

S&P assigns stable tag to Indian banks

HDFC Bank, SBI, ICICI's Standalone Credit Profile Better Than That Of Indian Govt's

TIMES NEWS NETWORK

Mumbai: International rating agency Standard & Poor's has assigned a stable outlook to leading Indian banks indicating that a downgrade is unlikely in the next 18-24 months. The agency has also said that four banks—State Bank of India, HDFC Bank, ICICI Bank and Indian Bank—have a better standalone credit profile than that of the Indian government. This means the four banks' finances are better managed than that of the government's.

The rating agency on Thursday affirmed its credit ratings on 10 Indian banks, after applying new ratings criteria announced last month. The ratings have been retained at BBB- with the outlook at stable. This is in contrast to the action taken by rival agency Moody's which lowered the rating outlook on State Bank of India to negative. The remaining six banks which have been rated are: Axis Bank, Bank of India, IDBI Bank, Indian Overseas Bank, Syndicate Bank and Bank of India.

PFC raises ₹4k cr

Mumbai: In an indication that fund flow is improving with investors seeing rates close to the peak, Power Finance Corporation (PFC) on Thursday raised Rs 4,000 crore as against its issue size of Rs 150 crore. PFC raised three, five and seven year funds at 9.63%, 9.64% and 9.7% respectively. The issue comes close on the heels of Axis Bank's raising Rs 1,500 crore through a subordinated debt issue which saw 10-year paper offered at 9.73%. **TNN**

"The rating review factors in some tolerance towards deterioration in asset quality and compression in earnings. The stable outlook takes into account expected developments in the next 18 to 24 months," said Geeta Chugh, director, Standard & Poor's.

S&P and its rival agency Moody's have been taking divergent views on Indian banking. A couple of days after Moody's lowered the outlook on SBI, S&P said that it has upgraded India's risk

profile as measured by S&P's BICRA (Banking Industry Country Risk Assessments) ranking. Now less than a month after the BICRA review, S&P has said that four banks, which includes SBI, would have had a better credit rating if it was not constrained by the country rating. S&P does not assign a foreign currency rating higher than that of the sovereign since local bank assets are predominantly in India.

"The standalone credit profiles of these four banks are higher than the sovereign. But since in India we do not assign bank ratings above the sovereign, the overall rating is in line with that of India," said Chugh. Indian Bank, which a decade ago was described as a "weak bank", has turned around dramatically and is now an outlier because of its superior position as compared to rivals.

"Indian Bank's high standalone credit profile reflects its superior funding and liquidity position and it is the only public sector bank with an adequate capital position," said Chugh.