

April 17, 2023

**HDFC BANK**

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**Current Price:** ₹ 1693.30

### STOCK DATA

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

### VALUE PARAMETERS

52 W H/L(Rs)	1702.00/1271.75
Mkt. Cap.(Rs Cr)	944817.88
Latest Equity(Subscribed)	557.97
Latest Reserve (cons.)	266984.75
Latest EPS (cons.) -Unit Curr.	75.48
Latest P/E Ratio -cons	22.43
Latest Bookvalue (cons.) -Unit Curr.	479.49
Latest P/BV - cons	3.53
Dividend Yield -%	0.91
Face Value	1

### SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	44.76
Institutions	23.15
Non Promoter Corp. Hold.	1.49
Promoters	20.88
Public & Others	9.73

### Financial Results

In Cr.

Particulars	Qtr Ended	Qtr Ended	Var %
	Mar. 2023	Mar. 2022	
Interest Earned	45119.36	33448.72	35
Interest Expended	21767.53	14575.98	49
Net Interest Income	23351.83	18872.74	24
Other Income	8731.18	7637.06	14
Net Total Income	32083.01	26509.80	21
Operating Expenses	13462.11	10152.79	33
Operating Profits	18620.90	16357.01	14
Provisions & Contingencies	2685.37	3312.35	-19
Profit Before Tax	15935.53	13044.66	22
Provision for tax	3888.08	2989.48	30
PAT	12047.45	10055.18	20
EPS (Rs)	86.40	72.10	

#### Profit, NII growth below estimates, NIM in line, asset quality better

HDFC Bank has continued to report strong 20% growth in net profit at Rs 12047.45 crore for the quarter ended March 2023 (Q4FY2023). The bank has posted healthy 24% growth in net interest income (NII), while the core fee income of the bank also improved 18% in Q4FY2023. The Net Interest Margin (NIM) of the bank improved to 4.10% in Q4FY2023 compared to 4.00% in the corresponding quarter of previous year.

On business front, the bank has posted 19% growth in business with strong 18% surge in loan book. The asset quality of the bank has further improved in Q4FY2023. The credit to deposit ratio of the bank has eased to 85.7% at end March 2023 from 87.8% at end March 2022 driven by strong growth in deposits. The CASA ratio of the bank has improved on sequential basis to 44.4% at end March 2023 from 44.0% end December 2022.

**Asset quality improves:** The bank has further strengthened asset quality in Q4FY2023.

The fresh slippages of loans declined to Rs 4900 crore in Q4FY2023 compared with 6600 crore in previous quarter.

The recoveries and upgradations of NPAs stood at Rs 3300 crore, while the write-off of loans was at Rs 2400 crore in Q4FY2023.

The standard restructured loan book of the bank declined to Rs 5970 crore end March 2023.

Provision coverage ratio improved to 76% at end March 2023 compared to 73% a quarter ago and 73% a year ago.

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 19.3% end March 2023 (18.9% end March 2022) as against a regulatory requirement of 11.7% which includes Capital Conservation Buffer of 2.5%, and an additional requirement of 0.2% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB). Tier 1 CAR was at 17.1% end March 2023 compared to 17.9% end March 2022. Common Equity Tier 1 Capital ratio was at 16.4% end March 2023. Risk-weighted Assets were at Rs 1586635 crore (as against Rs 1353511 crore as at March 2022).

## Asset Quality Indicators: HDFC Bank

Particulars	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Variation	
	Mar 23	Dec 22	Sep 22	Jun 22	Mar 22	QoQ	YoY
Gross NPA (Rs Crore)	18019.03	18763.90	18301.00	18033.67	16140.96	-4	17
Net NPA (Rs Crore)	4368.43	5024.27	4882.67	4887.73	4407.68	-13	7
% Gross NPA	1.12	1.23	1.23	1.28	1.17	-11	-3
% Net NPA	0.27	0.33	0.33	0.35	0.32	-6	-4
% PCR	76.00	73.00	73.00	73.00	73.00	300	0
% CRAR - Basel III	19.26	17.66	16.92	17.52	18.90	160	-184
% CRAR - Tier I - Basel III	17.10	17.20	16.30	17.10	17.90	-10	-120

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

### Business Highlights:

**Strong business growth:** The business of the bank has increased 19% YoY to Rs 3497625 crore end March 2023, driven by 18% surge in advances to Rs 1614230 crore. Deposits zoomed 21% to Rs 1883395 crore at end March 2023.

**CASA deposits ratio improves on sequential basis:** The CASA deposits of the bank increased 11% YoY to Rs 835989 crore at end March 2023. The CASA ratio declined to 44.4% at end March 2023 compared to 48.2% at end March 2022, while improved from 44.0% a quarter ago.

**Strong loan growth:** Advances growth was driven by retail loans rising 19% YoY to Rs 634578 crore at end March 2023, while credit to agriculture increased 27% to Rs 81719 crore and MSME 30% to Rs 547433 crore at end March 2023. The corporate credit has moved up 13% to Rs 409712 crore end March 2023. The overseas credit declined 2% to Rs 41970 crore end March 2023. Overseas advances constituted 2.6% of total advances.

**Investment book** of the bank increased 13% YoY to Rs 517001 crore at end March 2023.

**Margins improve yoy:** The bank has showed 88 bps YoY increase in cost of deposits to 4.62%, while yield on advances jumped 141 bps YoY to 11.18% in Q4FY2023. Thus, the NIM has improved 10 bps YoY to 4.10%.

**Branch expansion:** The bank has added 638 branches and 720 ATMs in Q4FY2023. End March 2023, the Bank's distribution network was at 7821 branches and 19727 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 3811 cities / towns as against 6342 branches and 18130 ATMs / CDMs across 3188 cities / towns as of March 2022. 52% of branches are in semi-urban and rural areas. In addition the bank have 15921 business correspondents, which are primarily manned by Common Service Centres (CSC). Number of employees were at 173222 end March 2023 (as against 141579 end March 2022).

**Book value** of the bank stood at Rs 502.2 per share at end March 2023, while the adjusted book value (net of NNPA and 10% of restructured advances) was Rs 493.3 per share at end March 2023.

### Quarterly Performance

**NII rises with high NIM and strong loan growth:** Bank has recorded 35% increase in the interest earned at Rs 45119.36 crore, while interest expenses increased 49% to Rs 21767.53 crore in Q4FY2023. NII improved 24% to Rs 23351.83 crore in the quarter ended March 2023.

**Healthy growth in the core fee income:** Bank has posted strong 18% growth in core fee income to Rs 6628 crore, while the forex income jumped 26% to Rs 1011 crore, supporting 14% rise in the overall non-interest income to Rs 8731.18 crore in the quarter ended March 2023. However, the recoveries and other income declined 2% to Rs 1130 crore and the bank witnessed losses in treasury segment at Rs 38 crore.

**Expenses ratio jumps on high investments:** The operating expenses of the bank increased 33% to Rs 13462.11 crore, as other expenses moved up 30% to Rs 9100.05 crore, while employee expenses zoomed 39% to Rs 4362.06 crore in Q4FY2023. Cost to income ratio jumped to 42.0% in Q4FY2023 compared with 38.3% in Q4FY2022, helping the Operating Profit to increase 14% to Rs 18620.90 crore.

**Provisions and contingencies decline:** The bank has showed 19% decline in provisions to Rs 2685.37 crore.

**Effective tax rate** rose to 24.4% in Q4FY2023 from 22.9% in Q4FY2022. Net Profit increased 20% YoY to Rs 12047.45 crore during quarter ended March 2023.

### **Financial Performance FY2023:**

Bank has posted 19% increase in net profit to Rs 44108.71 crore in the year ended March 2023 (FY2023). The net interest income increased 21% to Rs 86842.24 crore, while non-interest income moved up 6% to Rs 31214.83 crore, pushing up net total income by 16% to Rs 118057.07 crore in FY2023. The operating expenses increased 27% to Rs 47652.09 crore, while provision and contingencies declined 21% to Rs 11919.67 crore, allowing profit before tax to increase 19% to Rs 58485.31 crore in FY2023. The cost-to-income ratio jumped to 40.4% in FY2023 compared to 36.9% in FY2022. An effective tax rate was steady at 24.6% in FY2023 compared to 24.6% in FY2022. The net profit has increased 19% to Rs 44108.71 crore in FY2023.

### **Consolidated Financial Results**

The Bank's consolidated net revenue grew by 20.3% to Rs 34552.8 crore for Q4FY2023 from Rs 28733.9 crore for Q4FY2022. The consolidated net profit for Q4FY2023 was Rs 12594.5 crore, up 20.6%, over Q4FY2022. The consolidated net profit for FY2023 was Rs 45997.1 crore, up 20.9%, over FY2022.

### **Subsidiaries**

**HDFC Securities (HSL)** is amongst the leading retail broking firms in India. End March 2023, the Bank held 95.6% stake in HSL. For Q4FY2023, HSL's total revenue was at Rs 486.1 crore, as against Rs 509.7 crore for Q4FY2022. Profit after tax for the quarter was at Rs 193.8 crore, as against Rs 235.6 crore for Q4FY2022.

For FY2023, HSL's total income was at Rs 1891.6 crore, as against Rs 1990.3 crore for FY2022. Net profit for the year was at Rs 777.2 crore as against Rs 984.3 crore for FY2022.

**End March 2023, HSL had 209 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 customer segments such as individuals, emerging businesses and micro enterprises which are typically different from the segments that the Bank caters to. End March 2023, the Bank held 94.8% stake in HDBFSL.

For Q4FY2023, HDBFSL's net revenue was at Rs 2262.5 crore as against Rs 2141.4 crore for Q4FY2022 a growth of 5.7%. Profit after tax for Q4FY2023 was Rs 545.5 crore compared to Rs 427.1 crore for Q4FY2022, a growth of 27.7%.

For FY2023, HDBFSL's net revenue grew by 11.4% to Rs 8891.0 crore (as against Rs 7980.8 crore in the previous year). Profit after tax for FY2023 was Rs 1959.4 crore compared to Rs 1011.4 crore in the previous year, a growth of 93.7%.

The total loan book was Rs 70031 crore end March 2023. Stage 3 loans were at 2.73% of gross loans. End March 2023, total CAR was at 20.1% with Tier-I CAR at 15.9%.

End March 2023, HDBFSL had 1492 branches across 1054 cities / towns.

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