

Bloomberg Code	HDFCB:IN
No of share O/S (Cr.)	552.67
Market Cap (Rs. in Cr.)	7,98,085
Face Value	1.00
Dividend Yield	0.45
52 Wk High/Low	1,650/994

Key Highlights:

HDFC Bank reported Net Interest Income (NII) of Rs. 17,009 Cr in Q1FY22, marking a YoY growth of 8.6%, Advances grew by 14.4% YoY and 1.3% QoQ. It is to be noted that retail growth grew by only 10.2% YoY due to pandemic and ban by RBI on HDFC Bank for issuance of new cards. NIMs fell 20bps YoY at 4.1%. Other income for the quarter grew by 54.3% YoY, mainly aided by Fee income, which displayed a growth of 74.2% YoY to Rs. 3,886 Cr. Operating profit witnessed YoY growth of 18.0% to Rs. 15,137 Cr in Q1FY22. The cost to income ratio for Q1FY22 remained stable YoY at 35.0%. The liquidity coverage ratio stands at 126%, well above the regulatory requirement.

Shareholding	
Promoters	25.89
Institutional	61.01
Public	13.10
Total	100.00

Performance:

Advances grew by 14.4% on a YoY basis mainly due to slower retail growth at 10.2% YoY. The bank remains hopeful of lifting of the card suspension by the RBI, after which it would look at accelerated growth and regain market share, driven by aggressive offerings. It also expects strong pent-up demand in the retail segment as the signs are already visible after unlocking in vehicle sales, and it would look at regaining its market dominance. The bank continues to gain market share from PSB's on the corporate side with with corporate loans growing at 18.1% YoY. On the deposits side, HDFC Bank reported reported a YoY and QoQ growth of 13.2% and 0.8%, respectively. CASA grew by 28.1% YoY but declined by 0.6% QoQ to Rs. 6,11,801 Cr. CASA declined QoQ mainly due to fall in current account deposits by 12.5% QoQ. The Capital Adequacy Ratio stood at 19.1% with the Tier 1 ratio at 17.9%. GNPA and NNPA stood at 1.47% and 0.48%, respectively, as against the proforma GNPA and NNPA reported in previous quarters at 1.32% and 0.40%, respectively. The provisions were 146% of the gross NPA's as on 30th June, 2021.

Valuation:

At the CMP of Rs. 1,445, the stock is trading at 4.0X FY21 P/BV on standalone basis.

Financial Summary

NII grew by 8.6% YoY while Fee Income grew by 74.2% YoY mainly due to lower base.

NIMs for the quarter fell 20bps YoY and 10bps QoQ at 4.1%. The fall in NIMs was also due to lower credit card loans which was affected by ban put by RBI.

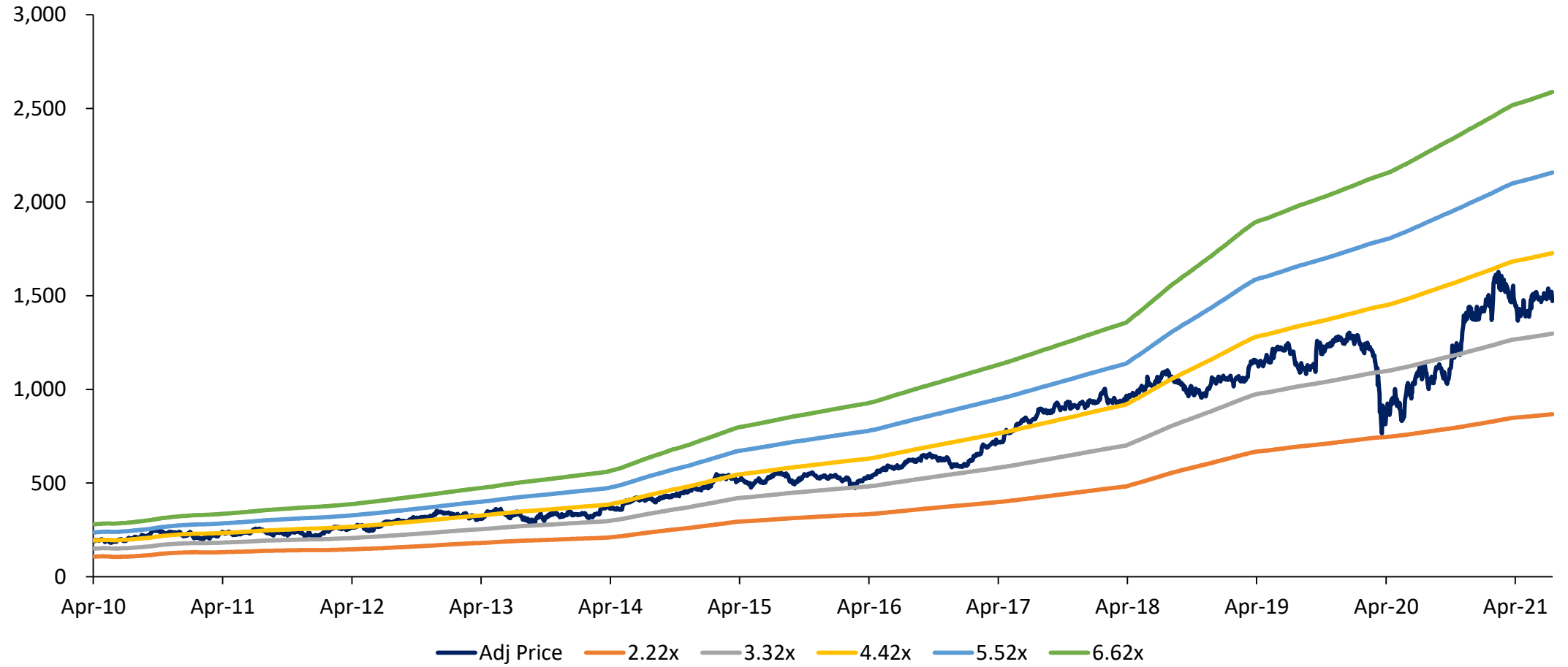
Operating expenses grew by 18.1% YoY. However, cost to income ratio remained stable at 35% as seen in 1QFY20.

Year ending Mar (Rs Cr)	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	FY20	FY21	YoY (%)
Total Income	36,771	34,453	6.7	38,018	-3.3	138,074	146,063	5.8
- Interest Income	30,483	30,378	0.3	30,424	0.2	114,813	120,858	5.3
- Other Income	6,289	4,075	54.3	7,594	-17.2	23,261	25,205	8.4
- Fee Income	3,886	2,230	74.2	5,023	-22.7	13,788	15,079	
- Fee Income as % of TI	10.6	6.5		13.2		10.0	10.3	
Interest Expense	13,474	14,713	-8.4	13,303	1.3	58,626	55,979	-4.5
Net Interest Income (NII)	17,009	15,665	8.6	17,120	-0.6	56,186	64,880	15.5
Net Interest Margin (NIM, %)	4.1	4.3		4.2		4.3	4.2	
Operating Expenses	8,160	6,911	18.1	9,181	-11.1	30,698	32,723	6.6
Opex to Total Income (%)	22.2	20.1		24.2		22.2	22.4	
PPoP	15,137	12,829	18.0	15,533	-2.5	48,750	57,362	17.7
Cost to Income Ratio (%)	35.0	35.0		37.2		38.6	36.3	
Provisions & Contingencies	4,831	3,892	24.1	4,694	2.9	12,142	15,703	29.3
PBT	10,306	8,938	15.3	10,839	-4.9	36,607	41,659	13.8
Tax Rate (%)	25.0	25.5		24.5		28.3	25.3	
PAT	7,730	6,659	16.1	8,187	-5.6	26,257	31,117	18.5
Loan Book	1,147,652	1,003,299	14.4	1,132,837	1.3	993,703	1,132,837	14.0
- Corporate	624,163	528,294	18.1	605,251	3.1	499,302	605,251	
- Share of Corporate (%)	54.4	52.7		53.4		50.2	53.4	
- Retail	523,489	475,005	10.2	527,586	-0.8	494,401	527,586	
- Share of Retail (%)	45.6	47.3		46.6		49.8	46.6	
Deposits	1,345,829	1,189,387	13.2	1,335,060	0.8	1,147,502	1,335,060	16.3
- Term Deposits	734,029	711,952	3.1	719,378	2.0	662,877	719,378	
- Share of Term Deposit (%)	54.5	59.9		53.9		57.8	53.9	
- CASA	611,801	477,435	28.1	615,682	-0.6	484,625	615,682	
- Share of CASA (%)	45.5	40.1		46.1		42.2	46.1	
* CA deposit	185,669	150,077		212,182		174,248	212,182	
* Share of CA Deposit (%)	30.3	31.4		34.5		36.0	34.5	
*SA deposit	426,132	327,358		403,500		310,377	403,500	
*Share of SA Deposit (%)	69.7	68.6		65.5		64.0	65.5	

GNPA and NNPA stood at 1.47% and 0.48% as against proforma GNPA and NNPA of 1.32% and 0.4% in Q4FY21.

Year ending Mar (Rs Cr)	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	FY20	FY21	YoY (%)
Stressed Assets								
Slippages								
GNPA	17,099	13,773	24.15	15,086	13.34	12,650	17,099	35.17
GNPA (%)	1.47	1.36		1.32		1.26	1.32	
PCR %	67.30	75.70		62.10		71.40	62.10	
NNPA	5,486	3,280	67.25	4,555	20.44	3,542	5,486	54.86
NNPA %	0.40	0.33		0.40		0.36	0.40	
CAR (%)	19.10	18.90		18.80		18.50	19.10	
Tier I Capital (%)	17.20	17.50		17.60		17.20	17.20	
Tier II Capital (%)	1.90	1.40		1.20		1.30	1.90	
RoAA (%)	0.45	0.44				2.01	1.97	
RoAE (%)								
No of branches	5,653	5,326		5,608		5,416	5,653	
Adj P/BV (x)						4.6	3.90	

1 year forward P/BV band chart



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Ventura Securities Limited

Corporate Office: 8th Floor, 'B' Wing, I Think Techno Campus, Pokhran Road no. 02, Off Eastern Express Highway, Thane (West) 400 607

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