

United Bank Q2 net profit falls 30% to Rs 43 cr on bad loans

Our Bureau



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A higher provisioning saw United Bank of India (UBI) report a near 30 per cent fall in its net profit to Rs 44 crore for the September quarter. Net profit in the year ago period stood at Rs 62 crore (approx).

Provisioning and contingencies rose by 146 per cent to Rs 401 crore for the quarter under review; as against Rs 163 crore in the corresponding period last year.

The bank also saw a drop in its total earnings (total income). Total income fell by 1.1 per cent to Rs 2,893 crore (Rs 2,917 crore) year-on-year.

Operating profit during the quarter rose 54 per cent to Rs 437 crore.

Segment Results

In terms of segment results, the profit (before tax and provisioning) from treasury operations saw a 65 per cent rise to Rs 516 crore.

The two other major segments, namely corporate / wholesale banking and retail banking operations saw a 25 per cent and 42 per cent decline in profits (before tax and provisioning) respectively.

During the July to September quarter of this fiscal, the bank reported a tax write-back of Rs 8 crore against tax expenses of Rs.58.69 crore a year ago.

Asset Quality

Asset quality declined on a Y-o-Y comparison.

The gross non-performing assets (NPAs) at UBI rose by over 82 per cent to Rs 11,134 crore. It stood at Rs 6,112 crore in the year ago period. Gross NPA per cent jumped to 16.26 per cent for Q2 of FY-17; as compared to 8.90 per cent of Q2 of FY-16.

Net NPA jumped 95 per cent to Rs 7,185 crore; as against Rs 3,677 crore in Q2 of last fiscal. Net NPAs in Q2 of FY-17 were 11.19 per cent.

Capital Infusion

During the quarter under review the bank saw a capital infusion of Rs 608 crore from the Centre; while in a notice to the BSE, UBI said it will sell up to Rs 300 crore of shares to Life Insurance Corporation of India in a preferential allotment.

Shares of bank closed at Rs 21.50; up by 3.61 per cent at the BSE on Monday.

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