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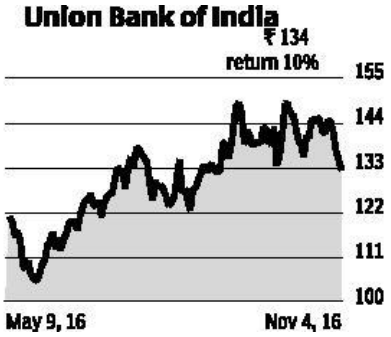
Union Bank Q2 net slumps 73% as bad loan provisioning rises

Our Bureau

Gross non-performing loans rise to 10.73%; net interest income up 8%



Mumbai, November 4:

A huge jump in provisioning towards bad loans dragged down Union Bank of India's net profit 73 per cent in the July-September quarter to ₹ 177 crore from ₹ 658 crore in the year-ago quarter.

Net interest income (the difference between interest earned and interest expended) increased 8 per cent to ₹ 2,277 crore (₹ 2,102 crore in the year-ago period).

Non-interest income, which includes treasury income and profit on sale of investments, was up 19 per cent to ₹ 1,139 crore (₹ 959 crore). Operating profit in the reporting quarter rose 22 per cent to ₹ 1,820 crore (₹ 1,490 crore).

Provisions towards non-performing loans jumped 73 per cent year-on-year to ₹ 1,598 crore (₹ 924 crore in the year-ago quarter).

Gross non-performing loans (GNPLs) shot up to ₹ 29,862 crore as at September-end 2016 from ₹ 15,541 crore as at September-end 2015.

GNPLs as a percentage of gross advances were up at 10.73 per cent from 6.12 per cent as at September-end 2015.

Deposits increased 9 per cent year-on-year to ₹ 3,61,454 crore as at September-end 2016 from ₹ 3,30,665 crore as at September-end 2015.

The share of low-cost CASA (current account and savings account) deposits in total deposits improved to 29.4 per cent from 27.2 per cent.

Advances were up 8 per cent year-on-year to ₹ 2,65,205 crore from ₹ 2,46,217 crore as at September-end 2015. Meanwhile, the public sector bank said its board of directors gave approvals for: raising ₹ 3,500 crore of total capital, over and above the capital already raised, by way of equity and/or AT1 and/or Tier 2 capital during FY17; and for raising equity capital by way of public issue and/or rights issue and/or private placement.

Union Bank of India said it has raised ₹ 1,000 crore by issuing 10,000 non-convertible unsecured subordinated Basel-III compliant perpetual debt instruments eligible for inclusion in Additional Tier I capital.

Shares of the bank closed at ₹ 134.35 apiece, down 1.97 per cent over the previous close on the BSE.

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