THE HINDU BusinessLine

Dena Bank reports ₹663-cr loss in Q3

Our Bureau

Mumbai, Feb 9:

Dena Bank reported a net loss of ₹663 crore in the third quarter ended December 31, 2015, due to huge provisions it made towards bad loans. It had reported a net profit of ₹76.56 crore in the year-ago period.

In the reporting quarter, the public sector bank's net interest income was down 6 per cent year-on-year (y-o-y) at ₹566 crore (₹602 crore in the year-ago period). Other income too declined 17 per cent y-o-y to ₹163 crore (₹196 crore).

A senior official said that the bank made loan loss provisions aggregating ₹1,002 crore in the reporting quarter as compared with ₹196 crore in the year-ago quarter.

The provisioning in the reporting quarter includes additional provision aggregating ₹233.58 crore, constituting 55.83 per cent of the additional provision suggested by the RBI (as per the asset quality review undertaken by the central bank).

Balance provision, including unrealised interest on remaining accounts, will be provided during the next quarter.

The gross non-performing assets to gross advances ratio as on December-end 2015 deteriorated to 9.85 per cent from 5.61 per cent as on December-end 2014. The net non-performing assets to net advances ratio deteriorated to 6.68 per cent from 3.97 per cent.

NPAs worrisome

Dena Bank Chairman and Managing Director Ashwani Kumar said NPAs remain a cause of concern. During the quarter, slippages amounted to ₹2,900 crore. Of this, slippages from large loan accounts (₹10 crore and above) amounted to ₹2,500 crore.

"We have set up a war-room to stem further slippages and make recoveries," said Kumar.

The war-room comprising an assistant general manager and nine other officers of various ranks will report to newly appointed Executive Director Ramesh Singh. Net interest margin (NIM) declined to 2.02 per cent from 2.23 per cent in the year-ago period. Kumar said provisioning (towards bad loans) will not be as high as it was in the fourth quarter and NIM should improve to 2.5-2.6 per cent.

A senior official said the bank took up one account (bank's exposure to the steel company: ₹91 crore) for refinancing under the 5/25 scheme.

It did strategic debt restructuring (conversion of debt into equity) in the case of five companies (three in the steel sector, and one each in the shipbuilding and auto sectors) with loan exposure of ₹780 crore.

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