July 11, 2019

Canara Bank: Rating withdrawn on Rs. 30,000-crore CD programme

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Certificates of Deposit Programme	30,000^	0	[ICRA]A1+; Withdrawn
Additional Tier-I Bonds Programme – Basel III	1,500	1,500	[ICRA]AA- (hyb) (Stable); Outstanding
Tier-II Bonds Programme – Basel III	7,900	7,900	[ICRA]AA+ (hyb) (Stable); Outstanding
Total	**39,400**	**9,400**	

** Instrument details are provided in Annexure-1*

Rationale

ICRA has reviewed its ratings for Canara Bank and since there is no amount outstanding on the certificates of deposit (CD) against the ICRA-rated CD programme, the rating has been withdrawn at the request of the bank and in accordance with ICRA's policy on the withdrawal and suspension of credit ratings.

Key rating drivers

Not applicable as the rating has been withdrawn

Liquidity position

Not applicable as the rating has been withdrawn

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit Rating Rating Methodology for Banks Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group Support	The ratings factor in Canara's sovereign ownership and the demonstrated track record of capital infusion by the Government of India (GoI). ICRA expects the GoI to provide Canara with capital support, if required
Consolidation/Standalone	Standalone

About the company

Canara is a large nationalised bank with the GoI owning a majority stake of 70.62% as on March 31, 2019. Headquartered in Bangalore, Canara has a pan-India presence, directly through a network of 6,307 branches and seven subsidiaries, an associate company and a joint venture.

The bank reported a loss before tax of Rs. 2,327 crore in FY2019 on a total asset base of Rs. 6.88 lakh crore as on March 31, 2019 against a loss before tax of Rs. 6,561 crore in FY2018 on a total asset base of Rs. 6.10 lakh crore as on March 31, 2018. Canara's gross and net NPAs stood at 8.83% and 5.37%, respectively, as on March 31, 2019. The bank reported a Tier I capital ratio of 9.04% and CRAR of 11.90% as on March 31, 2019.

Key financial indicators - Standalone (audited)

	FY2018	FY2019	Q4 FY2018	Q4 FY2019
Net Interest Income	12,163	14,478	2,988	3,500
Profit before Tax	(6,561)	(2,327)	(7,310)	(2,550)
Profit after Tax	(4,222)	347	(4,860)	(552)
Net Advances	3,81,703	4,27,727	3,81,703	4,27,727
Total Assets	6,10,361	6,88,319	6,10,361	6,88,319
% CET I	9.51%	8.31%	9.51%	8.31%
% Tier I	10.30%	9.04%	10.30%	9.04%
% CRAR	13.22%	11.90%	13.22%	11.90%
% Net Interest Margin / Average Total Assets	2.05%	2.23%	1.98%	2.07%
% Net Profit / Average Total Assets	-0.71%	0.05%	-3.23%	-0.33%
% Return on Net Worth	-14.52%	1.18%	-67.00%	-7.38%
% Gross NPAs	11.84%	8.83%	11.84%	8.83%
% Net NPAs	7.48%	5.37%	7.48%	5.37%
% Provision Coverage (excl. technical write-offs)	39.87%	41.48%	39.87%	41.48%
% Net NPA / Net Worth	98.15%	77.21%	98.15%	77.21%

Total assets and net worth exclude revaluation reserves
Note: Amounts in Rs. crore
Source: Canara Bank, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating FY2020		Chronology of Rating History for the Past 3 Years FY2019		FY2018	FY2017
				July-2019	April-2019	Mar-19	May-18	Mar-18	Dec-16
Tier-II Bonds – Basel III	LT	7,900	7,900	[ICRA]AA+ (hyb) (Stable); Outstanding	[ICRA]AA+ (hyb) (Stable)	[ICRA]AAA (hyb) (negative)	[ICRA]AAA (hyb) (negative)	[ICRA]AAA (hyb) (negative)	[ICRA]AAA (hyb) (negative)
Lower Tier-II Bonds	LT	-	-	-	[ICRA]AA+ (Stable)	[ICRA]AAA (negative)	[ICRA]AAA (negative)	[ICRA]AAA (negative)	[ICRA]AAA (negative)
Additional Tier-I Bonds	LT	1,500	1,500	[ICRA]AA- (hyb) (Stable); Outstanding	[ICRA]AA- (hyb) (Stable)	[ICRA]AA (hyb) (negative)	[ICRA]AA (hyb) (negative)	[ICRA]AA (hyb) (negative)	[ICRA]AA (hyb) (negative)
Certificates of Deposit	ST	30,000	12,100	[ICRA]A1+; Withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE476A08050	Tier-II Bonds - Basel III	27-Apr-16	8.40%	27-Apr-26	3,000	[ICRA]AA+ (hyb) (Stable)
INE476A08043	Tier-II Bonds - Basel III	7-Jan-16	8.40%	7-Jan-26	900	[ICRA]AA+ (hyb) (Stable)
NE476A09264	Tier-II Bonds - Basel III	31-Dec-15	8.40%	31-Dec-25	1,500	[ICRA]AA+ (hyb) (Stable)
INE476A09256	Tier-II Bonds - Basel III	27-Mar-14	9.70%	27-Mar-24	1,000	[ICRA]AA+ (hyb) (Stable)
INE476A09249	Tier-II Bonds - Basel III	3-Jan-14	9.73%	3-Jan-24	1,500	[ICRA]AA+ (hyb) (Stable)
INE476A08035	Additional Tier-I Bonds	5-Mar-15	9.55%	Perpetual	1,500	[ICRA]AA- (hyb) (Stable)
-	Certificates of Deposit	-	-	7-365 days	30,000	[ICRA]A1+; Withdrawn

Source: Canara Bank

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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