

HDFC Bank Q3 net up 20% on strong interest income growth

Our Bureau



Paresh Sukhthankar, Deputy Managing Director, HDFC Bank

1 Online Businesses for Sale

2 Bank Interest Rates

3 Global Income

No room for lending rates to come down for now: Deputy MD

Mumbai, Jan 25:

Powered by healthy growth in loans and net interest income, HDFC Bank reported a 20 per cent increase its third quarter net profit.

The net profit in the quarter ended December 31, 2015, stood at ₹3,357 crore, compared with ₹2,795 crore in the year-ago quarter.

Net interest income (interest earned on loans and investments less interest expended on deposits and borrowings) was up 24 per cent at ₹7,068.50 crore (₹5,700 crore in the year-ago period).

Other income — comprising fees and commission, foreign exchange and revenue from derivatives, gains on revaluation/sale of investments, and miscellaneous income — was up 13 per cent at ₹2,872 crore (₹2,535 crore).

Net interest margin (net interest income divided by total assets) was a tad lower at 4.3 per cent (4.4 per cent in the year-ago quarter).

India's second-largest private sector bank logged incremental deposit and loan growth of ₹17,088 crore and ₹17,823 crore, respectively, in the reporting quarter.

Year-on-year, total deposits rose 26.5 per cent to ₹5,23,997 crore as on December-end 2015. Advances increased 25.7 per cent to ₹4,36,364 crore.

Paresh Sukhthankar, Deputy Managing Director, attributed the profitability to loan growth, which was above the banking sector's average of 10-11 per cent, and robust net interest income.

Retail loans (comprising auto, small and medium enterprise, commercial vehicle/equipment, and credit card loans) and wholesale loans (predominantly for working capital) grew 29 per cent and 19 per cent, respectively.

Sukhthankar said the demand for loans for setting up greenfield projects was muted.

Gross non-performing assets (GNPAs) edged up to 0.97 per cent from 0.91 per cent in the preceding quarter. However, GNPAs in the reporting quarter were a shade lower compared with 0.99 per cent in the year-ago quarter.

NPA portfolio

Sukhthankar observed that there was accretion to the NPA portfolio from the agriculture, small and medium enterprise,

and credit card segments. The bank saw an incremental addition of ₹427 crore to its (gross) bad loans portfolio, which stood at ₹4,255 crore as at December-end 2015.

The delinquencies in the cards segment was due to regulatory changes in the way the 90-day grace period for paying dues is calculated, he added.

Specific loan-loss provisions increased 23 per cent to ₹601.5 crore (₹487.60 crore).

Given the tight liquidity in the banking system in the last few weeks, Sukthankar ruled out the possibility of lending rates coming down. He also felt that there was not much scope for the central bank to cut its key policy rates.

HDFC Bank shares closed at ₹1,039.95 apiece, up 0.94 per cent over the previous close on the BSE.

(This article was published on January 25, 2016)

MORE FROM BUSINESS LINE

[Cash crunch echo: brace for poor hikes, even pay cuts](#)

[Tatas line up big guns in 'war room'](#)

[Ban anonymous donations above ₹2,000 to parties: EC](#)