



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

8th May, 2018

**News of Interest 8th MAY**

**MOTIVATIONAL QUOTES**

WHAT WOULD LIFE BE IF WE HAD NO COURAGE TO ATTEMPT ANYTHING?

VINCENT VAN GOGH

**HIGHLIGHTS**

1. ICICI BANK Q4 NET PROFIT HALVES TO RS 10.2 BN, BAD LOAN PROVISIONS SURGE
2. SOUTH INDIAN BANK TO RAISE RS 7 BN VIA QIP TO FUND ITS 20% GROWTH TARGET
3. BANK STRIKE ALERT! 10 LAKH EMPLOYEES TO GO ON STRIKE FOR WAGE-REVISION DEMAND; ALL YOU NEED TO KNOW
4. NO CASH CRUNCH IN NORTHEAST: SBI
5. VIJAYA BANK Q4 PROFIT UP 1.6% AT □207CR

**Business Standard**

**1. ICICI Bank Q4 net profit halves to Rs 10.2 bn, bad loan provisions surge**

The March-quarter profit is the lowest for the bank in the last eight quarters, and a tad lower than Rs 10.6 billion estimated by analysts polled by Bloomberg

[Nikhat Hetavkar & Shreepad S Aute](#)

ICICI Bank on Monday posted a net profit of Rs 10.2 billion for the quarter ended March 2018, against Rs 20.2 billion a year ago, due to a sharp rise in provision for bad loans. The bank's profit was boosted by a one-time income arising from the sale of shares in its capital market arm, ICICI Securities, to the tune of Rs 33.20 billion.

Additionally, three loan accounts in the gems and jewellery sector with fund-based outstanding of Rs 7.95 billion were classified as fraud and non-

performing, and during the fourth quarter, the bank made a provision of Rs 2.89 billion through its profit and loss account, and Rs 5.05 billion by debiting reserves and surplus as permitted by the Reserve Bank of India (RBI), ICICI Bank said in a statement. Adjusted for these, the bank would have ended up in a loss at the net level.

Despite the lacklustre show, the bank's American Depository Receipts (ADRs) listed in the US were up over 5 per cent at the time of going to press. The positive reaction is due to slippages, incremental loans turning bad, being lower than analyst estimates. Additionally, the drill-down list, the amount of loans that could potentially turn bad, fell sharply to Rs 47.28 billion.

The March-quarter profit is the lowest for the bank in the last eight quarters, and a tad lower than Rs 10.6 billion estimated by analysts polled by Bloomberg.

This is the first quarter after allegations of conflict of interest were reported between ICICI Bank Managing Director and Chief Executive Officer Chanda Kochhar and the Videocon group, in a loan given to the latter. Kochhar and the bank have denied all allegations.

The bank's asset quality deteriorated sharply as gross non-performing assets (NPAs), as a percentage of gross advances, stood at 9.9 per cent during the January-March quarter, against 8.55 per cent in the previous quarter.

In the year-ago period, the gross NPA ratio was at 8.74 per cent.

Slippages grew four-fold to Rs 157.37 billion, the highest ever for the bank, during the quarter, compared to Rs 43.8 billion in the previous quarter.

"The fourth quarter saw elevated levels of gross NPA additions, out of which Rs 99.68 billion of loans were those relating to RBI schemes and classified as standard as on December 2017, which had been discontinued," Kochhar said. Following a new rule in February, all schemes, including SDR and S4A, stand withdrawn. Excluding these, fresh slippages stood at Rs 57.7 billion, higher than Rs 43.8 billion in the previous quarter, according to analysts. The bank does not see any further slippages due to changes in rules going ahead, as the entire chunk from restructured assets was recognised during the quarter.

The bank targets its net NPA ratio to come down to 1.5 per cent by March 2020, from 4.8 per cent at the end of March 2018. It will also improve provision coverage ratio to over 70 per cent by 2019-20, from just above 60 per cent as of March 2018, to fortify the balance sheet.

## **2. South Indian Bank to raise Rs 7 bn via QIP to fund its 20% growth target**

Lender may look at diluting 10-12%, will focus more on retail, agriculture and MSME (RAM) and reduce dependence on its corporate book

T E Narasimhan

Kerala-based South Indian Bank (SIB) is planning to raise Rs seven billion through Qualified Institutional Placements (QIP) to support its 20 per cent growth target.

The bank's Managing Director & CEO, V G Mathew, told *Business Standard* that the lender may look at diluting 10-12 per cent to raise around Rs 6-7 billion through the QIP route.

"We will be looking at raising capital this year itself to support our growth," said Mathew.

The bank, whose base is currently at around Rs 550 billion, is confident on growing at around 20 per cent, while its desire is to grow at around 25 per cent.

The lender plans to raise the money through equity placement (200 million shares) to Qualified Institutional Buyers (QIB). Currently around 40 per cent of the capital base is held by various investors and of this 30 per cent is held by foreign investors including Lavender Investments, First Carlyle Venture, IVA International Fund and Acacia Partners.

As part of its growth plan, the bank has decided to focus on retail, agriculture and MSME (RAM) and reduce dependence on its corporate book, which has been under pressure for a few years now.

At present, it is 66:34 (retail: corporate) as against 60:40 earlier and the bank want to make it 70:30, said Mathew, adding that the bank has put structure, systems, people and processes in place to grow the non-corporate business.

South Indian The Bank has created separate verticals/ centres to address the asset side.

Its 850 existing branches and another 50 extension counters will be supported by technology.

On CASA, Mathew said the desired target for the bank is to reach 30 per cent from less than 25 per cent now. The lender is trying to tap the 5.6 million existing customer for its retail products.

The bank has set a target to bring down NPAs (non-performing assets) to 2.5 per cent in the next 18 months from the current 3.5 per cent on the back drop of high recovery, less slippages, selling NPAs to ARCs.

"We are confident that GNPA will remain at stable level for time being and it will reduce as we going forward."

With most of the provisioning of stressed assets behind it, South Indian Bank is focusing on aggressively growing its retail book. Ventura Securities expects the loan book to grow at a 16 per cent CAGR to Rs 728 billion by FY20, driven by a 21 per cent CAGR in the retail book. The broking house added in a report in the middle of April, 2018, that the NPAs are expected to normalise to historical levels and, as a result, earnings are expected to grow at 28.6 per cent CAGR to Rs 8.34 billion over the same period.

## **Financial Express**

### **3. Bank strike alert! 10 lakh employees to go on strike for wage-revision demand; all you need to know**

Wage hike is pending since November 1, 2017. The IBA is offering 2 per cent hike over the total wage bill of the banks, which was rejected by the UFBU after a failed meeting with the IBA

By: FE Online

Over 10 lakh employees of public and private sector banks will observe two-day strike in the later part of May, if their demand of "legitimate" wage hike is not accepted by Indian Banks Association (IBA). The meeting for wage revision between United Forum of Banks Union (UFBU) and Indian Banks Association failed to come on any agreement on Saturday.

If the strike really happens then people will have to face difficulties in carrying out bank-related works on two days. The news of expected bank strike comes weeks after cash were reported as ATMs in many states.

### **Why do bank employees want to go on strike?**

1. Wage hike is pending since November 1, 2017. The IBA is offering 2 per cent hike over the total wage bill of the banks, which was rejected by the UFBU after a failed meeting with the IBA.
2. All India Bank Employees Association (AIBEA) secretary, C.H. Venkatachalam, said if Finance Ministry does not intervene, a 48-hour strike will be called at the end of this month. He also said the offer made by the IBA – 2 per cent over the total wage bill – is not adequate.
3. The last wage settlement period was between November 1, 2012 and October 31, 2017. At that time, the IBA agreed for 15 per cent hike over the total wage bill.
4. The proposal of 2 per cent rejected by the AIBEA has given a fresh impetus to the debate between the issue of crores of money being spent on corporates, which are responsible for rising non-performing assets in the economy, and the legitimate demand of lakhs of employees who work day and night for the bank and serve crores of people.
5. Banks in India seem to be the most debated topic among people. With the issue of rising non-performing assets and cases of absconding defaulters like Vijay Mallya or Nirav Modi, banks have come under public scrutiny. The transparency in issuing loans is being questioned today. But at the same time, the bank employees are also facing trouble. This time the matter is related to wage and it seems the employees are not in any mood to accept anything lower what they are demanding.

### **Economic Times**

#### **4. No cash crunch in Northeast: SBI**

By *Bikash Singh*

State Bank of India (SBINSE 1.88 %) stated that there is no shortage of cash in Northeast India.

SBI North Eastern Circle refuted the reports that there is insufficient cash in the region.

"We have official record of 88-90 percent Cash Availability in ATMs and all the branches are equipped with sufficient cash, there may have some difficulties like electricity power failure, Network connectivity issues due to prevailing storm and heavy rains in few places. However, overall situation of cash currency availability is quiet normal all across the North eastern States." Stated PVSLN Murty, Chief general manager of SBI, NE circle Murty also requested the people of this region to abstain from the spread of such panic in the social media. "RBI is making all possible arrangements in regard of the uninterrupted supply of cash."

## **Business Line**

### **5. Vijaya Bank Q4 profit up 1.6% at ₹207cr**

#### PTI

Vijaya Bank on Monday reported a rise of 1.6 per cent in net profit at ₹207.31 crore for March quarter, FY18.

The public sector bank had registered a net profit of ₹203.99 crore in the January-March quarter of 2016-17.

Total income during the quarter grew to ₹3,728.22 crore as against ₹3,504.73 crore in the year-ago period, the bank said in a regulatory filing.

Provisioning for bad loans for the quarter was higher at ₹552.91 crore as against ₹344.56 crore in March quarter of 2016-17.

For entire 2017-18, the net profit of the lender however came down to ₹727.02 crore from ₹750.48 crore.

Income during the year was slightly up at ₹14,190.45 crore from ₹14,030.72 crore in 2016-17.

Asset wise, bank's gross non-performing assets (NPAs) reduced to 6.34 per cent of the gross loans at the end of March 2018 from 6.59 per cent as on March end-2017.

In value terms, gross NPAs stood at ₹7,526.09 crore by the end of 2017-18 as compared to ₹6,381.78 crore earlier.

Net NPAs were also trimmed to 4.32 per cent of the net loans (₹5,021.24 crore) from 4.36 per cent (₹4,118.16 crore).

The provision coverage ratio as on March 31, 2018 works out to 59.39 per cent (previous year 58.15 per cent), the bank said.

The board of directors has recommended dividend of ₹1.20 per share at 12 per cent for 2017-18, it said.

Stock of Vijaya Bank traded at ₹61 on BSE, up 1.92 per cent from previous close.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**