

SBI net profit falls 35% on bad-loan hangover

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Stressed assets jumps 86% in Q2

Mumbai, November 11:

Bad loans continued to haunt State Bank of India, with troubled loans jumping 86 per cent year-on-year to ₹ 1,05,783 crore in the July-September quarter 2016 from ₹ 56,834 crore in the year ago quarter.

This hurt the bottom-line of India's largest bank. With bad loan provisions nearly doubling, the bank's net profit fell 35 per cent to ₹ 2,538 crore in the July-September quarter 2016 (Q1FY17) from ₹ 3,879 crore in Q1FY16.

Arundhati Bhattacharya, Chairman, said, "The areas where obviously we have concerns are the gross non-performing assets (GNPAs) and net non-performing assets (NNPAs). But there again I would like to say that actually the increase has not been much.

"The percentages look very much larger only because the denominator (loan book) has not increased as much as it had increased say year-on-year in the last quarter. So, because of the low growth of the denominator, the percentages look bigger."

As on September-end 2016, GNPAs rose to 7.14 per cent of gross advances from 4.15 per cent as on September-end 2015. Gross advances increased 8 per cent to ₹ 13,70,701 crore mainly on the back of 20 per cent plus growth in retail loans. Quarter-on-quarter, GNPAs nudged up by ₹ 4,242 crore.

Loan recovery pick-up

Bhattacharya, in a press meet, emphasised that loan recovery will pick up speed because there is more clarity and visibility on the resolutions going forward.

"There is obviously always a question as to when does this (accretion to NPAs) stop and when does this become better. And there I would just like to tell you all that when the resolutions, especially the big value resolutions, start then you will actually see these numbers stabilising and then coming down," explained Bhattacharya.

"Till then, obviously because slippages will still be there and we are not resolving as much as it is slipping, therefore these numbers go up. But overall I would still say that the asset quality is very stable."

The bank made bad loan provisions amounting to ₹ 7,670 crore in the reporting quarter as against ₹ 3,842 crore in the year-ago quarter.

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