

Shares and Bonds Department
Head Office

Ref. No. HO/SD/450

Date: 07.12.2018

The Vice President National Stock Exchange of India Ltd. Exchange Plaza, Bandra- Kurla Complex Bandra East, Mumbai-400 051	The Vice President BSE Ltd. 25, P.J.Towers, Dalal Street, Mumbai-400001
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Dear Sir/Madam,

Subject: Review of Credit Rating to Bank's Outstanding Basel-III compliant Tier 2 Bonds by India Ratings and Research Pvt. Ltd. (India Ratings)

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings have reviewed the existing rating of Bank's outstanding Basel-III compliant Tier 2 Bonds rated by them and has revised their rating downward as detailed below:

Particular	Pre-revised Rating	Revised Rating
₹1000 crore Basel III compliant Tier 2 Bonds Series III (ISIN-INE428A08051)	IND AA (Outlook-Stable)	IND AA- (Outlook- Negative)

India Ratings has communicated that the Key Rating Drivers for aforesaid rating are Large Capital Requirement through FY19 and Elevated Credit Costs to delay Profitability.

It has been further communicated by India Ratings that:

- The downgrade reflects the significant loss in Allahabad Bank's (ALBK) systemic importance and loss of its share in the system's advances and deposits. The systemic share in deposits fell to 1.9% in FY18 (FY13: 2.7%) and that of advances dropped to 1.8% (2.5%). This is because the bank is capital constrained and its ageing nonperforming assets are weighing on its credit costs. The Bank could continue to shrink its balance sheet over the next few years.
- The Negative Outlook reflects Allahabad Bank's significantly deteriorated capitalisation levels and weak asset quality leading to high credit costs which are likely to continue, and weak operating parameters. While the government of India (GoI) has already infused fresh capital of ₹4844.00 crore in ALBK in FY19 (₹1790.00 crore received in 1H FY19), Ind-Ra believes that the Bank will need a substantially higher equity infusion to meet the minimum Tier 1 capital requirement of 8.88% (CET 1: 5.50%, capital conservation: 1.88%) at end-March 2019.

This is for your information and records.

Yours faithfully,



(Dina Nath Kumar)
Chief Manager (Company Secretary)
and Compliance Officer