

June 23, 2010

**CARE ASSIGNS 'PR1+' RATING TO CD PROGRAMME OF CENTRAL BANK OF INDIA (FOR ENHANCED AMOUNT)**

CARE has retained the '**PR1+**' [**PR One Plus**] rating assigned to the Certificate of Deposit programme of Central Bank of India (CBI) for an enhanced limit of Rs.30,000 crore (enhanced from Rs.20,000 crore) with a maturity upto one year. Instruments with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk. Within this category, instruments with relatively better credit characteristics are assigned PR1+ rating.

**Rating Rationale**

The rating takes into account the capital infusion by the Government of India (GoI) in FY09 as well as the expected future capital support by GoI in view of the stated intent of GoI to keep PSU Banks adequately capitalised, improvement in profitability parameters and comfortable provision coverage. The rating also factors in majority ownership by the GoI, ability to raise capital through equity dilution with a high 80% GoI holding, its long standing track record of operations and extensive branch network. Going forward, the ability to improve the earnings profile, increase the proportion of low-cost deposits, sustain capitalisation levels and improve asset quality would be the key rating sensitivities.

| <b>Instrument</b>                        | <b>Amount<br/>(Rs crore)</b> | <b>Rating</b> |
|--|------------------------------|---------------|
| CD Limit (enhanced from Rs.20,000 crore) | 30,000                       | PR1+          |

**Background**

CBI is among the top 10 PSU banks in India in terms of assets. GoI holds majority 80.2% stake in the bank. During FY10, CBI recorded PAT of Rs.1,058 crore on Total Income of Rs.13,799.6 crore. During FY10, total assets of CBI increased by 23.7% to Rs.182,671 crore and gross advances by about 23.5% to Rs.107,118 crore. CBI's deposits grew by about 23.5% to Rs.162,107 crore during FY10. CBI reported Capital Adequacy Ratio (CAR) at 12.24% (Basel II) whereas Gross NPA and Net NPA stood at 2.29% and 0.69% respectively as on March 31, 2010.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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