IDBI BANK
CIN: L65190MH2004GOI148838

आईडीबीआई बैंक लिमिटेड
पंजीकृत कार्यालय : आईडीबीआई टॉवर,
डब्ल्यूटीसी कॉम्प्लेक्स, कफ परेड,
मुंबई - 400 005.
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IDBI Bank Limited
Regd. Office : IDBI Tower,
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Mumbai - 400 005.
TEL.: (+91 22) 6655 3355
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Website : www.idbi.bank.in

September 19, 2026

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 Madam/Sir,

<u>Rating by India Ratings</u>

This is to inform that India Ratings has affirmed its rating of IDBI Bank's Fixed Deposits at 'IND AA/Stable' and Certificate of Deposits at 'IND A1+'. The detailed report is attached herewith.

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

Yours faithfully,
For IDBI Bank Ltd.

JYOTHI BIJU NAIR

Digitally signed by JYOTHI BIJU NAIR
Date: 2026.09.19 14:15:30 +05'30'

Company Secretary

India Ratings & Research
A Fitch Group Company

India Ratings Affirms IDBI Bank's Fixed Deposits at 'IND AA'/Stable and Certificate of Deposits at 'IND A1+'

Sep 18, 2026 | IDBI Bank Limited | Private Sector Bank

India Ratings has taken the following rating actions on IDBI Bank Limited's (IDBI) debt instruments:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Fixed deposits	+	-	-	-	-	IND AA/Stable	Affirmed
Certificate of deposit	RBI	-	-	Up to 365 days	350,000	IND A1+	Affirmed
Senior debt*	Refer ISIN annexure	-	-	-	40	WD	Withdrawn
Omni Infrastructure bonds*	Refer ISIN annexure	-	-	-	10,000	WD	Withdrawn
Basel III-compliant Tier II bonds*	Refer ISIN annexure	-	-	-	19,000	WD	Withdrawn

+To be finalised following a discussion with the regulatory authorities.
*Details in annexure

Analytical Approach

Ind-Ra continues to fully consolidate IDBI's subsidiaries while arriving at the ratings. The agency has not factored in capital support from its majority stakeholders — the government of India (GoI) and Life Insurance Corporation of India (LIC) — to arrive at the ratings, owing to their planned strategic divestment in the bank.

Detailed Rationale of the Rating Action

The ratings reflect the bank's comfortable capitalisation, stable and granular deposit franchise with a strong current account and saving account (CASA) profile, improving asset quality metrics, and a retail-focused loan portfolio that supports earnings stability and portfolio diversification over FY26. The bank's profitability improved in FY26, aided by healthy margins, declining credit costs, and controlled operating expenses, resulting in improved internal capital generation.

Ind-Ra notes that LIC and the GoI collectively held a 94.72% stake in the bank as of 1QFY27. Both shareholders have expressed their intention to divest up to 60.72% of their shareholding, including the transfer of management control, through a strategic stake sale. The divestment process remains underway and will remain a rating monitorable.

List of Key Rating Drivers

Strengths

- Comfortable capital position
- Stable deposit franchise with strong CASA profile
- Improving trend in asset quality
- Continued retail focus
- Improved profitability profile

Weaknesses

- Home loan business issue unresolved; RBI extension in place

Detailed Description of Key Rating Drivers

Comfortable Capital Position: IDBI maintains a strong capital base, offering resilience for growth and risk absorption. The bank's internal accruals have been improving since FY21, leading to an improvement in its common equity tier 1 (CET1) ratio to 26.38% in 1QFY27 (FY26: 25.56%; FY25: 23.51%, FY24: 20.11%). Ind-Ra expects the bank's internal capital generation to be sufficient to support its medium-term growth plans, with no material need for external capital infusion. Further supporting its credit profile, the bank had a strong provision coverage ratio (PCR; excluding technical write-offs) of 93.01% in 1QFY27 (FY26: 93.70%). Ind-Ra notes that IDBI's capital buffers are maintained above the regulatory thresholds and provide cushion for expected credit loss (ECL) implementation. The bank's preparedness for the implementation of ECL norms will remain a key rating monitorable.

Stable Deposit Franchise with Strong CASA Profile: The bank's CASA deposit ratio declined to 43.64% in 1QFY27 (FY26: 44.59%; FY25: 46.56%; FY24: 50.43%). The agency believes competitive intensity to accrete low-cost deposits will remain high among banks in the near term. IDBI's current account balance reduced to 15.76% in 1QFY27 (FY26: 18.37%; FY25: 20.02%; FY24: 17.65%), with the savings account balance increased to 27.88% in 1QFY27 (FY26: 26.23%; FY25: 26.55%; FY24: 32.78%). The cost of deposits reduced to 4.59% in 1QFY27 (4QFY26: 4.69%; 3QFY26: 4.72%). Ind-Ra opines that competition among banks for garnering CASA deposits will continue to remain systematically higher. Therefore, an improvement in IDBI's CASA franchise will be a strong reflection of its sustainable low-cost liability franchise. The bulk deposits accounted for 22.09% of the bank's term deposits in 1QFY27 (FY26: 23.76%; FY25: 21.44%; FY24: 15.05%), indicating its loan growth appetite where it is targeting to grow, at least in line with system credit growth.

Improving Trend in Asset Quality: IDBI's asset quality metrics continued to improve in 1QFY27, with the gross non-performing assets (NPAs) declining to 2.30% (FY26: 2.32%; FY25: 2.98%; FY24: 4.53%) and the net NPAs at 0.16% in 1QFY27 (FY26: 0.15%; FY25: 0.15%; FY24: 0.34%), aligning well with its peers. The consistent decline in gross NPAs and net NPAs reflects the bank's enhanced risk management framework across corporate and retail segments through centralised loan processing, enhanced monitoring, and exposure controls. Furthermore, its retail credit processes rely on rule-based filters, supported by continuous portfolio tracking. The slippage ratio (annualised) remained stable at 0.60% in 1QFY27 (FY26: 0.63%; FY25: 0.73%; FY24: 1.92%). The PCR, excluding technical write-offs, remained robust at 93.01% in 1QFY27 (FY26: 93.70%; FY25: 94.96%; FY24: 92.78%). Additionally, the bank maintained a low special mention account (SMA) portfolio with SMA-1 and SMA-2 together accounting for just 0.9% as of 1QFY27 (1QFY26: 1.2%) of the total gross advances. Ind-Ra expects the gross and net NPAs to remain stable over FY27-FY28.

Continued Retail Focus: IDBI bank continues to focus on retail loans, which accounted for 70% of its advances as of 1QFY27 (FY26: 70%; FY25: 70%; FY24: 70%). In line with its strategy, the bank intends to maintain retail loans at 70% of the overall loan book. The portfolio remained predominantly retail-oriented, with structured retail advances comprising 41.32% of total advances as of 1QFY27 (1QFY26: 44.91%), primarily constituting housing loans. The bank's housing loan portfolio increased to INR763.16 billion as of 1QFY27 (1QFY26: INR689.98 billion), reflecting its continued focus on granular retail asset growth. Non-structured retail advances increased to 28.95% of the total advances as of 1QFY27 (1QFY26: 25.29%), supported by 36.50% yoy growth in gold loans, contributing 8.54% as of 1QFY27 (7.60%), and 32.52% yoy rise in MSME lending.

Improved Profitability Profile: The bank's profitability improved, supported by comfortable net interest margins (NIMs), lower credit costs, and improved operating efficiency. IDBI's NIM remained comfortable but moderated to around 3.6% in 1QFY27 (1QFY26: 3.7%; FY26: 3.8%; FY25: 4.6%), mainly supported by low cost of deposits and a healthy CASA profile. Its NIM remained in line with its peers given the repo rate cut environment. The bank reported a return on average assets (RoA) of 2.3% in FY26 (FY25: 1.9%; FY24: 1.6%). On the credit costs front, the bank's credit costs as per Ind-Ra calculation methodology (as a percentage of average total assets) turned negative 0.2% in FY26 (FY25: 0.1%; FY24: 0.4%), primarily supported by recoveries from written-off accounts. The sustained decline in credit costs reflects the improving asset quality profile and has been a key driver of the bank's enhanced profitability. The bank's opex, as a percentage of average total assets, reduced to 2.1% in FY26 (FY25: 2.2%; FY24: 2.4%), supported by productivity enhancement initiatives.

The bank aims to maintain its cost-to-income ratio below 50% through continued optimisation of operating expenses, process efficiencies, and productivity enhancement initiatives. Ind-Ra expects the bank's sustained focus on cost rationalisation and operational efficiency to support profitability and improve operating leverage over the medium term. Overall, Ind-Ra expects the profitability to sustain in the near to medium term. However, the impact of ECL implementation remains a key monitorable.

Home Loan Business Issue Unresolved; RBI Extension in Place: When LIC had decided to take up a majority stake in IDBI in FY19, it had to abide by the condition wherein only one of the institutions (either LIC Housing Finance Ltd or IDBI) could carry the home loan business after November 2023, which has been extended. Ind-Ra understands that there is a possibility of an adverse impact on IDBI's franchise building efforts if it is unable to continue its home loan business beyond the extended timeline. This stems from LIC's ownership of IDBI as a large shareholder with a competing business under the former's subsidiary, LIC Housing Finance. In the event of delayed stake sale by the bank's key shareholders, there could be a workout around by the bank. IDBI is no longer a subsidiary of LIC, with the latter's stake falling below majority to 49.24% in 2021 (end-September 2019: 51%). Ind-Ra, thus, does not expect the lack of clarity on the home loan business to have a significant negative impact on the credit profile of IDBI until the matter is resolved. The agency would continue to monitor the evolving situation and will take an appropriate rating action, as and when warranted.

Liquidity

Adequate: The asset and liability management (ALM) profile as of 1QFY27 is comfortable and IDBI maintained a cumulative surplus of around 8.12% of its total cumulative outflows in up to one-year bucket. IDBI's liquidity coverage ratio stood at 120.87% in 1QFY27 well above regulatory requirement. Overall, the liability profile of the bank is adequate.

Rating Sensitivities

Positive: Substantial, demonstrated growth in franchise delivering consistent market share gains, consistency in the profitability while maintaining capital buffers at materially higher levels than the regulatory requirements and an improvement in deposit profile hereon could result in a positive rating action.

Negative: Deterioration in the funding profile due a fall in low-cost deposits, a rise in operating expenses, or a prolonged decline in the profitability buffers, due to asset quality pressures, any material impact on Tier I capitalisation levels, with CET1 capital falling below 12%, on a sustained basis, a significant increase in the net NPAs or a discontinuation of the home loan business could lead to a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on IDBI, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

IDBI is a private sector bank in India with pan-India presence. The bank had over 2,100 branches and over 3,000 ATMs across India as of June 2026.

Key Financial Indicators

Particulars	FY26	FY25
Total assets (INR billion)	4,665.6	4,116.6
Total equity (INR billion)	676.4	602.5
Net profit (INR billion)	95.13	75.15
Return on assets (%)	2.3	1.9
Common equity tier 1 ratio (%)	25.56	23.51
Capital adequacy ratio (%)	26.65	25.05
Source: IDBI; Ind-Ra		

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (INR million)	Current Rating/Outlook	History Rating/Outlook					
				19 September 2025	20 September 2024	15 March 2024	21 December 2023	22 September 2023	21 July 2023
Issuer rating	Long-term		-	-	-	-	-	WD	IND A+/Positive
Basel III compliant bonds	Long-term	20,000	-	WD	IND AA/Stable	IND AA-/Stable	IND AA-/Stable	-	IND A+/Positive
Omni infrastructure bonds	Long-term	10,000	WD	IND AA/Stable	IND AA/Stable	IND AA-/Stable	IND AA-/Stable	-	IND A+/Positive
Basel III compliant Tier II bonds	Long-term	19,000	WD	IND AA/Stable	IND AA/Stable	IND AA-/Stable	IND AA-/Stable	-	IND A+/Positive
Fixed Deposit	Long-term	-	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA-/Stable	IND AA-/Stable	-	IND A+/Positive
Senior debt	Long-term	40	WD	IND AA/Stable	IND AA/Stable	IND AA-/Stable	IND AA-/Stable	-	IND A+/Positive
Certificate of deposit	Short-term	350,000	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	-	IND A1+

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Certificate of deposit	Low
Fixed deposits	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

Instrument Type	Regulator of Instrument	ISIN	Date of Allotment	Tenor (years)	Maturity Date	Issue size (INR Million)	Coupon rate (%)	Put/Call option	Rating/Outlook
IDBI Omni Bonds 2008-09 Sr.XVII	SEBI	INE008A08Q98	14 March 2009	20	14 March 2029	20	11.25	-	WD**
IDBI Omni Bonds 2009-10 Sr.IV	SEBI	INE008A08R71	26 September 2009	20	26 September 2029	20	9.67	-	WD**
			Total			40			
Omni Infrastructure Bond 2015-2016 Series III	SEBI	INE008A08V26	09 February 2016	10	09 February 2026	10,000	8.8	-	WD**
			Total			10,000			
Omni Tier 2 2015-2016 Series I	SEBI	INE008A08V00	31 December 2015	15	31 December 2030	10,000	8.62	Call – 31 December 2025	WD**
Omni Tier 2 2015-2016 Series II	SEBI	INE008A08V18	02 January 2016	10	02 January 2026	9,000	8.62	-	WD**
			Total			19,000			
** Paid in Full Source: IDBI, NSDL									

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About India Ratings

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

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APPLICABLE CRITERIA AND POLICIES

Financial Institutions Rating Criteria

Rating Bank Subordinated and Hybrid Securities

The Rating Process

Evaluating Corporate Governance

DISCLAIMER

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