

Corporation Bank

October 07, 2019

Ratings

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Perpetual Bonds (Series II)	-	-	Withdrawn
Perpetual Bonds (Series IV)	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the ratings assigned to the perpetual bond issue of Corporation Bank with immediate effect, as the bank has repaid the aforementioned perpetual bond issue in full and there is no amount outstanding under the issue as on date.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

Corporation Bank is a Mangalore-based mid-sized public sector bank which was established in 1906. Government of India is the majority shareholder holding 93.50% stake in the bank followed by LIC of India holding 3.62%. As on March 31, 2019, the bank had 2432 branches, of which 588 are in rural, 794 in semi urban, 518 in urban and 532 in metro areas. The bank has a wholly owned subsidiary viz. Corp Bank Securities Ltd., which is engaged in trading of government securities. Ms. P V Bharathi is the MD and CEO, who is assisted by a team of executive directors and General Managers heading various departments. As part of recapitalization plan, GOI has infused Rs.11,641 crore of equity capital during FY19. As on March 31, 2019, the bank had advances of Rs.1,21,251 crore and deposits of Rs.1,85,568 crore.

Bank in its exchange filing dated August 31, 2019 has stated that it has received communication from Ministry of Finance, GOI on amalgamation of Corporation Bank into Union Bank of India along with Andhra Bank.

Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3.*

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	19941	17495
PAT	-4054	-6333
Interest coverage (times)	1.31	1.39
Total Assets	217478	207171
Net NPA (%)	11.74	5.71
ROTA (%)	-1.75	-2.98

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	ISIN No.	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds-Perpetual Bonds	December 12, 2008	INE112A09117	10.10	Perpetual	0.00	Withdrawn
Bonds-Perpetual Bonds	August 26, 2009	INE112A09158	9.10	Perpetual	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Bonds-Upper Tier II	LT	-	-	1)Withdrawn (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
2.	Bonds-Upper Tier II	LT	-	-	1)Withdrawn (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
3.	Bonds-Upper Tier II	LT	300.00	CARE A+ (Under Credit watch with Developing Implications)	1)CARE A+ (Under Credit watch with Developing Implications) (11-Sep-19) 2)CARE A+; Stable (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
4.	Bonds-Perpetual Bonds	LT	-	-	1)CARE A+ (Under Credit watch with Developing Implications) (11-Sep-19) 2)CARE A+; Stable (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
5.	Bonds-Upper Tier II	LT	550.00	CARE A+ (Under Credit watch with Developing Implications)	1)CARE A+ (Under Credit watch with Developing Implications) (11-Sep-19) 2)CARE A+; Stable (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
6.	Bonds-Lower Tier II	LT	-	-	1)Withdrawn (05-Jul-19)	1)CARE AA-; Negative (06-Jul-18)	1)CARE AA-; Negative (21-Feb-18)	1)CARE AA-; Stable (23-Dec-16)

							2)CARE AA-; Stable (12-Jul-17)	2)CARE AA- (08-Jul-16)
7.	Bonds-Perpetual Bonds	LT	-	-	1)Withdrawn (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
8.	Bonds-Perpetual Bonds	LT	100.00	CARE A+ (Under Credit watch with Developing Implications)	1)CARE A+ (Under Credit watch with Developing Implications) (11-Sep-19) 2)CARE A+; Stable (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)
9.	Bonds-Perpetual Bonds	LT	-	-	1)CARE A+ (Under Credit watch with Developing Implications) (11-Sep-19) 2)CARE A+; Stable (05-Jul-19)	1)CARE A+; Negative (06-Jul-18)	1)CARE A+; Negative (21-Feb-18) 2)CARE A+; Stable (12-Jul-17)	1)CARE A+; Stable (23-Dec-16) 2)CARE A+ (08-Jul-16)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

UNSECURED REDEMABLE NON CONVERTIBLE SUBORDINATE UPPER TIER II BOND	Detailed explanation
Non-financial covenants	
i. Call Option	At the end of 10th year i.e.29/04/2020
ii. Step up option	The coupon rate on Bonds shall be stepped up to 9.25% p.a. for last 5 Years if Call Option is not exercised by the Bank at the end of 10th Year from the Deemed Date of Allotment.
iii. Lock-In Clause	Redemption of the Bonds shall be made only with the prior approval of the RBI. Further, Bonds shall be subjected to a lock-in clause in terms of which, the Bank shall not be liable to pay either interest or principal, even at maturity, if (i) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in Bank's Capital to Risk Assets Ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by Reserve Bank of India. However, the Bank may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. The interest amount due and remaining unpaid, due to the applicability of above regulatory requirement regarding lock in clause, shall not be cumulative.

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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