

## India Ratings Places Corporation Bank on RWE

# 04

SEP 2019

By Ruhi Pabari

India Ratings and Research (Ind-Ra) has placed Corporation Bank's (CB) Long-Term Issuer Rating of 'IND AA-' on Rating Watch Evolving (RWE). The instrument-wise rating actions are as follows:

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch	Rating Action
Basel III Compliant Tier 2 Bonds	INE112A08044	14 November 2017	8.02	14 November 2027	INR5	IND AA-/RWE	Placed on RWE
Basel III Compliant Tier 2 Bonds*	-	-	-	-	INR10	IND AA-/RWE	Placed on RWE

\*Yet to be issued

### KEY RATING DRIVERS

Ind-Ra has placed the ratings on RWE following the finance ministry's announcement dated 30 August 2019 on the proposed amalgamation of Union Bank of India ('IND AA+' /RWE) with Andhra Bank (Andhra) and CB with Union Bank of India been the absorbing bank post the amalgamation.

As the announcements are followed by multiple approvals at various levels including the boards of these banks, the agency has placed Union Bank of India, Andhra Bank and CB's ratings on RWE. The key reasons for placing the ratings on RWE are the scale of the mergers and the potential integration-related challenges that may be encountered in the process; the banks may not be ready within the stipulated time (as may be determined later). The RWE indicates that the rating may be affirmed, downgraded or upgraded. Ind-Ra expects to resolve the RWE on the outcome of the merger and the availability of first set of consolidated quarterly financial results.

For Ind-Ra's views on latest announcement on amalgamation or public sector banks, click [here](#).

## COMPANY PROFILE

---

CB had an operational branch network of 2,432 branches (FY18: 2,440 branches) and 3,015 ATMs (3,122) at FYE19. At FYE19, the bank had gross advances share of about 1.4% and deposit share of about 1.5%.

### FINANCIAL SUMMARY

Particulars	FY19	FY18
Total assets (INR billion)	2,135.77	2,218.91
Total equity (INR billion)	165.65	108.46
Net income (INR billion)	-63.33	-40.54
Return on assets (%)	-2.91	-1.73
Common equity tier 1 (%)	10.39	5.68
Capital adequacy ratio (%)	12.30	9.23
Source: Company, Ind-Ra		

## RATING HISTORY

---

Instrument Type	Current Rating/Rating Watch			Historical Rating/Outlook		
	Rating Type	Rated Limits (billion)	Rating	19 July 2019	26 June 2018	17 October 2017
Issuer Rating	Long-term	-	IND AA-/RWE	IND AA-/Stable	IND AA-/Stable	IND AA/Stable
Basel III Tier 2 Bonds	Long-term	INR15	IND AA-/RWE	IND AA-/Stable	IND AA-/Stable	IND AA/Stable

## COMPLEXITY LEVEL OF INSTRUMENTS

---

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

## SOLICITATION DISCLOSURES

---

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

## ABOUT INDIA RATINGS AND RESEARCH

---

**About India Ratings and Research:** India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research,

Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

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

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit [www.indiaratings.co.in](http://www.indiaratings.co.in).

## DISCLAIMER

---

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/rating-definitions). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE [WWW.INDIARATINGS.CO.IN](http://WWW.INDIARATINGS.CO.IN). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

---

## Applicable Criteria

---

Financial Institutions Rating Criteria  
Rating of Bank Legacy Hybrids and Sub-Debt

---

## Analyst Names

---

### Primary Analyst

**Ruhi Pabari**

Analyst

India Ratings and Research Pvt Ltd Wockhardt Towers, 4th floor, West Wing Plot C-2, G Block. Bandra Kurla Complex Bandra (East), Mumbai 400051

+91 22 40001757

---

### Secondary Analyst

**Janet Thomas**

Senior Analyst

+91 22 40356160

---

### Committee Chairperson

**Prakash Agarwal**

Director and Head Financial Institutions

+91 22 40001753

---

Media Relation

**Namita Sharma**

Manager – Corporate Communication

+91 22 40356121

---