AIBEA's Banking News

13. 14 MAY 2018

NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

Bank unions opposed to excluding some officers cadre from wage talks

IANS | Chennai May 12, 2018

Business Standard

Unions in the banking sector are opposed for a separate wage settlement for certain categories of officers or top management, said leaders of two major unions.

According to them, the Indian Banks' Association (IBA) want to have a separate wage settlement for officers in scale 4-7 and restricting the composite wage settlement for clerks and officers in the grade scale 1-3.

An officer in a nationalised bank who did not want to be named told IANS: "Officers in scale 4-7 are not members of unions. When they don't pay any subscription to the unions, why should the latter take up their cause."

However, All India Bank Officers' Confederation (AIBOC) General Secretary D.T.Franco told IANS that "the IBA wanted the wage revision discussion restricted to staff and officers in the scales 1-3. But the unions refused".

His **All India Bank Employees' Association (AIBEA**) counterpart C.H. Venkatachalam said: "The management want to fix variable pay for officers in the scale 4-7. But the officers unions are unitedly opposed to the division in their ranks. As in the past eight settlements, this time also the wage revision should be done on a composite basis."

Venkatachalam also told IANS that from 1979 onwards, the IBA has been negotiating with the unions for pay revision on a composite basis.

Franco also said it is not right to say officers in the scales 4-7 are not members of any union.

"In many banks, all the officers are members of unions. Only in some banks, some officers are not members of any union," he said.

He said in State Bank of India (SBI), all officers in the grade/scale 1-5 are members of union and in the other to scales - 6 and 7 - there is a mix of members and non-members.

Public sector banks may seek early recapitalisation on new NPA rule

Stringent RBI norm, requiring stiff provisioning, may push banks to the edge on core capital

MUMBAI, MAY 13 K RAM KUMAR BUSINESDSLINE

The Reserve Bank of India's revised framework for resolution of stressed assets may lead to public sector banks calling for an earlier recapitalisation by the government. Banks are making huge provisions after asset downgrades in the January-March 2018 quarter, when the new framework was implemented.

The resolution framework does not brook even a day's default in loan repayment. In case of default, banks are required to set in motion a resolution action, which has provisioning implications.

On February 12, the RBI announced its revised framework for resolution of stressed assets, after the Government, on January 24, said it would infuse ₹88,139 crore into PSBs. This is in addition to the budgetary outlay for FY19 (announced on February 1) of ₹65,000 crore.

The loan-loss provisioning has stoked fears among bankers about the possibility of PSBs hitting, if not breaching, the minimum regulatory (Common Equity Tier-1 or core) capital threshold.

Banks are required to maintain a core capital of 7.375 per cent of their risk-weighted assets (RWAs) as on March-end 2018. Depending on the riskiness of an asset class (assigned in the form of a risk weight), a bank maintains different levels of capital to protect itself from potential loan losses.

Breaching the CET-1 threshold has implications for banks: Their wholesale borrowing cost goes up in the domestic and international financial markets.

Among the seven PSBs that have declared results so far, Allahabad Bank, with a CET-1 ratio of 5.57 per cent, has breached the minimum threshold.

The CET-1 of Oriental Bank of Commerce (7.46 per cent) and Union Bank of India (7.60 per cent) are a shade above the regulatory requirement of 7.375 per cent. “In FY18, PSBs received capital infusion from the government towards the end of the financial year. But, now, with some of these banks either breaching or coming close to the breach point, they will need to raise capital early this financial year (FY19).

“Given their weak financial position, tapping the capital market at beaten down valuations is not a good option. Hence, the government will need to chip in with the budgeted monies upfront this year to shore up the PSBs’ CET-1 ratio,” said a senior public sector bank official.

“The RBI’s announcement in February came after the government had already budgeted for capital infusion in PSBs. The Government may, thus, have to revisit the budgetary allocation for PSB capital support for a possible enhancement,” said a credit rating agency official.

RBI bars Dena Bank from fresh credit exposure, hiring staff

K.R. SRIVATS NEW DELHI, MAY 12 BUSINESSLINE

Dena Bank, which is under RBI’s Prompt Corrective Action, has now been barred from taking fresh credit exposure and also recruitment of staff.

The latest directive from the central bank was put before the board of this public sector bank at its meeting on May 11, Dena Bank said in a filing to the stock exchanges.

It may be recalled that RBI had in May last year initiated prompt corrective action against Dena Bank and imposed certain restrictions, in view of high net NPA and negative Return on Assets.

Dena Bank had on Friday reported a net loss of Rs 1,225 crore for the fourth quarter ended March 31, 2018. This loss was much wider than the net loss of Rs 575 crore recorded in the same quarter last year.

For the financial year 2017-18, Dena Bank had recorded a net loss of Rs 1,924 crore. This is the third consecutive year that the bank has posted a net loss.

Gross non performing assets (GNPAs) rose Rs 2,192 crore to Rs 16,361 crore as on end-March 2018. GNPAs increased to 22.04 per cent. Net NPAs were up 11.95 per cent at Rs 7,838.78 crore.

For 2017-18, the bank's ROA stood at (-) 1.59 compared with (-) 0.67 a year ago.

Only on the capital front, Dena Bank is somewhat comfortable with a capital adequacy ratio of 11.09 percent and common equity tier-I capital of 8.81 percent. It has not breached any risk threshold on the capital front.

Oriental Bank Q4 net loss widens to Rs 1,650 cr

Asset quality of the bank worsened with net non-performing assets (NPAs) rising to 10.48 per cent of net advances as on March 31, 2018 against 8.96 per cent reported a year ago

NEW DELHI, MAY 12 PTI/ BUSINESSLINE

Public sector lender Oriental Bank of Commerce's (OBC) net loss widened to Rs 1,650.22 crore for the quarter ended March of 2017-18. The bank had made a net loss of Rs 1,218.01 crore during the corresponding quarter of the preceding fiscal ended March 2017.

Total income of the bank during January-March quarter of 2017-18 fell to Rs 4,689.12 crore against Rs 5,093.84 crore, OBC said in a BSE filing.

Asset quality of the bank worsened with net non-performing assets (NPAs) rising to 10.48 per cent of net advances as on March 31, 2018 against 8.96 per cent reported a year ago.

Gross NPAs or bad loans as a percentage of gross advances at the end of March 2018 stood at 17.63 per cent, up from 13.73 per cent a year ago. The bank's provisioning for bad loans stood at Rs 2,419.47 crore in the quarter under review against Rs 3,050.60 crore a year ago.

Without naming anyone, Oriental Bank of Commerce said, in respect of two gems and jewellery borrower group, where a fraud was declared by some banks, the bank has fully provided for the entire funded exposure.

Nirav Modi and his uncle Mehul Choksi, the promoter of Gitanjali Gems, are wanted in connection with the alleged over Rs 13,000-crore fraud at Punjab National Bank (PNB). Other banks too have declared direct/indirect exposure to Nirav Modi and Gitanjali Gems. Their role in the alleged fraud is being investigated by multiple agencies.

For the **full financial year, the bank had reported a net loss of Rs 5,871.74 crore**. It had registered a net loss of Rs 1,094.07 crore in the preceding 2016-17 fiscal. Total income for the entire 2017-18 fiscal stood at Rs 20,181.25 crore against Rs 21,187.85 crore a year ago.

Allahabad Bank posts Rs.3,510-cr loss

Core income drops; sharp rise in provisioning

KOLKATA, MAY 11 BUSINESSLINE

Allahabad Bank posted a net loss of Rs. 3,510 crore for the quarter ended March 31, 2018, compared to a net profit of Rs.111 crore in the same period last year, on the back of a sharp increase in provisioning and drop in core income.

Provisions (other than tax) and contingencies rose nearly three-fold at Rs.4,783 crore against Rs.,430 crore in the same quarter last year. Of this, provisions for non-performing assets (NPA) increased to Rs. 5,126 crore (Rs.1,490 crore). During the financial year 2017-18, 43 frauds were reported by the bank, involving a total amount of Rs.1,525 crore. Of these accounts, the bank has managed to recover only close to Rs.3 crore and has made provisioning for the balance Rs.1,522 crore.

The gross NPAs of the bank as a percentage of total advances stood at 15.96 per cent in the last quarter against 13.09 per cent in the same period last year. The net NPAs fell to 8.04 per cent (8.92 per cent).

Canara Bank posts loss of Rs 4,860 cr in Q4 on higher provisioning

New strategy: The bank is working on reorienting and strengthening its balance sheet - REUTERS

Lender set for stable growth this year, says CEO Rakesh Sharma

BENGALURU, MAY 11 BUSINESSLINE

Canara Bank has reported a loss of Rs 4,860 crore in the fourth quarter of 2017-18 against the Rs 214 crore profit it posted in the same period last year.

The bank's total income came in lower by 10.34 per cent at Rs 11,555 crore against the Rs 12,889 crore recorded last year.

The bank said it has not opted for the RBI dispensation for staggering the NPA provisioning. It has front-loaded the NPA recognition, and the consequent higher provisioning has consumed its operating profit.

The provisioning on account of NPAs increased to Rs 13,770 crore during 2017-18 from Rs 7,792 crore inthe previous year. Consequently, the **bank posted a net loss of Rs 4,222 crore for the financial year 2017-18.**

Rakesh Sharma, Managing Director and CEO, Canara Bank, stated that with stress almost recognised fully, the bank is poised for a stable and profitable growth during the current year.

To actualise this, the bank is working on reorienting and strengthening the balance sheet by augmenting retail business, digitalisation and transformation.

The bank has surged ahead in consolidating its position among commercial banks with a robust business growth of 8.3 per cent. Its C-D ratio improved to 72.7 per cent from 69.1 per cent.

The improvement in the share of retail loans in total advances has derisked the balance sheet. Further, the bank has calibrated its growth in the corporate sector by limiting its exposure to sectors under stress. Net interest income (NII) of the bank surged by 10.33 per cent to □2,988 crore y-o-y from □2,708 crore. Net interest margin (NIM) (domestic) improved to 2.65 per cent and NIM (global) stood at 2.42 per cent.

Asset quality

The bank's gross NPA stood at Rs 47,468 crore (Rs 34,202 crore last year), net NPA for Q4 is Rs 28,542 crore (Rs 21,649 crore last year) and the percentage of gross NPA stood at 11.84 per cent against 9.63 per cent last year.

The percentage of net NPA stood at 7.48 per cent against last year's 6.33 per cent.

Domestic CASA share improved to 34.28 per cent from 32.85 per cent a year ago. CASA deposits were up by 11.54 per cent y-o-y at Rs 1.67 lakh crore. Capital adequacy ratio (CAR) of the bank improved to 13.22 per cent, up from 12.86 per cent a year ago. Provision coverage ratio (PCR) also improved to 58.06 per cent from 55.62 per cent last year.

The bank's global business rose to Rs 9.06 lakh crore, up by 8.26 per cent y-o-y.

Union Bank of India net loss touches Rs 2,583 crore

Lender makes full provision for stressed accounts

MUMBAI, MAY 10 BUSINESSLINE

Union Bank of India reported a net loss of Rs 2,583 crore in the fourth quarter as it preferred to make one-go provisions towards stressed accounts referred to the National Company Law Tribunal and investment depreciation, instead of staggering them over four quarters. It had reported a net profit of Rs 108 crore in the year-ago quarter.

In FY2018, the public sector bank reported a net loss of Rs 5,212 crore against a net profit of Rs 573 crore in FY2017.

Net interest income (the difference between interest earned and interest expended) in the reporting quarter was down 8 per cent year-on-year (y-o-y) at Rs 2,193 crore. Non-interest income nudged up 3 per cent y-o-y at Rs 1,485 crore. Rajkiran Rai G, Managing Director & CEO, attributed the net loss, among others, to the bank taking a conscious call to make full provisions instead of availing the option of dispensation (spreading the provisions over four quarters).

The bank saw a huge jump in provisions at Rs 5,639 crore (Rs 1,505 crore in the year-ago quarter) towards bad loans. Slippages during the quarter amounted to Rs 10,043 crore. Accounts with an aggregate exposure of about Rs 4,200 crore slipped due to the Reserve Bank of India's revised framework for resolution of stressed assets.

Due to a sharp rise in bond yields during the quarter, provisions towards investment depreciation soared to Rs 1,120 crore (Rs 604 crore).

Global net interest margin declined to 1.90 per cent in March 2018 against 2.27 per cent in March 2017.

Gross non-performing assets rose to 15.73 per cent of gross advances as of March-end 2018 against 13.03 per cent as of March-end 2016.

UCO Bank net loss widens to Rs.2,134 cr

KOLKATA, MAY 11 BUSINESSLINE

An over three-fold rise in provisioning dragged down the profitability of Kolkata-based UCO Bank.

The bank's net loss widened to Rs 2,134 crore for the quarter ended March 31, 2018, compared to a net loss of Rs 588 crore in the same period last year.

Provisioning for the quarter under review was at Rs 2,239 crore, compared to □701 crore in the same period last year. As per the directions by the RBI, banks have to make additional provision towards accounts under insolvency.

Accordingly, UCO Bank has made provision of Rs 426 crore during the quarter in respect of all NCLT-admitted borrower accounts, the bank said in its note on the audited financial results.

UCO Bank results			(₹ cr)
	2017-18	2016-17	Growth (%)
Net profit	-2,134	-588	–
Operating profit	112	119	-6
Net interest income	808	609	33
Provision	2,239	701	219

Gross NPA increased to 24.64 per cent (17.12 per cent), while net NPA grew to 13.10 per cent (8.94 per cent). Operating profit dropped close to 6 per cent at Rs 112 crore (Rs 119 crore).

Net interest income increased by 33 per cent at Rs 808 crore (□609 crore). Other income dropped 77 per cent at □67 crore (Rs 292 crore). The bank's net loss for the year ended March 31, 2018, widened to Rs 4,436 crore (Rs 1,851 crore).

AIBEA THIS DAY MAY 13	
1955	PNB Employees Union in Punjab reorganized at Jalandhar. G L Kakkar and P R Bhatia elected President and General Secretary.
1978	17th Conference of AKBEF at Kottayam. Com. A V G Nair and T K V Nair elected President and General Secretary. Labour Life released.
2008	National Convention of Trade Unions at Delhi; AIBEA/AIBOA participate.

AIBEA THIS DAY MAY 14	
1978	Goa Bank Employees' Conference. Com. K K Mundal inaugurates.Com. G S Naik and Prasanna Uattgi elected President and General Secretary.
1987	AIBEA Central Committee meets at Patna
1992	6th Bipartite Demands served on IBA and Banks.
2002	Com. Ramesh Chakraborti (91) Founder General Secretary, AIBEA passes away.

ALL INDIA BANK EMPLOYEES' ASSOCIATION
Central Office: PRABHAT NIVAS
Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001
Phone: 2535 1522 Fax: 2535 8853, 4500 2191
e mail ~ chv.aibea@gmail.com
Web: www.aibea.in