



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
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Dear Comrades,

1st November , 2017

News of Interest 1st NOV

#### MOTIVATIONAL QUOTES

“I BELIEVE IF YOU KEEP YOUR FAITH, YOU KEEP YOUR TRUST, YOU KEEP THE RIGHT ATTITUDE, IF YOU'RE GRATEFUL, YOU'LL SEE GOD OPEN UP NEW DOORS. “  
JOEL OSTEEN

#### HIGHLIGHTS

1. CENTRAL BANK OF INDIA Q2 LOSS WIDENS TO RS 750 CR AS NET NPAS JUMP TO 9%
2. SBI CUTS LENDING RATES FIRST TIME IN 10 MONTHS, BY 5 BPS
3. IDBI BANK'S Q2 PROFIT TANKS AS NPAS SWELL
4. BANK CREDIT TO ALL MAJOR SECTORS CONTINUES TO SLOW DOWN
5. IT'S BEEN A GIANT LEAP FOR THIS CUB

#### Business Standard

##### 1. Central Bank of India Q2 loss widens to Rs 750 cr as net NPAs jump to 9%

The bank's gross NPAs jumped to 17.27% of gross loans by September 30

Press Trust of India | New Delhi

Public sector Central Bank of India on Monday reported widening of its net loss at Rs 750.41 crore for the July-September quarter of this fiscal due to higher provisioning for the bad loans.

The bank had reported a net loss of Rs 641.82 crore in the corresponding quarter of the 2016-17 fiscal.

The bank's gross non-performing assets (NPAs) jumped to 17.27 per cent of gross loans by September 30, 2017.

The gross NPAs were 13.70 per cent of the gross loans at the end of the same quarter a year earlier.

Likewise, net NPAs or bad loans jumped to 9.53 per cent as on September 30, 2017 from 8.17 per cent a year ago, it said in a regulatory filing.

In absolute terms, gross NPAs were of the order of Rs 31,641.15 crore as on September-end, up from Rs 25,717.95 crore a year ago.

Net NPAs were valued at Rs 15,899.74 crore, up from Rs 14,352.64 crore during these comparable periods.

This resulted into a higher allocation in provision and contingencies at Rs 1,961.66 crore for second quarter of 2017 -18 from Rs 1,661.21 crore a year ago.

In respect of 9 accounts under provisions of Insolvency and Bankruptcy Code (IBC), the bank said it was required to make an additional provision of Rs 961 crore, proportionate over three quarters beginning from second quarter of this year so as to cover it fully by March 2018.

"The additional provision of Rs 459 crore has since been made during the quarter leaving a balance provision of Rs 502 crore...by March 2018," it added.

Total income of the bank during the July-September quarter of the current fiscal fell to Rs 6,896.26 crore as against Rs 6,965.45 crore in the similar quarter of previous fiscal, showed the balance sheet.

Stock of the bank closed 0.79 per cent up at Rs 83.05 a unit on the BSE.

## **2. SBI cuts lending rates first time in 10 months, by 5 bps**

RBI is keen for banks to lower lending rates further to accelerate credit growth, private investment

Reuters

State Bank of India, the country's top lender by assets, will cut marginal cost-based lending rates (MCLR) across maturities by 5 basis points, effective Wednesday, in what will be its first lending rate cut in 10 months.

SBI, which accounts for more than a fifth of India's banking assets, will lower the 1-year MCLR to 7.95 per cent from 8 per cent, according to a notification on Tuesday.

The RBI last year unveiled the MCLR, which sought to remove much of the discretion commercial banks have to set lending rates. But to its frustration, the pace of bank lending rate cuts has lagged the reduction in policy rates, which fell by a total 200 basis points since January 2015.

The RBI is keen for banks to lower lending rates further to accelerate credit growth and private investment in an economy growing at its slowest in more than three years. Bank loans last financial year grew at their slowest pace in more than six decades.

Flush with deposits after a surprise scrapping of high-value notes last year, banks led by SBI had last sharply cut lending rates under the MCLR system in early January.

Financial Express

### **3. IDBI Bank's Q2 profit tanks as NPAs swell**

IDBI Bank on Tuesday reported a net loss of Rs 197.84 crore for the September 2017 quarter, compared to a Rs 55.5-crore profit a year ago, owing to a manifold jump in provisions for bad assets

By: [FE Bureau](#) | Mumbai |

IDBI Bank on Tuesday reported a net loss of Rs 197.84 crore for the September 2017 quarter, compared to a Rs 55.5-crore profit a year ago, owing to a manifold jump in provisions for bad assets. It also reported its highest ever gross non-performing asset (NPA) ratio at 24.98%. Provisions for NPAs stood at Rs 1,275.96 crore in the quarter, 39% higher than that in Q2 FY17 and total provisions were up 2.4 times year-on-year (y-o-y) at Rs 3,256.6 crore. However, the bank was profitable on an operating level with a pre-provisioning operating profit (PPOP) at Rs 2,798.23 crore, up 82% y-o-y. Net interest income (NII) — the difference between interest earned and interest expended — has risen 3.7% y-o-y to Rs 1,657.45 crore in Q2FY18. Non-interest income jumped 64% y-o-y to Rs 2,293 crore on the back of divestment of its stakes in Small Industries Development Bank of India (SIDBI) and Clearing Corporation of India (CCIL), which yielded capital gains of Rs 1,266.45 crore and Rs 70.96 crore, respectively. Net interest margin (NIM) — a key measure of profitability — has increased by 45 basis points (bps) sequentially to 2.17% in the same period. IDBI Bank also reported fresh slippages of Rs 3,381 crore and wrote off loans worth Rs 1,586 crore in Q2FY18.

It has a Rs 11,300-crore exposure to 19 accounts in the second list of accounts that the Reserve Bank of India (RBI) has asked banks to resolve by December or refer to the insolvency courts. IDBI Bank's total advances fell 16% y-o-y to Rs 1.83 lakh crore and total deposits fell 9% y-o-y to Rs 2.41 lakh crore. Total capital adequacy ratio under Basel III norms stood at 11.98%, up from 11.64% a year ago. Reacting to the results, the IDBI Bank scrip on the BSE fell as much as 5.82% to Rs 61.45 on Tuesday and closed at Rs 62.70, down 3.91% from its previous close. Earlier this year, RBI had initiated prompt corrective action (PCA) against IDBI Bank, prompted by the bank's high net NPAs and negative return on assets (RoA).

In Q2, the bank's net NPA ratio stood at 16.06% while the RoA stood at -1.38% in FY17. IDBI Bank faces restrictions on distributing dividends and remitting profits. On August 9, the government, the largest shareholder in the bank, infused Rs 1,861 crore by way of preferential allotment of equity shares. Under the terms of PCA, the lender has also been stopped from expanding its branch network. It needs to maintain higher provisions and management compensation and directors' fees are capped.

**Economic Times**

#### **4. Bank credit to all major sectors continues to slow down**

By *Gayatri Nayak*, ET Bureau

Even as India's rank in getting credit for doing business improved 11 notched to 29th from 44th, bank credit to all major sectors continue to slowdown, underscoring the rising importance of non-bank sources of funds for doing business in India.

Credit to industry contracted by 0.4 per cent on a year-on-year (y-o-y) basis in September 2017 as compared with an increase of 0.9 per cent in September 2016. "I think the projects will have to be bankable, they will have to be structured properly and that is where the capital will participate in growth" said Chanda Kochhar, CEO, ICICI in a panel discussion at the recently concluded ET awards function.

Credit growth to major sub-sectors such as 'infrastructure', 'all engineering' and 'vehicles, vehicle parts & transport equipment' contracted. However, credit growth to 'basic metal & metal products', 'textiles' and 'food processing' increased.

Credit to the services sector increased by 7.0 per cent in September 2017, down from the increase of 18.4 per cent in September 2016.

Credit to agriculture and allied activities increased by 5.8 per cent in September 2017, lower than the increase of 15.9 per cent in September 2016, according to the data released by the Reserve Bank of India.

Personal loans increased by 16.8 per cent in September 2017 vis-à-vis the increase of 19.7 per cent in September 2016.

Overall on a year-on-year (y-o-y) basis, non-food bank credit increased by 6.1 per cent in September 2017 as compared with an increase of 10.8 per cent in September 2016.

Data on sectoral deployment of bank credit collected from select 41 scheduled commercial banks, accounting for about 90 per cent of the total non-food credit deployed by all scheduled commercial banks.

Business Line

#### **5. it's been a giant leap for this CUB**

LN REVATHY

It could be adding one more year as it marches forward, but for a small bank like City Union Bank, headquartered in Kumbakonam, Tamil Nadu, the 114-year-long journey has been a giant leap.

As its Chief Executive N Kamakodi put it: "We have in the process seen two world wars, many economic cycles and weathered all of these."

Recalling its growth story from a humble beginning, with just one branch at Kumbakonam in interior Tamil Nadu, Kamakodi, said: "The bank commenced its journey in 1904 as Kumbakonam Bank, basically to support the local community in the Cauvery delta region. The second branch came up at Mannargudi, Tamil Nadu, almost two decades later.

"When the bank turned 50 in 1954, the branch network was less than 10, and all of them were in and around the delta region, located mostly in semi-urban and rural pockets. Our focus widened to support agriculture and trade and we were into the business of lending against gold.

"In 1957, the bank took over Common Wealth Bank and later in 1965 two other local banks — City Forward Bank and the Union Bank — were amalgamated with the bank. The merged entity came to be known as The Kumbakonam City Union Bank.

"Thereafter, the changes in the banking system also became visible, for until then, the Secretary used to be the Chief Executive Officer, with a Chairman at the helm.

"The banking regulator felt the need for professional management in banks and OR Srinivasan was initiated as the first professional Chairman of the combined entity. His experience in commercial banking as also his service in Reserve Bank of India helped give a different direction to the bank.

"Branch expansion gathered pace. Srinivasan continued in service up to 1977. He was succeeded by K Srinivasan and later my father Narayanan (who joined the bank in 1971) became the Chairman in 1980.

"During his tenure, the bank took baby steps and expanded into other States such as Karnataka and Andhra Pradesh. Our business focus included the SME segment at this stage and we began to offer full-fledged banking services including forex services in the mid-90s. As our presence strengthened across the country, the bank's name was changed to City Union Bank Ltd," Kamakodi recounted.

Mid-1990s marked a turning point for CUB. It got listed on the stock exchange in 1996-97, and the 100th branch was opened in Delhi the same year. Within the next 10 years, the branch network doubled to 200.

"The 500th branch was opened in 2016. The network at present is 560 and we are continuing to add 50-odd branches every year.

"Our growth includes 114 years of profitability and dividend declaration. We have reinvented ourselves and imbibed the changes — be it on the technology front or the way in which we conduct business to meet the present day needs," Kamakodi said.

With kind regards

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**