IDBI BANK
CIN: L65190MH2004GOI148838

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फ़रवरी २८, २०१८

The Manager (Listing) BSE Ltd., 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001	The Manager (Listing) National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051

Dear Sir,

Unsolicited revision in ratings by Moody's – as per attached Press Release.

This is to advise that Moody's has issued a press release on February 27, 2018 (attached) and upgraded the outlook of IDBI Bank to positive from stable on recapitalisation. In this connection, we may advise that IDBI Bank has terminated all the rating contracts/ engagements with Moody's Investors Services for various issues under the Bank's MTN Bond Programme. Bank had, earlier on December 26, 2017, intimated the said termination in terms of the provisions of regulation 30 & 51 of SEBI (LODR) Regulation, 2015 to Stock Exchanges. However, the press release does not mention that the rating is unsolicited. An intimation in this regard is being separately sent to Moody's.

You are requested to kindly take the above intimation on record in terms of the provisions of Regulations 30 & 51 of SEBI (LODR) Regulations, 2015.

भवदीय,
कृते आईडीबीआई बैंक लिमिटेड

28/02/18
[पवन अग्रवाल]
कंपनी सचिव

Encl: A/a

MOODY'S
INVESTORS SERVICE

Press Release

Rating Action: Moody's changes outlook of IDBI Bank to positive from stable

Moody's Investors Service, ("Moody's") has affirmed the long-term local and foreign currency bank deposit rating of IDBI Bank Ltd (IDBI) at B1, and changed the outlook to positive from stable.

Moody's has also affirmed IDBI and its DIFC branch's long-term foreign currency senior unsecured debt rating at B1 and changed the outlook to positive.

Moody's has also affirmed the bank's baseline credit assessment (BCA) at caa1 and the counterparty risk assessment (CRA) at Ba3(cr)/NP(cr).

In addition, Moody's has changed the outlook on IDBI and its DIFC branch to positive from stable.

The list of affected ratings is provided at the end of this press release.

RATINGS RATIONALE

UPWARD PRESSURE ON THE BANK'S BCA

The positive outlook reflects the upward pressure that could develop on the bank's long-term rating, if its credit fundamentals -- namely the capital position -- continues to improve over the next 12-18 months due to capital infusions from the Indian government (Baa2 stable)

The positive outlook also factors in Moody's view on the expected evolution of IDBI's balance sheet, including a stabilization in asset quality and continued stable funding and liquidity positions.

According to the recapitalization plan announced in October 2017, the government has committed to infuse INR1.53 trillion into the public-sector banks by March 2019, of which INR800 billion will be injected in the form of recapitalization bonds.

Press Release

Based on the announced allocations of this capital to individual banks, IDBI will receive INR78.81 billion in new capital by March 2018. Moody's estimates that this capital infusion will increase the common equity tier 1 (CET1) ratio for IDBI to about 9.8% based on the risk weighted assets as of 31 December 2017. At the same time, the bank will continue to report losses over the next few quarters on account of high provisioning charges, eroding this capital level. Nevertheless, Moody's expects that the CET1 ratio as of 31 March 2019 will meet the minimum Basel III capital requirements.

As of the latest quarter ended 31 December 2017, IDBI's gross NPA ratio declined to 24.7% from the high of 25.0% in the quarter ended 30 September 2017. In addition, the net NPA ratio stabilized at 14.3% compared again with the previous quarter.

The bank has also been able to maintain a stable funding base in spite of its weak solvency profile. Thus, the bank reported a current and savings account (CASA) balance of INR856 billion as of 31 December 2017, which was a moderate increase from INR846 billion the year before. With the bank shedding some of its expensive bulk deposits in the past year, the CASA ratio improved significantly to 36.1% of deposits at of 31 December 2017 compared to 28.4% reported as of 31 December 2016. This improvement in the bank's funding mix is also a positive driver for the bank's profitability.

IMPACT ON LONG-TERM RATINGS

Moody's continues to assume a very high probability of government support for IDBI, resulting in a three-notch uplift to the deposit rating from the BCA.

The positive outlook on IDBI's deposit rating reflects a likely rating upgrade if the standalone BCA moves up over the next 12-18 months.

WHAT COULD CHANGE THE RATING UP:

Given the positive outlook, IDBI's ratings could be upgraded in the next 12-18 months, if the capital infusion helps strengthen the bank's capital to a level above minimum regulatory requirements (including the capital conservation buffer) under Basel III standards, and/or the bank returns to profitability on a sustainable basis.

WHAT COULD CHANGE THE RATING DOWN:

Downward pressure on IDBI's ratings will emerge if further credit losses worsen its capital position. Any indication that government support has diminished beyond what Moody's anticipates in this rating action could also lead to a ratings downgrade.

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The principal methodology used in these ratings was Banks published in September 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

IDBI Bank Ltd, headquartered in Mumbai, reported total assets of INR3.4 trillion ($52 billion) as of 31 December 2017.

Following this action, IDBI Bank Ltd's ratings are as follows:

- BCA and Adjusted BCA affirmed at caa1
- LT Bank Deposits (Local & Foreign currency), affirmed at B1, outlook revised to positive from stable
- ST Bank Deposits (Local & Foreign currency), affirmed at Not Prime
- Foreign currency senior unsecured debt rating affirmed at B1, outlook revised to positive from stable
- Foreign currency senior unsecured MTN programme rating affirmed at (P)B1
- Foreign currency subordinate MTN program rating affirmed at (P)Caa1
- Foreign currency junior subordinate MTN program rating affirmed at (P)Caa2
- LT CR Assessment affirmed at Ba3(cr)
- ST CR Assessment affirmed at Not Prime(cr)

The outlook, where applicable, has been revised to positive from stable

Following this action, IDBI Bank Ltd, DIFC Branch's ratings are as follows:

- Foreign currency senior unsecured debt rating affirmed at B1, outlook revised to positive from stable
- Foreign currency senior unsecured MTN programme rating affirmed at (P)B1
- Foreign currency subordinate MTN program rating affirmed at (P)Caa1
- Foreign currency junior subordinate MTN program rating affirmed at (P)Caa2
- LT CR Assessment affirmed at Ba3(cr)
- ST CR Assessment affirmed at Not Prime(cr)

The outlook, where applicable, has been revised to positive stable from stable

MOODY'S
INVESTORS SERVICE

Press Release

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