



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

9th November , 2017

**News of Interest 9th NOV**

#### **MOTIVATIONAL QUOTES**

**“WEAKNESS OF ATTITUDE BECOMES WEAKNESS OF CHARACTER.”**  
ALBERT EINSTEIN

#### **HIGHLIGHTS**

- 1. PNB TO CLOSE OR RELOCATE UP TO 300 BRANCHES**
- 2. AXIS BANK BOARD TO MEET ON NOV 10, DECIDE ON RAISING EQUITY**
- 3. INDIAN BANKS' DEPOSIT GROWTH SLOWS TO PRE-NOTE BAN LEVELS**
- 4. POST DEMONETISATION, MOST JAN DHAN ACCOUNTS WERE OPENED IN URBAN AREAS**
- 5. GROWTH IN ADVANCES, INTEREST INCOME BOOST CUB Q2 NET**

#### **Business standard**

##### **1. PNB to close or relocate up to 300 branches**

The bank has formed a group of senior officials to do a detailed study and flesh out strategies for branch network rationalisation

Abhijit Lele

New Delhi-based public sector lender Punjab National Bank is planning to rationalise its branch network by shutting down or relocating up to 300 loss-making branches over the next 12 months.

Sunil Mehta, managing director and chief executive, said turning loss-making branches into profit-making units by tweaking the business strategy was priority.

The bank has formed a group of senior officials to do a detailed study and flesh out strategies for branch network rationalisation.

The bank will reckon on business prospects, the surrounding competitive landscape, and the availability of the bank's business correspondent (BC) network before deciding on the matter.

The bank had 6,937 branches at the end of the last financial year. It added 178 branches to its network.

In the six months of FY18, it added three more, taking the tally to 6,940 branches by September.

PNB officials said digital banking had gathered pace and a substantial expansion of the BC network was helping the bank to enhance its outreach. This has tempered the requirement of a large-scale expansion of the network. PNB, with a customer base of 100 million, has 9,753 ATMs and 8,224 BC outlets as of September.

Mehta said the Reserve Bank of India's (RBI's) new policy on outlets gave flexibility in locating branches and outlets.

The RBI's banking outlet policy, revised in May, gives banks more leeway in opening, relocating, and closing down branches. The focus is reaching customers to provide financial services and that could be done through brick-and-mortar branches as well business correspondent (BC) outlets.

Banks may shift, merge or close all "banking outlets" (except rural outlets and sole semi-urban outlets) at their discretion. A merger, closure, or shifting any rural banking outlet as well as a sole semi-urban banking outlet will require the approval of the district consultative committee or the district level review committee.

However, converting a rural or sole semi-urban banking outlet into a branch or vice-versa will not require such approval, according to RBI policy.

But in all this, banks must ensure that the banking needs of the centre continue to be met.

## **2. Axis Bank board to meet on Nov 10, decide on raising equity**

The board of Axis Bank will meet on November 10 to consider a proposal to raise equity capital by issuing securities

Abhijit Lele

The board of Axis Bank will meet on November 10 to consider a proposal to raise equity capital by issuing securities. The board will meet in Mumbai to consider issuing equity or equity-linked securities through a permissible mode at an appropriate time, Axis Bank informed the BSE.

Its stock closed 1.2 per cent down at Rs 527 per share on the BSE. Its promoters – LIC, Suuti and a clutch of state-owned insurance companies – hold a 30.5 per cent stake. Foreign portfolio investors have a 49.13 per cent stake. Mutual funds held an 8.4 per cent stake at the end of September.

The market is abuzz that Bain Capital and other investors are in talks with the private lender to pick up a 5 per cent stake.

In a communication to the BSE the bank said it continues to explore various means to raise capital and funds through issuance of securities to a diverse set of investors to meet business and regulatory requirements.

The bank has maintained that its capital position is healthy in spite of the higher provisions in the second quarter (Q2) ended September 2017. The capital adequacy ratio stood at 16.32 per cent, with a Tier 1 of 12.36 per cent and a Common Equity Tier-1 (CET-1) of 10.95 per cent at end of September 2017.

In a conference call with analysts after Q2 results, the bank said it would want to be at least 150 basis points above regulatory requirement. On CET-1, the regulatory requirement is about 8.8 per cent.

Financial Express

### **3. Indian banks' deposit growth slows to pre-note ban levels**

A cyclical recovery and higher commodity prices should boost working capital needs, while the availability of growth capital after the recently announced recapitalisation plan should also enable public sector banks to extend additional loans, Nomura said

By: [FE Bureau](#) |

Indian banks' deposit growth, which had surged after demonetisation last November, has slowed to pre-demonetisation levels, while credit growth has gained traction, resulting in the credit-deposit growth beginning to converge. "We expect this trend of convergence between credit and deposit growth to continue," Nomura Global Markets Research said in a note to investors on Wednesday. A cyclical recovery and higher commodity prices should boost working capital needs, while the availability of growth capital after the recently announced recapitalisation plan should also enable public sector banks to extend additional loans, Nomura said. "In turn, this should push the credit-deposit ratio higher towards 75% from 72.6% in mid-October and tighten the banking system liquidity incrementally," Nomura wrote in its note.

Nomura said the deposit growth has normalised back to 9.8% year-on-year in mid-October, while credit growth has risen to 7.7%, which is still below its pre-demonetisation trend of about 9% but up from a trough of 4.1% in early March, led by services and personal loans.

The Reserve Bank of India's latest data showed that Indian banks' deposits stood at Rs 108.50 lakh corers as of October 27, while credit was Rs 79.17 lakh crore. A year ago, the deposits were Rs 99.32 lakh crore and credit was Rs 73.84 lakh crore.

Business Line

### **4. Post demonetisation, most Jan Dhan accounts were opened in urban areas**

AJ VINAYAK

Following demonetisation, public sector banks (PSBs) opened more accounts under the Pradhan Mantri Jan Dhan Yojna (PMJDY) in urban centres than in rural areas.

Though PSBs added 4.30 crore accounts between November 9, 2016, and November 1, 2017, a little over half of these accounts came from urban centres and metros.

Prior to demonetisation, a majority of PMJDY accounts were opened in rural and semi-urban centres than in urban centres and metros.

True to their nature, regional rural banks (RRB) opened nearly three-fourth of the new accounts in rural and semi-urban centres.

### **Might of SBI**

Interestingly, the total number of these accounts in private banks is yet to reach one crore. Comparatively, RRBs sponsored by the public-sector major State Bank of India have nearly 1.26 crore PMJDY accounts.

With its wide reach and size, SBI alone accounts for a third of the total number of PMJDY accounts in the country.

While both PSBs and RRBs were able to issue RuPay cards to three-fourth of the PMJDY account holders, private banks issued almost 93 per cent of them.

ICICI Bank and HDFC Bank issued RuPay cards to 100 per cent and 99.96 per cent of to their respective PMJDY account holders.

Indian Bank and Vijaya Bank achieved their target of close to 99 per cent and Corporation Bank, 95 per cent. The RRBs sponsored by Canara Bank and Syndicate Bank issued the cards to 97 per cent and 95 per cent of their respective account holders.

With around one-fifth of the total deposits under PMJDY, SBI was ahead of all the RRBs put together. Its deposits under PMJDY accounts stood at ₹13,906 crore as on November 1.

Private banks' total deposits under PMJDY stood at just above ₹2,000 crore as on November 1. However, it had reached a maximum of ₹2,745 crore on December 7, 2016.

### **5. Growth in advances, interest income boost CUB Q2 net**

#### **OUR BUREAU**

City Union Bank (CUB) has reported a 17 per cent growth in its net profit at ₹145 crore for the quarter ended September 30, 2017, from ₹124 crore in the year-ago period.

A steady growth in advances and a significant rise in net interest income enabled the bank to post a sizeable Q2 profit.

"We are able to see credit growth slightly inching up," N Kamakodi, MD and CEO, said here. "We are also able to see some stabilisation on the NPA recovery front. We will be able to accelerate growth after seeing at least three-four quarters of stability in terms of NPA collections. Overall, it was a decent performance compared to the banking industry trend."

CUB's gross profit grew 35 per cent at ₹320 crore (₹237 crore), aided by a rise in net interest income, which went up 18 per cent at ₹356 crore (₹301 crore). Net interest margin stood at 4.46 per cent.

Advances grew 14 per cent to ₹25,389 crore (₹22,215 crore), while total deposits went up 9 per cent to ₹30,882 crore (₹28,393 crore). Slippages stood at ₹147 crore (₹122 crore) while collections were about ₹44 crore (₹45 crore).

The private lender's net NPA went up to 1.76 per cent in the quarter, up from 1.63 per cent in Q2 FY17, but decreased from 1.79 per cent in Q1 FY18. The provision coverage ratio stood at 63 per cent as on September 30. The bank's return on assets for Q2 stood at 1.58 per cent.

During the period under review, CUB introduced two new features — applying for a loan online and viewing the bank balance on Face book.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**