

January 17, 2023

**HDFC BANK**

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**Current Price:** ₹ 1585.25

### STOCK DATA

BSE Code	500180
NSE Symbol	HDFCBANK
Reuters	HDBK.BO
Bloomberg	HDFCB IN

### VALUE PARAMETERS

52 W H/L(Rs)	1721.85/1271.75
Mkt. Cap.(Rs Cr)	884055.13
Latest Equity(Subscribed)	557.68
Latest Reserve (cons.)	266984.75
Latest EPS (cons.) -Unit Curr.	75.52
Latest P/E Ratio -cons	20.99
Latest Bookvalue (cons.) -Unit Curr.	479.75
Latest P/BV - cons	3.30
Dividend Yield -%	0.97
Face Value	1

### SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2022
Foreign	45.07
Institutions	22.59
Non Promoter Corp. Hold.	1.57
Promoters	20.91
Public & Others	9.87

### Financial Results

In Cr.

Particulars	Qtr Ended	Qtr Ended	Var %
	Dec. 2022	Dec. 2021	
Interest Earned	42707.77	32468.05	32
Interest Expended	19719.94	14024.57	41
Net Interest Income	22987.83	18443.48	25
Other Income	8499.84	8183.55	4
Net Total Income	31487.67	26627.03	18
Operating Expenses	12463.60	9851.08	27
Operating Profits	19024.07	16775.95	13
Provisions & Contingencies	2806.44	2993.98	-6
Profit Before Tax	16217.63	13781.97	18
Provision for tax	3958.14	3439.77	15
PAT	12259.49	10342.20	19
EPS (Rs)	21.98	18.66	

HDFC Bank has reported 19% growth in net profit at Rs 12259.49 crore for the quarter ended December 2022 (Q3FY2023). The bank has posted healthy 25% growth in net interest income (NII), while the core fee income of the bank also improved 19% in Q3FY2023. The Net Interest Margin (NIM) of the bank was stable at 4.10% in Q3FY2023 compared to 4.10% in the corresponding quarter of previous year. On business front, the bank has posted 20% growth in business with strong 21% surge in loan book. The asset quality of the bank was stable in Q3FY2023. Bank has further improved the credit to deposit ratio to 87.7% at end December 2022 from 87.2% at end December 2021. However, the CASA ratio of the bank has declined to 44.0% at end December 2022 from 47.1% at end December 2021.

**Asset quality improves:** The bank has maintained stable asset quality in Q3FY2023.

The fresh slippages of loans stood at Rs 6600 crore in Q3FY2023 compared with 5700 crore in previous quarter and Rs 4600 crore in the corresponding quarter last year.

The recoveries and upgradations of NPAs stood at Rs 3100 crore, while the write-off of loans was also at Rs 3100 crore in Q3FY2023.

The GNPA excluding NPAs in the agricultural segment stood at 1.0% compared with 1.03% a quarter ago and 1.04% a year ago.

The standard restructured loan book of the bank declined to Rs 6400 crore end December 2022.

Provision coverage ratio was steady at 73.00% at end December 2022 compared to 73.00% a quarter ago. The Capital Adequacy Ratio (CAR) CAR as per Base III guidelines was at 19.4% in Q3FY23 (19.5% in the year-ago period), as against a regulatory requirement of 11.7%.

Risk-weighted Assets were at Rs 1536272 crore (as against Rs 1267426 crore as at December 31, 2021).

### Business Highlights:

**Strong business growth:** The business of the bank has increased 20% YoY to Rs 3253707 crore end December 2022, driven by 21% surge in advances to Rs 1520503 crore. Deposits also jumped 20% to Rs 1733204 crore at end December 2022.

## Asset Quality Indicators: HDFC Bank

Particulars	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Variation		
	Dec. 22	Sept. 22	Jun. 22	Mar. 22	Dec. 21	QoQ	YTD	YoY
Gross NPA (Rs Crore)	18763.90	18301.00	18033.67	16140.96	16013.55	3	16	17
Net NPA (Rs Crore)	5024.27	4882.67	4887.73	4407.68	4676.77	3	14	7
% Gross NPA	1.23	1.23	1.28	1.17	1.26	0	6	-3
% Net NPA	0.33	0.33	0.35	0.32	0.37	0	1	-4
% PCR	73.00	73.00	73.00	73.00	73.00	0	0	0
% CRAR - Basel III	17.66	16.92	17.52	18.90	19.50	74	-124	-184
% CRAR - Tier I - Basel III	17.20	16.30	17.10	17.90	18.40	90	-70	-120

Variation in basis points for figures given in percentages and in % for figures in Rs crore

**CASA deposits ratio declines:** The CASA deposits of the bank increased 12% YoY to Rs 762951 crore at end December 2022. The CASA ratio eased to 44.0% at end December 2022 compared to 47.1% at end December 2021, while declined from 45.4% a quarter ago.

**Strong loan growth:** Advances growth was driven by retail loans rising 20% YoY to Rs 606602 crore at end December 2022, while credit to agriculture increased 27% to Rs 70912 crore and MSME 31% to Rs 502356 crore at end December 2022. The corporate credit has moved up 20% to Rs 392254 crore end December 2022. The overseas credit has declined 2% to Rs 42574 crore end December 2022.

**Investment book** of the bank surged 25% YoY to Rs 527277 crore at end December 2022.

The bank has showed sharp 67 bps YoY jump in calculated cost of deposits to 4.55%, while yield on advances also galloped only 93 bps YoY to 11.24% in Q3FY2023. NIM was stable YoY at 4.10%.

**Branch expansion:** The bank has added 684 branches and 139 ATMs in Q3FY2023. Bank's distribution network was at 7183 branches and 19007 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 3552 cities / towns end December 2022 as against 5779 branches and 17238 ATMs / CDMs across 2956 cities / towns end December 2021. About 51% of branches are in semi-urban and rural areas. Numbers of employees were at 166890 end December 2022 as against 134412 end December 2021.

**Book value** of the bank stood at Rs 479.7 per share at end December 2022, while the adjusted book value (net of NNPA and 10% of restructured advances) was Rs 469.6 per share at end December 2022.

### Quarterly Performance

**NII rises on stable margins and high CD ratio:** Bank has recorded 32% increase in the interest earned at Rs 42707.77 crore, while interest expenses increased 41% to Rs 19719.94 crore in Q3FY2023. NII improved 25% to Rs 22987.83 crore in the quarter ended December 2022.

**Healthy growth in the core fee income:** Bank has posted strong 19% growth in core fee income to Rs 6053 crore, while the recoveries and other income were flat at Rs 1112 crore and forex income moved up 13% to Rs 1074 crore. However, the treasury income declined -75% to Rs 261 crore, allowing 4% rise in the overall non-interest income to Rs 8499.84 crore in the quarter ended December 2022.

**Expenses ratio rises on new branches addition:** The operating expenses of the bank increased 27% to Rs 12463.60 crore, as other expenses moved up 25% to Rs 8337.37 crore, while employee expenses increased 31% to Rs 4126.23 crore in Q3FY2023. Cost to income

ratio rose to 39.6% in Q3FY2023 compared with 37.0% in Q3FY2022. The Operating Profit increased 13% to Rs 19024.07 crore.

**Provisions and contingencies decline:** The bank has showed -6% decline in provisions to Rs 2806.44 crore.

**Effective tax rate declined to 24.4%** in Q3FY2023 from 25.0% in Q3FY2022. Net Profit increased by 19% YoY to Rs 12259.49 crore during quarter ended December 2022.

### Subsidiaries

HDFC Securities (HSL) is amongst the leading retail broking firms in India. The Bank held 95.6% stake in HSL. HSL's total revenue was at Rs 504.9 crore in Q3FY2023, as against Rs 535.6 crore for Q3FY2022. Profit after tax for the quarter was at Rs 203.2 crore, as against Rs 258.0 crore for Q3FY2022. HSL had 210 branches across 147 cities / towns in the country.

HDB Financial Services (HDBFSL) is a non-deposit taking non-banking finance company (NBFC) offering wide range of loans and asset finance products to individuals, emerging businesses and micro enterprises. As on December 31, 2022, the Bank held 94.9% stake in HDBFSL. For Q3FY2023, HDBFSL's net revenue was at Rs 2233.4 crore as against Rs 1981.6 crore for Q3FY2022, a growth of 12.7%. Profit after tax for Q3FY2023 was Rs 501.2 crore compared to Rs 304.0 crore for Q3FY2022. The total loan book was Rs 65,103 crore as on December 31, 2022. Stage 3 loans were at 3.73% of gross loans. Total CAR was at 20.5% with Tier-I CAR at 16.0% end December 2022. HDBFSL had 1,421 branches across 1,020 cities / towns.

E-mail: [smc.care@smcindiaonline.com](mailto:smc.care@smcindiaonline.com)



**Corporate Office:**  
11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**  
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,  
Graham Firth Steel Compound, Off Western  
Express Highway, Jay Coach Signal, Goreagon  
(East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-67341697

**Kolkata Office:**  
18, Rabindra Sarani, Poddar Court, Gate No-4,  
5th Floor, Kolkata - 700001  
Tel.: 033 6612 7000/033 4058 7000  
Fax: 033 6612 7004/033 4058 7004

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