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आईडीबीआई बैंक लिमिटेड

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अगस्त ३०, २०१७

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Dear Sir,

**Revision in Ratings by Moody's**

This is to inform that IDBI Bank has received following revised ratings from Moody's Investors Service on August 29, 2017:

Instrument	Status	Present rating	Earlier rating
LT Bank Deposits (Local and FC)	Downgrade	B1	Ba2
FC Senior unsecured debt	Downgrade	B1	Ba2
FC senior unsecured MTN Programme	Downgrade	(P)B1	(P)Ba2
Counterparty Risk (CR) assessment	Downgrade	Ba3(cr)/NP(cr)	Ba1(cr)/Not Prime(cr)

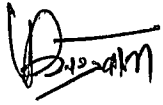
The rating rationale given by Moody's is reduction in the amount of extraordinary government support incorporated into the bank's ratings and its weak standalone credit profile. Moody's has lowered the support assumption for IDBI towards the mid-point of the "very high" support bucket range from the top end of the "very high" support bucket range. Since May 2017 -- when Moody's initiated its review for downgrade -- IDBI has received INR18.6 billion of new equity from the government and INR3.9 billion of new equity from the Life Insurance Corporation of India (LIC). Nevertheless, IDBI remains significantly undercapitalized, with a CET 1 ratio of only 6.5%, which is below the current minimum core equity tier (CET 1) ratio norms after factoring in the requirements of capital conservation buffers. At the same time, Moody's continues to position government support for IDBI in the "very high" bucket, reflecting the systemic importance of public sector banks in India. The viability of public sector banks is crucial for maintaining overall systemic stability, given that these banks cumulatively account for around 74% of the banking system assets.

Over the next 12-18 months, Moody's expects asset quality issues to persist, although the pace of non performing loan (NPL) formation should significantly slow. Given its weak asset quality, credit costs will remain high over the next 12-18 months. Despite its weak solvency profile, Moody's notes that IDBI's funding and liquidity positions

have remained fairly stable. Nevertheless, given the dominance of corporate deposits, Moody's expects the risks to the Bank's funding and liquidity position have increased because of its weak solvency profile. This situation is especially so in regard to the Bank's foreign currency book. A significant improvement in IDBI's capital levels and / or asset quality will put positive pressure on Bank's BCA and ratings. An upgrade in the BCA will lead to an upgrade to the final rating.

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] 20/08/17  
कंपनी सचिव