

Weaknesses

- Improved earnings offset by net interest margin (NIM) compression; sustainability of ROA remains key

Detailed Description of Key Rating Drivers

Strengthened Capital Buffers; Improved Internal Accruals: CBOI is a well-capitalised public sector bank, with a common equity tier-1 ratio of 14.98% in 1HFY26 (FY25: 14.73%; FY24: 12.46%) and a capital adequacy ratio of 17.34% (17.02%; 15.08%). The bank has already achieved a return on assets of 1% in 2QFY26 (FY25: 0.86%; FY24: 0.63%) and expects profitability to sustain at current levels over the medium term, which clearly signifies improving internal accruals over the past two years (FY25: 0.8%; FY24: 0.6%). This also needs to be viewed in the context of the bank’s net non-performing assets (NPAs) reducing to 0.48% at end-2QFY26 (FY21: 5.77%). Additionally, CBOI's credit risk-weighted assets to net advances decreased to 62% at end-2QFY26 (FY21: 95.1%), largely due to better capital efficiency led by lending to better-rated corporates.

After factoring in the elevated provisioning requirements in FY26 on account of potential slippages, Ind-Ra believes CBOI's capital buffers will remain adequate for growth requirements. Furthermore, with a sharp rise in the provision coverage ratio (PCR) to 84.4% at end-1HFY26 (FY25: 83.3%; FY24: 73.5%), the need to provide for legacy NPAs has been addressed, reducing pressure on profitability. Additionally, the bank will continue to build buffers ahead of the implementation of expected credit loss (ECL) norms. With improved internal accruals, the management remains confident of complying with ECL norms from day one of implementation.

Improved Liability Franchise: The bank's CASA deposit ratio stood at 46.8% in 2QFY26 (FY25: 48.91%; FY24: 50.05%), remaining largely steady, contrary to the industry-wide trend where other banks have seen their CASA base shrinking. Furthermore, its deposit base is quite granular, with bulk deposits contributing below 5% to the total deposit base. The stickiness of the deposits is also reflected by the liquidity coverage ratio remaining above 200% since FY23, indicating presence of large stable deposits which are getting rolled over. The growth in deposit base has also picked up in 1HFY26, with deposit growth at 13%, mainly driven by the strong growth in current account deposit and term deposit.
CBOI expects that the deposit mobilisation will be strong, though it will lag advances growth, and has guided growth of 10%-12% in FY26 (FY25: 8%-10%), while guidance for loan remains unchanged at 14% to 15%. CBOI's LDR, despite robust growth in its asset franchisee, remain subdued at 64.35%. in 1HFY26 (FY25: 68.4%; FY24: 63.2%) Ind-Ra expects the bank to maintain an LDR of nearly 70% in the medium term. The bank's ability to maintain the loan growth in the face of continued competition for mobilisation of deposits would be a key near-to-medium term monitorable.

Asset Quality Improving: The bank's gross non-performing assets (GNPA) ratio declined to 3.01% in 1HFY26 (FY25: 3.18%; FY24: 4.50%), largely driven by accelerated write-offs of INR34.4 billion during FY25, after which write-offs had been minimal throughout 1HFY26 at INR8.8 billion. The bank's PCR (net of technical write-offs) was about 84.4% at end-2QFY26 (FY25: 83.3%; FY24: 73.5%), and the net NPA (NNPA) levels were at 0.48% (0.55%; 1.23%). The bank has achieved its guidance related to asset quality with respect to PCR, GNPA, and NNPA. Its slippage ratio normalised to 1.1% (annualised) at end-2QFY26 (FY25: 1.4% ;FY24: 2.5%).

Furthermore, CBOI had about 0.9% loans as a percentage of net advances at end-2QFY26 (FYE25: 1%; FYE24: 1.6%) that were restructured under the COVID-19 resolution framework and loans worth about INR 19.4 billion that have been, in the agency's opinion, supported by the Emergency Credit Line Guarantee Scheme. Also, CBOI witnessed a gross slippage of about 1.1% (annualised) in 1HFY26 (FY25: 1.4%;FY24: 2.5%) and net slippage (gross slippage less upgrades and recoveries) of 0.2% (negative 0.9%; negative 3.5%). Furthermore, the bank's exposure to the unsecured loan segment within the retail segment is just 2%. While in the service industry, it has no exposure to non-banking finance companies (NBFC)-microfinance institutions and NBFC-housing finance companies, while other NBFCs account for 11% of the total book. Hence, Ind-Ra believes the bank may not see significant net slippages in FY26, and the asset quality is likely to continue to improve and would be manageable over the near to medium term

Improved Earnings Offset by NIM Compression; Sustainability of ROA Remains Key : CBOI, which had witnessed losses of INR127.6 billion over FY18-FY21, reported PAT of INR113 billion during FY22-1HFY26. The net interest income rose to INR139 billion in FY25 (FY21: INR82.5 billion), largely led by a higher LDR ratio of 68.4% (53.61%). However, with the strong growth in deposit in 1HFY26, LDR fell to 64%. The bank's NIM contracted significantly in 2QFY26 to 2.89% (FY25: 3.32%; FY24:3.41%). NIM was impacted by the 100bp repo rate cut in 1HFY26, due to a lag between repricing in asset and liability. The bank expects NIM to improve to near 3% in 2HFY26, assuming no further rate cut in 4Q. The bank's credit cost (provision for NPA to average net advances) was subdued at 45% (annualised) in 1HFY26 (FY25: 1.21% ; FY24: 1.50%), and it will continue to build buffers to prepare for ECL compliance, which would entail higher provisions. However, barring any major credit events such as COVID-19, this may be absorbed by its expected steady-state operating profit (PPOP to net advances: 1HFY26: 2.7%, FY25: 3.1%). While its ROA improved to 1% at end-2QFY26 (FY25: 0.86%; FY24: 0.60%), its sustainability is yet to be demonstrated. Ind-Ra expects the bank to maintain adequate profitability over the medium term, with ROA of 0.75%-0.85%, but its ability to sustain the same and improve its return profile will be a key monitorable.

Liquidity

Adequate: As of September 2025, CBOI's short-term (one year) asset-liability mismatches (cumulative funding deficit) stood at 13.8% of the total assets; however, this can be covered by the bank as it had an excess statutory liquidity ratio of INR512 billion by end-2QFY26. The liquidity coverage ratio was 241.9% as on 30 September 2025, well above the regulatory requirement of 100%. That being said, if its deposit growth continues to lag with the advance growth, then the bank may need to increasingly rely on wholesale sources, affecting its liquidity. However, it seems manageable in the foreseeable future.

Rating Sensitivities

Positive: Substantial, demonstrated growth in the franchise delivering consistent market share gains, a further improvement in the profitability while maintaining the capital buffers at materially higher levels than the regulatory requirements could result in a positive rating action.

Negative: The Basel III Tier-2 bond rating are based on Ind-Ra's expectation of continuous support from the GoI (majority shareholder) to meet the minimum capital requirements. Any change in the majority GoI ownership or a change in Ind-Ra's opinion regarding the GoI's timely support for the bank, which could be warranted in case of a sharp drop in capitalisation or otherwise, could result in a negative rating action or a rating watch. Also, sustained deterioration in the operating performance and continuing pressure on the asset quality could lead to a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on CBOI, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

CBOI has a significant presence in rural and semi-urban areas, with about 65% of its branches located in these regions. At 2QFYE26, it had 4,556 branches and 4,174 ATMs in India.

Key Financial Indicators

Particulars	1HFY26	FY25	FY24
Total assets (INR billion)	5,033	4,791	4,466.7
Total equity (INR billion)	380	321.5	321.5
Net income/loss (INR billion)	23.8	37.8	25.5
Return on average assets (%)	1	0.8	0.60
Equity/assets (%)	7.5	7.6	7.2
Capital adequacy ratio (%)	17.3	17.0	15.08
Source: CBOI, Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (billion)	Rating	23 December 2024	10 December 2024	11 December 2023	12 December 2022
Issuer rating	Long-term		IND AA/Stable	IND AA/Stable	-	-	-
Basel III Tier-II bonds	Long-term	INR10	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA-/Positive	IND AA-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel III Tier-II bonds	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Issue Name/Type	ISIN	Date of Issuance	Coupon Rate (% p.a.)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Basel III Tier II bonds*	INE483A08031	20 March 2020	9.20	20 May 2030	INR5	WD
	Total Unutilised				INR10	IND AA/Stable
	Total				INR10	
Source: NSDL; CBOI *Paid in full						

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About India Ratings

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Rating Bank Subordinated and Hybrid Securities

The Rating Process