

September 27, 2010

**CARE REAFFIRMS RATING ASSIGNED TO BOND ISSUES OF  
UCO BANK****Ratings Assigned**

Facilities/Instruments	Aggregate amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Tier II Bonds (Series IV to Series VII & Series IX)	1,325.0	'CARE AA' (Double A)	Reaffirmed
Upper Tier II Bonds (Series I & III)	620.0	'CARE AA-' (Double A minus)	Reaffirmed
Perpetual Debt (Series I)	150.0	'CARE AA-' (Double A minus)	Reaffirmed

**Rating Rationale**

The aforesaid ratings draw strength from the strong parentage with continued support demonstrated by GoI (Government of India), its long standing track record, pan-India presence with wide & expanding branch & ATM network, expanding business level, continuous growth in income from core lending activities, satisfactory Capital Adequacy Ratio (CAR) and comfortable financial position.

The ratings are however, constrained by the intense competition in the domestic banking sector, volatility in interest rates, relatively low proportion of low cost deposit base resulting in lower ROTA and moderate credit quality of borrowers with increased level of restructured accounts and high slippages. Ability to maintain the business growth with simultaneous protection of spreads, increase its low-cost deposits mix and contain incremental NPAs are the key rating sensitivities. The outstanding Upper Tier II Bonds (UTBs) & Perpetual Bonds (PB) carry one notch lower rating than the Lower Tier II Bonds in view of their increased sensitiveness to Uco Bank's CAR and profitability arising out of regulatory requirement and relatively longer tenure of the instruments.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

---

## Background

UB, promoted in 1943 and nationalised in 1969, is one of the major commercial banks in the country with GoI holding about 64% equity stake in the Bank. During FY09-FY11, GoI has demonstrated support to the Bank by infusing an aggregate sum of Rs.1,573 crore by way of subscription to the Perpetual Non-Cumulative Preference Share (PNCPS) issues of the Bank.

During FY10, UB's advances grew by 19.9% to Rs.82,505 crore, while its deposits grew by 22.1% to Rs.1,22,416 crore. It earned a PAT of Rs.1,012 crore on Total Income of Rs.10,492 crore. Its asset quality remained relatively comfortable with Gross NPA and Net NPA ratios at 1.99% and 1.17%, respectively as on March 31, 2010. UB reported a Capital Adequacy Ratio of 13.21% (Tier I -7.05%) as on the account closing date.

## Analyst Contact

Name: Priti Agarwal / Lalit Sikaria

Tel # 033 2283 1800 / 033 2280 8472

Mobile # 09831967110 / 09830386869

Email: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com) / [lalit.sikaria@careratings.com](mailto:lalit.sikaria@careratings.com)

***CARE has 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.***

### **Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan R Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b> Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>