

## IDBI Bank net down 53% as provisioning for bad loans jumps

Our Bureau



*Stepping up focus on asset upgradation: ED*

Mumbai, Oct 25:

Weighed down by a jump in provisioning for bad loans and higher operating expenses, IDBI Bank's net profit declined 53.53 per cent year-on-year to ₹55.52 crore as against ₹119.50 crore in the year-ago period.

Net interest income (the difference between interest earned and interest expended) was a shade lower at ₹1,606 crore (₹1,612 crore in the year-ago period).

Other income jumped 65 per cent to ₹1,394 crore (₹844 crore). This includes proceeds from the sale of the public sector bank's equity holding in CARE Ratings and NSE.

P Sitaram, Executive Director, attributed the marginal decline in net interest income in the reporting quarter to non-recognition of income due to slippages amounting to ₹5,699 crore. However, he added that the quarter also saw asset upgrades aggregating to ₹2,123 crore.

Operating expenses, comprising employee costs and other operating expenses, were up 56 per cent at ₹1,460.55 crore (₹936.80 crore).

Amount of gross non-performing assets (GNPAs) shot up to ₹30,134 crore as on September 30, 2016, from ₹14,758 crore as on September 30, 2015. GNPAs as a proportion of gross advances rose to 13.05 per cent year-on-year from 6.92 per cent.

The IDBI ED said his bank is stepping up focus on asset upgradation.

This is underscored by the fact that out of the total asset upgradation aggregating ₹2,338 crore in the first six months of the current financial year, almost 90 per cent came in the reporting quarter.

Loan loss provisions rose 38 per cent to ₹920.48 crore (₹666.03 crore). Net interest margin (NIM) was lower at 1.98 per cent, against 2.01 per cent in the year-ago period.

Sitaram said NIM is expected to improve to about 2 per cent by the end of the financial year. Deposits increased 11 per cent year-on-year to ₹2,65,679 crore as at end-September 2016, and advances nudged up about 7 per cent to ₹2,18,658 crore.

Sitaram said the retail segment, comprising home, auto and education loans, clocked a growth of 11-11.50 per cent while corporate loan growth was relatively muted at 3-4 per cent.

The bank's shares closed at ₹74.30 apiece, down 3.07 per cent over the previous close on the BSE.

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