बैंक ऑफ महाराष्ट्र
Bank of Maharashtra
भारत सरकार का उद्यम
एक परिवार एक बैंक

AX1/ISD/STEX/07/2025-26 **Date: 17.04.2025**

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: Affirmation/ Upgrade of Ratings by Fitch Ratings

In terms of Regulation 30, 51 and other applicable Regulations of SEBI (LODR) Regulations, 2015, we submit the rating assigned by Fitch Ratings on 17.04.2025 as under:

Type of Rating	Rating assigned	Verification status of rating agency	Date of Verification
Government Support	bbb -	Affirmed	17.04.2025
Long Term IDR	BBB - Stable	Affirmed	17.04.2025
Long Term IDR (xgs)	BB- (xgs)	Upgraded	17.04.2025
Short Term IDR	F3	Affirmed	17.04.2025
Short Term IDR (xgs)	B (xgs)	Affirmed	17.04.2025
Viability	bb-	Upgraded	17.04.2025

Please find the enclosed Rating rationale dated 17.04.2025 issued by Fitch ratings.

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

Thanking you.

Yours faithfully,

For Bank of Maharashtra

NEHAL RAWAT Digitally signed by NEHAL RAWAT Date: 2025.04.17 19:18:07 +05'30'

(Nehal Rawat)
Company Secretary & Compliance Officer

Encl: As above

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Bank of Maharashtra at 'BBB-'/Stable; Upgrades VR to 'bb-'

Thu 17 Apr, 2025 - 4:59 AM ET

Fitch Ratings - Singapore/Mumbai - 17 Apr 2025: Fitch Ratings has affirmed the Long-Term Issuer Default Rating (IDR) of Bank of Maharashtra (BOM) at 'BBB-'. The Outlook is Stable. Fitch has upgraded the bank's Viability Rating (VR) to 'bb-' from 'b+' and affirmed the Government Support Rating (GSR) at 'bbb-'. A full list of rating actions is below.

KEY RATING DRIVERS

Government Support-Driven IDR: BOM's Long-Term IDR and GSR are equalised with India's sovereign rating (BBB-/Stable), reflecting our view of a high probability of extraordinary state support for the bank, if needed. This takes into consideration the state's 79.6% ownership of the bank, its high share of deposits and loans in its home market, and our assessment that the state has a strong propensity to support the banking system in general. The Stable Outlook on the IDR mirrors that on the sovereign IDR.

The VR upgrade to 'bb-' is supported by improvements in the bank's risk profile, which are also reflected in its financial performance in the past five years. Financial performance remains a key consideration in our assessment due to the historical volatility and vulnerability associated with the bank's moderate buffers and high growth appetite.

Supportive Operating Environment: India's strong medium-term growth potential and its large, diversified economy are reflected in Fitch's operating environment (OE) score of 'bb+', which is above the agency's implied 'b' category score. Fitch projects GDP growth of over 6% in the financial year ending March 2025 (FY25) and FY26, driven by domestic demand, government capex and improving capacity utilisation. The growth will support Indian banks' ability to sustain profitable business in the medium term, if risks are effectively managed.

Regional Franchise: BOM's business profile assessment reflects its smaller national market share (1.2% of system loans and deposits) than most larger state banks but also factors in its notably larger franchise in the state of Maharashtra. Its franchise benefits from state linkages and a strong local presence, but BOM's limited pricing power has resulted in more higher-margin lending, similar to some state-owned peers.

Improving Risk Profile: We have revised BOM's risk profile score to 'b+' from 'b', reflecting its improved underwriting and diversified loan mix, clean-up of legacy bad loans and minimal exposure to unsecured retail loans. Our assessment also factors in the bank's history of cyclical growth and weaker asset quality under challenging operating conditions. Nevertheless, its focus on secured granular loan categories in recent years and sound portfolio characteristics, including the loan-to-value ratio, helps mitigate risks.

Evidence of further enhancement in BOM's risk management practices, partly through sustained strong financial metrics, would be important for Fitch to consider further positive revisions to the VR.

Better Asset Quality: Fitch has revised BOM's asset-quality score to 'bb-' from 'b+'. This reflects sustained improvement in the impaired-loan ratio to 1.8% in 9MFY25, from 7.2% in FY21, and our view that the ratio will be maintained close to 2% to FY27. The 10bp improvement in the impaired-loan ratio in 9MFY25 was due to loan growth, write-offs and recoveries that offset fresh bad loans. Credit costs (1.1% of loans) were also about 10bp lower than in FY24, although loan loss coverage remained above average.

Profitability at Cyclical Peak: BOM's operating profit/risk-weighted asset (OP/RWA) ratio rose to 3.5% in 9MFY25 (FY24: 3%), as higher net interest margins, loan growth and increased recoveries from written-off accounts offset the impact of higher risk density. We expect OP/RWA to normalise in FY26 but remain at around 3%.

Fresh Capital Raised: BOM's common equity Tier 1 (CET1) ratio (including profit) rose by 360bp to 16.1% in 9MFY25. This was driven by a fresh equity infusion of INR35 billion (2.3% of RWA) in October 2024 and internal capital generation, which more than offset loan growth. We expect the CET1 ratio to settle slightly below 15% by FY25 due to dividend payments, although there may be upside in FY26 if the bank raises additional equity to reduce the government's shareholding to 75% in accordance with market regulations.

Stable Funding: BOM's loan/customer deposit ratio rose by about 670bp to 82% in 9MFY25 (based on preliminary disclosures) and is now broadly aligned with that of peers. Deposit growth has lagged behind loan growth, but we view funding and liquidity as a strength for the VR, similar to state-owned bank peers. Deposit stability is high, driven by depositor confidence due to the bank's state linkages. This strength is also reflected in its liquidity coverage ratio of 108.9% and net stable funding ratio of 138.4% in 9MFY25.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

IDRs and GSR

BOM's GSR is most sensitive to Fitch's assessment of the Indian government's propensity and ability to support the bank, based on its ownership and linkages to the state. A weakening of the government's ability to provide extraordinary support - reflected in negative action on India's sovereign rating - would lead to similar action on the bank's Long-Term IDR.

Negative action on the GSR and IDR is also likely if we believe that the government's propensity to extend timely support to BOM has decreased, although that is not our base case.

The Short-Term IDR is mapped to the bank's Long-Term IDR in line with Fitch's criteria, and will be downgraded to 'B' if the Long-Term IDR is downgraded to the 'BB' category.

VR

We expect BOM's VR to be stable in the near term, but a downgrade is possible if there is a significant deterioration in the OE and/or the bank's key financial parameters, indicating a weaker risk profile, such as the following:

- the four-year average impaired-loan ratio significantly worsening from the current level (9MFY25: 2.5%);

- the four-year average OP/RWA ratio being sustained below 1.25% (9MFY25: 2.9%);

- a significant drop in the CET1 ratio towards the regulatory minimum of 8%, without a credible plan to restore it above Fitch's 'bb' threshold of 10%.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

IDRs and GSR

Positive sovereign rating action may lead to corresponding changes to BOM's GSR and Long-Term IDR, provided the sovereign's propensity to extend support remains unchanged. However, a sovereign rating upgrade is unlikely in the near term.

The bank's Short-Term IDR may also be upgraded in the event that the sovereign's Short-Term IDR is upgraded.

VR

A VR upgrade is less likely in the near term as it has just been upgraded, assuming no changes to our assessment of the OE score. However, it is possible if we believe the bank's risk profile has improved further, supported by better key financial metrics, such as any two factors below:

- the four-year average impaired-loan ratio being sustained at or below 1.5%;

- the four-year average OP/RWA ratio being sustained at around 3%;

- the CET1 ratio being sustained at around 15% or higher.

BOM's risk profile will remain an important consideration in determining whether improvements to its financial metrics can be sustained. The VR could also be upgraded if the OE score is raised to 'bbb-', which would also positively influence the bank's risk profile.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

BOM's Long-Term IDR (xgs) is driven by its VR. Its Short-Term IDR (xgs) is in accordance with its Long-Term IDR (xgs) and the short-term rating mapping outlined in Fitch's criteria.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

BOM's Long-Term IDR (xgs) will move in tandem with its VR. Its Short-Term IDR (xgs) is sensitive to changes in its Long-Term IDR (xgs) and is mapped in line with Fitch's criteria.

VR ADJUSTMENTS

The OE score of 'bb+' has been assigned above the implied category of 'b' for the following adjustment reasons: economic performance (positive), and size and structure of the economy (positive).

The funding and liquidity score of 'bbb-' has been assigned above the implied category score of 'bb' for the following adjustment reason: deposit structure (positive).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

BOM's IDRs are driven by India's sovereign rating. A change in the sovereign's IDRs would be reflected in BOM's IDRs.

ESG CONSIDERATIONS

BOM has an ESG Relevance Score of '4' for Governance Structure, in line with other state banks. This reflects our assessment that key governance aspects, in particular board independence and effectiveness, ownership concentration and protection of creditor or stakeholder rights, have a moderate, yet negative, influence on BOM's credit profile, and are relevant to the ratings in conjunction with other factors.

Similar to our view of other state banks, we believe BOM's governance is less developed, as evident from its significant lending to higher-risk borrowers and instances of weak oversight that previously led to above-peer levels of stressed loans and credit losses. The board is dominated by government appointees and its business model is often focused on supporting government strategies, with lending directed towards promoting social and economic policies, which may include lending to government-owned companies. These factors also drive our view on the bank's state linkages, which affect support prospects that determine the long-term ratings.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR

Bank of Maharashtra	LT IDR	BBB-	Affirmed	BBB-
	ST IDR	F3	Affirmed	F3
	Viability	bb-	Upgrade	b+
	Government Support	bbb-	Affirmed	bbb-
	LT IDR (xgs)	BB-(xgs)	Upgrade	B+(xgs)
	ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

Bank Rating Criteria (pub. 22 Mar 2025) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Bank of Maharashtra	EU Endorsed, UK Endorsed

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