



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

163/4, Kutchery Road, Mylapore, Chennai - 600004

E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456	Com. Nitin Desai President Ahmedabad M: 097277 60641	Com. S. Bagchi Working President Kolkata M: 0983081586	Com. N. Govindarajulu General Secretary Chennai M: 09841089111
---	--	--	--

Dear Comrades,

26th June , 2018

News of Interest 26th JUN

MOTIVATIONAL QUOTES

'GOOD, BETTER, BEST. NEVER LET IT REST. 'TIL YOUR GOOD IS BETTER AND YOUR BETTER IS BEST. '

ST. JEROME

HIGHLIGHTS

- 1. SBI SET TO ROPE IN STRATEGIC ADVISOR, TO FOCUS ON CAPITAL CONSERVATION**
- 2. SEBI BACKS ADJUDICATION PROCEEDINGS AGAINST ICICI BANK, CEO CHANDA KOCHHAR**
- 3. TAMILNAD MECANTILE BANK TO FOCUS ON CASA GROWTH**
- 4. ARIJIT BASU APPOINTED MANAGING DIRECTOR OF SBI**

Business Standard

1. SBI set to rope in strategic advisor, to focus on capital conservation

As a step to attain scale and gain efficiencies, the bank merged five associates banks and Bharatiya Mahila Bank (BMB) with itself in 2017-18

Abhijit Lele

The country's largest lender, State Bank of India, plans to rope in a strategic advisor to conserve capital, increase return on assets and optimise the balance sheet. This comes in the backdrop of a decline in net loss to Rs 65.47 billion in 2017-18 due to a sharp rise in provisions for bad loans.

According to SBI executives, the aim is to do things efficiently with an eye on profitability, and get a feedback on areas, including which business to enter and which to exit.

The bank reported a net loss of Rs 65.47 billion, and a pre-provision operating profit of Rs 595.11 billion in 2017-18. Net interest income came in at around Rs 748.54 billion, other income at Rs 446.01 billion and cost to income ratio at 50.18 per cent during the financial year.

The bank is looking to inter-alia optimise its balance sheet and increase its return on assets (RoA) and pre-provisions operating profit (PPoP) by growing interest income, treasury returns, fee income, and reducing interest expense, operating expense as well as optimising the balance sheet.

The work would be spread over 12 months. While the advisor assistance would set the ball rolling, the plan was to institutionalise the process for ensuring beneficial outcomes for the long term, SBI executives said.

As a step to attain scale and gain efficiencies, the bank merged five associates banks and Bharatiya Mahila Bank (BMB) with itself in 2017-18. The integration of network and consolidation of branches have given benefits such as cost saving and better utilisation of human resources and systems. But more work was necessary for deciding priorities such as which business activities should be in focus.

The consultant should perform an upfront diagnostic to identify opportunities that have the potential to improve the bank's return on assets and pre-provisions operating profit through a detailed design of selected opportunities.

For the interest income, the key revenue source for the bank, the emphasis would be to understand the portfolio mix of other competitors in the market

WHAT THE NUMBERS SHOW

How SBI performed (Consolidated figures)

	2016-17	2017-18
Net interest margin (%)	2.80	2.60
Expense ratio (%)	49.42	50.15
Return on asset (%)	0.01	-0.13
Return on equity (%)	0.14	-2.56
Book value per share (₹)	220	208

Source: Presentation for Fy2017-18

and its evolution.

Given the market outlook and the bank's strengths and historical performance, the advisor is expected to play a key role in designing optimal

portfolio mix across retail, small and medium enterprises (SMEs) and corporate lending book.

The opportunities to improve the tenure of lending products and reduce prepayments would be part of advisory ambit.

The study will focus on strategies adopted by players for effective recovery of retail and SME loans that have been written off to improve interest income and opportunities for the bank.

The strategies for enhancing opportunities for the bank to improve its priority sector lending portfolio management to maximise risk adjusted interest income and reduce investments in Rural Infrastructure Development Fund (RIDF).

On the fee side, the consultant is expected to assist in detailing opportunities to improve fee income from third-party products and subsidiaries — insurance, mutual funds, forex, derivatives and credit cards.

The strategies are needed for the bank to grow fee income from the corporate portfolio and identify other fee income opportunities for the bank, they added.

2. Sebi backs adjudication proceedings against ICICI Bank, CEO Chanda Kochhar

ICICI Bank may face a penalty of up to Rs 250 million under the relevant Sebi regulations for such lapses, while the fine for Kochhar may go up to Rs 10 million, besides other penal actions

Press Trust of India

A preliminary examination by regulator Sebi has favoured adjudication proceedings against ICICI Bank and its CEO Chanda Kochhar for alleged violation of listing disclosure norms regarding 'conflict of interest' in business dealings of her husband with Videocon group.

ICICI Bank may face a penalty of up to Rs 250 million under the relevant Sebi regulations for such lapses, while the fine for Kochhar may go up to Rs 10 million, besides other penal actions, a senior official said.

The adjudication process will convene formally soon after taking into account the replies to the show-cause notices issued by Sebi to ICICI Bank, Kochhar and others in this matter, the official added.

Besides Sebi probe, ICICI Bank's board has also constituted an "independent enquiry" and Kochhar has gone on leave till completion of this enquiry.

According to a regulatory filing by the bank last week, Kochhar will continue as MD and CEO, though the group's life insurance arm head Sandeep Bakshi has been appointed as a whole time director and COO. Bakshi will report to Kochhar and will handle the day-to-day operations in her absence.

The bank has maintained that its board has full faith in Kochhar.

According to regulatory sources, Sebi's preliminary examination findings are based on enquiries made by the regulator in the matter involving Kocchar, ICICI Bank and Videocon Group.

As per the report, Kochhar has admitted that her husband Deepak Kocchar has had many dealings with Videocon Group over the last several years.

Besides, it has also been admitted by her that Deepak Kocchar and Venugopal Dhoot were co-founder and promoters of NuPower.

Further, in June 2009, shares of Dhoot and Pacific Capital (owned by Deepak Kocchar's father and sister-in-law) in NuPower were sold to Supreme Energy. Also, Dhoot continues to hold interest in NuPower through debentures of Rs 640 million, subscribed through Supreme Energy, the regulator found.

Association of Deepak Kocchar and Videocon has also been confirmed in case of Credential Finance.

On the basis of the preliminary report, Sebi has concluded that there was a conflict of interest in the transactions of ICICI Bank with Videocon.

By not disclosing the details of her husband's dealings with Videocon, Kochhar has not complied with the provisions of listing agreement. Further, the bank also failed in ensuring that its directors comply with listing rules, the official said.

Therefore, adjudication proceedings have been recommended against ICICI Bank and Kochhar, he added.

Last week, Sebi Chairman Ajay Tyagi had said the regulator is yet to receive a reply from ICICI Bank on the allegations involving Kochhar.

The cases under scanner include the bank's Rs 32.5 billion loan to Videocon Group in 2012 and the involvement of Kochhar's family members in the restructuring of the loan.

Kochhar and her family members are facing allegations of quid pro quo and conflict of interest with respect to a loan extended to certain entities.

FINANCIAL EXPRESS

3. Tamilnad Mecantile Bank to focus on CASA growth

The bank has reported a 30% drop in its net profit at Rs 221.92 crore for FY 2017-18 as compared to Rs 316.66 crore in FY 2016-17

By: [FE Bureau](#) |

Tuticorin-based private sector lender Tamilnad Mecantile Bank (TMB) on Monday said the bank will be empowering CASA growth even while focusing on credit growth with specific thrust on retail lending, in FY 2018-19.

The unlisted bank will be expanding branch network in 30 new new centres, setting up 10 more e-lobbies and a specialised NRI desk in Mumbai.

The south-based bank will be soon rolling online current account opening facility, said K V Rama Moorthy, MD & CEO, TMB, in a statement.

The bank has reported a 30% drop in its net profit at Rs 221.92 crore for FY 2017-18 as compared to Rs 316.66 crore in FY 2016-17.

The total business of the bank at the end of FY 2018 stood at Rs 56,197 crore with a growth of 3.76%.

The bank's CASA position has increased to Rs 8,211 crore, registering a growth of around 10% while the net interest income (NII) has increased to Rs 1,210 crore from Rs 1,151 crore in the previous year.

The gross NPA as a percentage to total advances stood at 3.6% while net NPA was at 2.16%.

BUSINESS LINE

4. Arijit Basu appointed Managing Director of SBI

OUR BUREAU

State Bank of India on Monday said the Centre in consultation with the Reserve Bank of India has appointed Arijit Basu as the Managing Director of the bank. Basu's appointment is with effect from the date of his taking over charge of the post and till the date of his superannuation -- October 31, 2020, or until further orders, whichever is earlier. Prior to his elevation as MD, Basu was Deputy Managing Director.

Following this appointment, SBI now has four MDs, including B Sriram, P.K. Gupta, and Dinesh Khara. The fourth MD's position became vacant in October 2017 following the elevation of Rajnish Kumar as Chairman.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**