

Bonds issued by ICICI Bank's Bahrain branch may be subject to rate action

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This follows S&P lowering long-, short-term sovereign credit rating of Kingdom of Bahrain

Mumbai, Feb 20:

ICICI Bank on Saturday said following Standard & Poor's lowering the long-term and short-term sovereign credit rating of the Kingdom of Bahrain, the ratings on the \$600 million worth of bonds issued by the bank's Bahrain branch will be capped by the host sovereign foreign currency rating.

Following the rating action on the Kingdom of Bahrain, the bonds issued by ICICI Bank from its Bahrain branch may be subject to rating action by S&P, the bank said in a notice to the BSE.

Currently, the bonds have a rating of 'BBB-' from S&P and 'Baa3' from Moody's.

On February 17, S&P lowered the long-term and short-term sovereign credit rating of the Kingdom of Bahrain to 'BB/B' from 'BBB-/A3', the notice said.

According to S&P's rating definition, an obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

According to Moody's rating definition, obligations rated 'Baa' are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

An obligor rated 'B' (short-term issuer credit rating) is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

An obligor rated 'A-3' (short-term issuer credit rating) has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The bank said it is working on measures to address the impact of the rating action on the Kingdom of Bahrain on the bonds issued by its Bahrain branch.

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