

SBI surges out of the red after 3 quarters

By Mail Today Bureau
in New Delhi

STATE Bank of India (SBI) reported its first quarterly profit in four quarters on Monday as bad loan provisions fell and asset quality improved, sending shares of the country's largest lender to a two-month high.

The bank's net profit of Rs 945 crore in the second quarter ended Sept. 30 was around 40 per cent lower than the Rs 1,582 reported a year ago.

This was helped by lower provisions and a one-off Rs 1,561 crore gain from the sale of investments in the bank's general insurance and merchant acquiring businesses.

"Though the (net profit this quarter) is modest, I can assure you there is no looking back," Kumar added. "This number is going to be bigger and bigger hereafter."

Bank's net profit at ₹945 crore in q2

Provisions for bad loans fell 39.1 percent to Rs 10,185 crore, while the slippage ratio, or the proportion of loans which turned bad in the quarter, eased by 159 basis points from a year earlier to 2.02 per cent.

SBI expects to increase its profits and has "complete control" over its non-performing loans, its chairman said.

The results come at a time when rising levels of soured assets, which crosses Rs 10 lakh crore at the end of March, have forced the nation's banks to make more provisions. Public sector banks, led by SBI, account for the bulk of Indian banks' non-performing loans.

However, at the end of the September quarter, gross bad loans as a percentage of total loans eased to 9.95 per cent, compared with 10.69 percent in the previous quarter. It was still higher than 9.83 percent in the year-ago period.