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आईडीबीआई बैंक लिमिटेड
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मई ०८, 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
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Dear Sir,

Revision in Ratings by ICRA

This is to inform that IDBI Bank has received following revised ratings from ICRA on May 07, 2018:

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Infrastructure Bonds	8,000.00	8,000.00	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Flexi Bond Series	230.50	230.50	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Senior & Lower Tier II (Subordinated Bonds)	25,742.72	25,742.72	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Subordinated Debt Programme	70.00	70.00	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Basel III Compliant Tier II Bonds	5,000.00	5,000.00	[ICRA]A(hyb) reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Upper Tier II Bonds Programme	4,286.20	4,286.20	[ICRA]BBB+ reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Basel II Compliant Perpetual Bonds	1,708.80	1,708.80	[ICRA]BBB+ reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Fixed Deposits Programme	-	-	MAA- reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Certificates of Deposit Programme	35,000.00	35,000.00	[ICRA]A1 reaffirmed; 'rating watch with negative implications' removed
Total	80,038.22	80,038.22	

The rating rationale given by ICRA is that the rating reaffirmation with a Negative outlook takes into account ICRA's expectations of weak capitalisation ratios for IDBI as the bank is unlikely to maintain the required regulatory capital conservation buffer (CCB) in the near term despite a large capital infusion of Rs.12,471 crore by the Government of India (GoI) during FY 2018. Further, with recent regulatory changes whereby the RBI has discontinued all the earlier schemes for the resolution of stressed assets, ICRA expects the slippages and credit provisions for the bank to surge during the next few quarters given its large vulnerable exposures. Consequently, ICRA expects gross non-performing assets (GNPAs) to increase further till HI FY2019 and reduce thereafter as the stressed accounts undergo resolution under Insolvency and Bankruptcy Code (IBC), 2016, leading to an improvement in recoveries and upgrades. While the reported GNPAs may peak during HI FY 2019, credit provisions are likely to remain elevated during FY 2018 and FY 2019 as the bank may need to provide for fresh slippages, ageing of NPAs as well as haircuts on exposures under the IBC proceedings. Accordingly, ICRA expects the bank's internal capital generation to remain under pressure with credit provisions far exceeding core operating profits (before credit provisions and treasury income) during FY 2019. With expected losses during FY 2018 and FY 2019, the bank's ability to meet regulatory capital ratios (including CCBs) will depend on the size of incremental capital infusion by the GoI, divestment of non-core assets and ability to reduce risk weighted assets (RWAs). Going forward, the extent of haircuts in the existing and likely stressed accounts will determine the bank's incremental capital requirement and the extent of further capital support and capital infusion by the bank will be the key determinant of its capital position as well as a key rating sensitivity.

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


[पवन अग्रवाल] 8/05/18
कंपनी सचिव