AX1/ISD/STEX/119/2024-25 **Date: 06th November, 2024**

The General Manager Department of Corporate Services, BSE Ltd., P.J Towers, Dalal Street, Fort, Mumbai-400 001	The Vice President Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400 051
BSE Scrip Code: 532525	**NSE Scrip Code: MAHABANK**

Dear Sir / Madam,

Sub: Reaffirmation of Ratings on securities by CRISIL Ratings Limited

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that **CRISIL Ratings Ltd** has reaffirmed its ratings on Bank's securities on 05.11.2024 as below:

Sr. No.	ISIN & Details of the Instrument	Coupon Rate	Rated amount (Rs.Crore)	Rating action	Verification status of rating agencies	Date of Verification
1	Certificate of Deposits	-	20000.00	**CRISIL A1+**	Reaffirmed	05.11.2024

Please find the enclosed Rating rationale dated 05.11.2024 issued by CRISIL Ratings Ltd with respect to the ratings on above Securities.

This information is given in compliance with Regulation 30 and 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you.

Yours faithfully,

For Bank of Maharashtra

NEHAL RAWAT Digitally signed by NEHAL RAWAT Date: 2024.11.06 11:17:13 +05'30'

(Nehal Rawat)
Company Secretary & Compliance Officer

Encl: As above

CRISIL Ratings

Rating Rationale

November 05, 2024 | Mumbai

Bank of Maharashtra

Rating Reaffirmed

Rating Action

Rs.20000 Crore Certificate of Deposits	**CRISIL A1+ (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL A1+' rating on the certificate of deposits of Bank of Maharashtra (BoM).

The rating continues to factor in the expectation of strong support that the bank is expected to receive from the majority owner government of India (GoI), the bank's comfortable resource profile and the sustained improvement in asset quality and profitability. These strengths are partially offset by moderate scale and high regional concentration in operations.

Gross advances stood at Rs 217,504 crore as on September 30, 2024, compared with Rs 203,664 crore on March 31, 2024, indicating half-yearly growth of 13.6% (annualised). For fiscal 2024, gross advances grew by 16.3% from Rs 175,120 crore on March 31, 2023. Correspondingly, deposit base grew by 4.1% (annualised) over the first half of fiscal 2025 to Rs 276,289 crore as on September 30, 2024, with share of current account and savings account (CASA) in total deposits remaining healthy at 49.3%.

Moreover, the bank's asset quality continued to improve sequentially. Gross non-performing assets (GNPAs) reduced to 1.84% as on September 30, 2024, from 1.88% as on March 31, 2024, 2.47% as on March 31, 2023, and 3.94% as on March 31, 2022, led by reduced slippages and stable recoveries. In the first half of fiscal 2025, the bank's slippages reduced to 0.6% of gross advances from 0.7% for full fiscal 2024 and 1.4% for fiscal 2023. As on September 30, 2024, total restructured assets stood at Rs 1,964 crore (0.9% of gross advances).

Similarly, profitability witnessed gradual improvement, with return on assets (RoA) (annualised) of 1.7% for the first half of fiscal 2025 (1.3% in the first half of fiscal 2024), as against 1.4% in fiscal 2024 and 1.04% in fiscal 2023. After adjusting for extraordinary tax reversal benefits, adjusted RoA was 1.31% for the first half of fiscal 2025 vis-à-vis 1.13% in fiscal 2024 (1.12% for the first half of fiscal 2024). This improvement in the earnings profile was driven by expansion in net interest margin (NIM) to 3.6% (annualised) in the first half of fiscal 2025 from 3.5% in the corresponding period of fiscal 2024 (3.4% in fiscal 2024 and 3.1% in fiscal 2023) on account of higher average yield and organic increase in scale of business. The bank's credit cost was 1.1% (annualised) for the first half of fiscal 2025, compared with 1.3% in the first half of fiscal 2024 and in fiscal 2024. Operating expenses as a percentage of assets increased marginally to 1.8% in the first half of fiscal 2025 from 1.7% in fiscal 2024, given the ongoing investments in technology and system upgradation.

Capitalisation remained adequate with tier I ratio and overall capital adequacy ratio (CAR) of 13.1% and 17.3%, respectively, on September 30, 2024. On the same date, networth stood at Rs 22,686 crore, having increased from Rs 19,674 crore – six months ago – led by internal accrual.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has considered the standalone business and financial risk profiles of the bank and thereafter, also factored in the strong support expected from the majority owner, GoI, both on an ongoing basis and in the event of distress.

Key Rating Drivers & Detailed Description

Strengths:

Expectation of strong support from the government (GoI)

In its ratings on public sector banks (PSBs) such as BoM, CRISIL Ratings continues to factor in strong support from GoI, which is both the majority shareholder and the guardian of India's financial system. Stability of the banking sector is of prime importance to the government, given the criticality of the sector to the economy, strong public perception of sovereign backing for PSBs and severe implications of failure of any PSB in terms of political fallout, systemic stability and investor confidence in public sector institutions. Majority ownership creates a moral obligation on the government to support PSBs, including BoM.

Between fiscals 2018 and 2020, the government infused around Rs 8,707 crore in the bank. BoM additionally raised capital of Rs 404 crore through qualified institutional placement (QIP) in July 2021, Rs 1,000 crore tier II bonds (under Basel III) in October 2021 and Rs 290 crore tier I bonds (under Basel III) in March 2022. Thereafter, the bank raised additional tier 1 bonds of Rs 1,590 crore and tier II bonds of Rs 348 crore in fiscal 2023 followed by Rs 515 crore in September 2023, Rs 1,000 crore by way of QIP in June 2023 and Rs 259 crore and Rs 1000 crore via tier II bonds in December 2023 and July 2024, respectively. Further, the bank has raised Rs 811 crore of infrastructure bonds in August 2024. Supported by these rounds of capital, the bank's tier 1 ratio and overall CAR stood at 13.1% and 17.3%, respectively, as on September 30, 2024, compared with 13.7% and 17.4%, respectively, as on March 31, 2024, vis-a-vis 14.3% and 18.1%, respectively, a year earlier.

In October 2024, the bank has raised capital of Rs 3500 crore via QIP, which led to decrease in GOI holding from 86.5% to 79.6%.

Comfortable resource profile
The bank had a large proportion of low-cost current account and savings account (CASA) deposits of 49.3% in the total deposit base as on September 30, 2024 (52.7% as on March 31, 2024). Furthermore, total retail term deposits comprised 61% of total term deposits as on September 30, 2024, compared with 68% a year earlier. With moderate rise in share of wholesale deposits amid systemic deposit mobilisation challenges and the macro interest rate scenario, cost of deposits increased to 4.6% in the first half of fiscal 2025 from 4.3% in fiscal 2024 and 3.7% in fiscal 2023. Overall deposits stood at Rs 276,289 crore as on September 30, 2024, compared with Rs 270,747 crore six months earlier. Deposit growth was 15.7% in fiscal 2024 and lagged credit growth of 16.3% for the same period, similar to the trend witnessed by the overall banking sector. The credit to deposit ratio for the bank was 78.7% as on September 30, 2024, vis-à-vis 75.2% six months earlier.

Over the medium term, the bank's resource profile will likely remain stable supported by a healthy share of low-cost, granular CASA.

Sustained improvement in reported asset quality and profitability metrics
Asset quality metrics continue to improve with GNPAs declining to 1.84% as on September 30, 2024, vis-à-vis 1.88% as on March 31, 2024 (2.47% as on March 31, 2023) led by controlled slippages and gradual recovery. On absolute basis, GNPAs stood at Rs 4,010 crore as on September 30, 2024, slightly higher than Rs 3,833 crore as on March 31, 2024 (Rs 4,334 crore as on March 31, 2023). The increase in absolute GNPAs is a factor of organic growth in gross advances. For the first half of fiscal 2025, the bank's slippage ratio was 0.6% of gross advances, which declined from 2.1% in fiscal 2022 (0.7% in fiscal 2024 and 1.2% in fiscal 2023).

In terms of segmental asset quality, GNPAs for the large corporates portfolio stood at 0.2% as on September 30, 2024, and March 31, 2024, in comparison to 0.6% as on March 31, 2023, for the agriculture sector- the GNPAs marginally declined to 7.9% as on September 30, 2024, and 8.0% as on March 31, 2024, from 10.0% as on March 31, 2023. Further, the GNPAs for the retail segment and micro, small and medium enterprises (MSME) segment remained flat at 0.4% and 2.4%, respectively, as on September 30, 2024, as against 0.4% and 2.5%, respectively, as on March 31, 2024.

This has enabled the bank to control its credit cost, which has aided improvement in the overall earnings profile. For the first half of fiscal 2025, net profit was Rs 2,620 crore (annualised RoA of 1.7%), as against Rs 1,802 crore (annualised RoA of 1.3%) for the corresponding period of the previous fiscal (Rs 4,055 crore in fiscal 2024 and Rs 2,602 crore in fiscal 2023). Credit cost reduced to 1.1% in the first half of fiscal 2025 from 1.3% in the first half of fiscal 2024 (1.3% in fiscal 2024 and 1.1% in fiscal 2023). Credit costs increased in fiscal 2024 due to increased provisioning for Covid-19 related stress. The bank still holds provision of Rs 1,200 crore for Covid-related stress. Along with reduction in credit cost, expansion in net interest income (NII) also benefited overall profitability. On account of a favourable change in asset mix and growth in overall advances, yield rose to 11.3% (annualised) in the first half of fiscal 2025 from 11.1% in the corresponding period of the previous fiscal (10.8% in fiscal 2024 and 10.2% in fiscal 2023).

Pre-provisioning profit to average assets increased to 2.9% (annualised) in the first half of fiscal 2025 from 2.8% in the corresponding period of the previous fiscal (2.8% for full fiscal 2024). However, overall RoA improved by a higher margin to 1.7% (annualised) in the first half of fiscal 2025 from 1.3% in the first half of fiscal 2024. For full fiscals 2024 and 2023, RoA was 1.4% and 1.04%. The bank had extraordinary tax reversal benefits upon adjusting for which adjusted RoA stood at 1.31% in the first half of fiscal 2025, 1.12% in the first half of fiscal 2024 and 1.13% in fiscal 2024.

Over the medium term, the bank's ability to sustain improvement in asset quality and earnings profile will remain a key monitorable.

Weakness:
Moderate scale of operations with high regional concentration
With gross advances of Rs 217,504 crore and total deposits of Rs 276,289 crore as on September 30, 2024, the bank remains a mid-sized player in the banking sector of India.
Its advances and deposits, though growing gradually, account for a small share of the overall banking sector advances and deposits at 1.2% and 1.3% respectively.

Furthermore, the bank's operations are concentrated in Maharashtra, which accounted for 73.6% of deposits and 48.6% of advances as on September 30, 2024, which is similar to the concentration six months earlier. While the bank has been expanding its presence outside the state, Maharashtra still houses a sizeable share of the overall advances and deposits, which exposes the bank to geographic concentration risk.

Liquidity: Strong
Liquidity is supported by a strong retail deposit base which forms a significant part of the total deposits. The liquidity coverage ratio was 104.58% as on September 30, 2024, much higher than the regulatory requirement. Liquidity also benefits from access to systemic sources of funds such as the liquidity adjustment facility (LAF) from the Reserve Bank of

India, access to the call money market and refinance limits from sources, such as National Housing Bank and National Bank for Agriculture and Rural Development.

Rating Sensitivity Factors
Downward Factors:
- Material change in the shareholding and/or expectation of support from government of India
- Significant weakening in the capital adequacy buffers (including capital conservation buffer), with tier I ratio remaining below 11% for an extended period

About the Bank
BoM is a medium-sized PSB with assets of Rs 316,975 crore and a network of 2,508 branches and 2362 automated teller machines (ATMs) as on September 30, 2024; 54.3% of its branches are in rural and semi-urban areas. With deposits of Rs 276,289 crore and advances of Rs 217,504 crore, the bank had a market share of around 1% each in deposits and advances, in the banking system, as on September 30, 2024.

For the first half of fiscal 2025, profit after tax (PAT) was Rs 2,620 crore on total income (net of interest expense) of Rs 7,292 crore, as against Rs 1,802 crore on Rs 6,068 crore, respectively, for the corresponding period of the previous fiscal. For fiscal 2024, the bank reported PAT of Rs 4,055 crore on total income (net of interest expense) of Rs 12,820 crore, as against PAT of Rs 2,602 crore on total income (net of interest expense) of Rs 10,021 crore in fiscal 2023.

ESG profile
CRISIL Ratings believes the environment, social and governance (ESG) profile of BoM supports its already strong credit risk profile.

The ESG profile for the financial sector entities typically factors in governance as a key differentiator. The sector has a reasonable social impact because of its substantial employee and customer base and can play a key role in promoting financial inclusion. While the sector does not have any direct adverse environmental impact, lending decisions may have a bearing on the environment.

BoM has an ongoing focus on strengthening various aspects of its ESG profile.

Key ESG highlights:
The bank has entered into a memorandum of understanding (MoU) with an external agency to carry out e-waste management in an ecofriendly manner. The agency shall also recycle the E-Waste wherever possible. The bank determines the severity and likelihood of incidents that could result for identified hazards and uses this information to prioritise corrective actions.

ESG disclosures of the bank are evolving, and it is in the process of strengthening these disclosures going forward.

Of the total workforce, 27.3% comprised women as on March 31, 2024, and the bank continues to take initiatives to promote gender equity within the organisation.

Of the board of directors, 38% are independent directors. The bank also has a dedicated investor grievance redressal mechanism.

Key Financial Indicators

As on/for the period ended	Unit	March 2024	March 2023
Total assets	Rs crore	307138	267651
Total income (net of interest expenses)	Rs crore	12820	10021
Profit after tax	Rs crore	4055	2602
Gross NPAs	%	1.88	2.5
Overall capital adequacy ratio	%	17.4	18.1
Return on assets	%	1.4	1.1

As on / for the period ended	Unit	Sept 30, 2024	Sept 30, 2023
Total assets	Rs crore	316975	273184
Total income (net of interest expenses)	Rs crore	7292	6068
Profit after tax	Rs crore	2620	1802
Gross NPAs	%	1.84	2.19
Overall capital adequacy ratio	%	17.3	17.6
Return on assets*	%	1.7	1.3

**annualised*

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Certificate of Deposits	NA	NA	7 to 365 Days	20000.00	Simple	CRISIL A1+

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	20000.0	CRISIL A1+		--	07-11-23	CRISIL A1+	07-11-22	CRISIL A1+	24-09-21	CRISIL A1+	CRISIL A1+
			--		--		--	26-09-22	CRISIL A1+		--	--
			--		--		--	18-08-22	CRISIL A1+		--	--
Lower Tier-II Bonds (under Basel II)	LT		--		--	07-11-23	Withdrawn	07-11-22	CRISIL AA/Stable	24-09-21	CRISIL AA-/Stable	CRISIL A+/Stable
			--		--		--	26-09-22	CRISIL AA/Stable		--	--
			--		--		--	18-08-22	CRISIL AA/Stable		--	--
Perpetual Tier-I Bonds (under Basel II)	LT		--		--		--		--		--	Withdrawn
Upper Tier-II Bonds (under Basel II)	LT		--		--		--		--		--	Withdrawn

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
Rating Criteria for Banks and Financial Institutions
Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support
CRISILs Criteria for rating short term debt

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