

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter and nine months ended December 31, 2019, at their meeting held in Mumbai on Saturday, January 18, 2020. The accounts have been subjected to a 'Limited Review' by the statutory auditors of the Bank.

STANDALONE FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended December 31, 2019

The Bank's net revenues (net interest income plus other income) increased by 19.1% to ₹ 20,842.2 crore for the quarter ended December 31, 2019 over the corresponding quarter of the previous year.

Net interest income (interest earned less interest expended) for the quarter ended December 31, 2019 grew to ₹ 14,172.9 crore from ₹ 12,576.8 crore for the quarter ended December 31, 2018, driven by growth in advances of 19.9%, and a growth in deposits of 25.2%. The net interest margin for the quarter remained stable at 4.2%.

Other income (non-interest revenue) at ₹ 6,669.3 crore was 32.0% of the net revenues for the quarter ended December 31, 2019 as against ₹ 4,921.0 crore in the corresponding quarter ended December 31, 2018. The main component of other income viz. fees & commissions grew by 24.1% to ₹ 4,526.8 crore for the quarter ended December 31, 2019. The other components of other income for the quarter ended December 31, 2019 were foreign exchange & derivatives revenue of ₹ 525.6 crore (₹ 397.7 crore for the corresponding quarter of the previous year), gain on sale / revaluation of investments of ₹ 676.5 crore (gain of ₹ 474.0 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 940.4 crore (₹ 402.6 crore for the corresponding quarter of the previous year). The recoveries include one-off item of approximately ₹ 200 crore arising from resolution of a NCLT matter.

Operating expenses for the quarter ended December 31, 2019 were ₹ 7,896.8 crore, an increase of 17.5% over ₹ 6,719.3 crore during the corresponding quarter of the previous year. The cost-to-income ratio for the quarter was at 37.9% as against 38.4% for the corresponding quarter ended December 31, 2018.

Pre-provision Operating Profit (PPOP) at ₹ 12,945.4 crore grew by 20.1% over the corresponding quarter of the previous year.

Provisions and contingencies for the quarter ended December 31, 2019 were ₹ 3,043.6 crore (consisting of specific loan loss provisions of ₹ 2,883.6 crore and general provisions and other provisions of ₹ 159.9 crore) as against ₹ 2,211.5 crore (consisting of specific loan loss provisions of ₹ 1,734.6 crore and general provisions and other provisions of ₹ 476.9 crore) for the quarter ended December 31, 2018. The specific loan loss provisions in the current quarter include one-offs of approximately ₹ 700 crore, primarily relating to certain corporate accounts. Therefore, the Core Credit Cost ratio (i.e. excluding one-offs), was 0.92%, as compared to 0.90% in the quarter ending September 30, 2019 and 0.88% in the quarter ending December 31, 2018.

Profit before tax (PBT) for the quarter ended December 31, 2019 was at ₹ 9,901.9 crore. Adjusting for one-off credit items, the Core PBT at ₹ 10,401.9 crore grew by approximately 21%. After providing ₹ 2,485.4 crore for taxation, the Bank earned a net profit of ₹ 7,416.5 crore, an increase of 32.8% over the quarter ended December 31, 2018.

Balance Sheet: As of December 31, 2019

Total balance sheet size as of December 31, 2019 was ₹ 1,395,336 crore as against ₹1,168,556 crore as of December 31, 2018, a growth of 19.4%.

Total deposits as of December 31, 2019 were ₹ 1,067,433 crore, an increase of 25.2% over December 31, 2018. CASA deposits grew by 21.5% with savings account deposits at ₹ 277,928 crore and current account deposits at ₹ 143,900 crore. Time deposits were at ₹ 645,606 crore, an increase of 27.7% over the previous year, resulting in CASA deposits comprising 39.5% of total deposits as of December 31, 2019. The Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 140%, well above the regulatory requirement.

Total advances as of December 31, 2019 were ₹ 936,030 crore, an increase of 19.9% over December 31, 2018. Domestic advances grew by 20.9% over December 31, 2018. As per regulatory [Basel 2] segment classification, domestic retail loans grew by 14.1% and domestic wholesale loans grew by 29.3%. The domestic loan mix as per Basel 2 classification between retail:wholesale was 52:48. Overseas advances constituted 2% of total advances.

Nine Months ended December 31, 2019

For the nine months ended December 31, 2019, the Bank's net revenues (net interest income plus other income) were ₹ 58,210.4 crore, as against ₹ 47,908.4 crore for the nine months ended December 31, 2018, a growth of 21.5%. Net profit for the nine months ended December 31, 2019 was ₹ 19,329.6 crore, up by 27.2% over the corresponding nine months ended December 31, 2018.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 18.5% as on December 31, 2019 (17.3% as on December 31, 2018) as against a regulatory requirement of 11.075% which includes Capital Conservation Buffer of 1.875%, and an additional requirement of 0.20% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB). Tier 1 CAR was at 17.1% as of December 31, 2019 compared to 15.8% as of December 31, 2018. Common Equity Tier 1 Capital ratio was at 16.2% as of December 31, 2019. Risk-weighted Assets were at ₹ 950,976 crore (as against ₹ 908,245 crore as at December 31, 2018).

NETWORK

As of December 31, 2019, the Bank's distribution network was at 5,345 banking outlets and 14,533 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 2,787 cities / towns as against 4,963 banking outlets and 13,407 ATMs / CDMs across 2,727 cities / towns as of December 31, 2018. Of the total banking outlets, 52% are in semi-urban and rural areas. In addition, we have 3,421 banking outlets managed by the Common Service Centres. Number of employees were at 113,981 as of December 31, 2019 (as against 96,425 as of December 31, 2018).

ASSET QUALITY

Gross non-performing assets were at 1.42% of gross advances as on December 31, 2019, (1.2% excluding NPAs in the agricultural segment) as against 1.38% as on September 30, 2019 (1.2% excluding NPAs in the agricultural segment) and 1.38% as on December 31, 2018 (1.1% excluding NPAs in the agricultural segment). Net non-performing assets were at 0.48% of net advances as on December 31, 2019. The Bank held floating provisions of ₹ 1,451 crore and contingent provisions of ₹ 1,457 crore as on December 31, 2019. Total provisions (comprising specific, floating, contingent and general provisions) were 119% of the gross non-performing loans as on December 31, 2019.

SUBSIDIARIES

The financial results of the Bank's subsidiary companies have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS').

HDFC Securities Limited (HSL) is amongst the leading retail broking firms in India. As on December 31, 2019, the Bank held 97.3% stake in HSL.

For the quarter ended December 31, 2019, HSL's total income was ₹ 214.3 crore as against ₹ 182.5 crore for the quarter ended December 31, 2018. Profit after tax for the quarter ended December 31, 2019 was ₹ 94.3 crore, as against ₹ 70.0 crore in the previous quarter ended December 31, 2018.

For the nine months ended December 31, 2019, HSL's total income was ₹ 584.8 crore as against ₹ 565.1 crore for the nine months ended December 31, 2018. Profit after tax for the nine months was ₹ 250.0 crore, as against ₹ 223.4 crore for the nine months ended December 31, 2018.

As on December 31, 2019 HSL had 262 branches across 161 cities / towns in the country.

HDB Financial Services Limited (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, 2019, the Bank held 95.3% stake in HDBFSL.

As on December 31, 2019, HDBFSL's balance sheet size was at ₹ 61,055 crore. The assets under management grew by 15.2% to ₹ 59,178 crore as on December 31, 2019 as against ₹ 51,352 crore as of December 31, 2018.

For the quarter ended December 31, 2019, HDBFSL's net interest income grew by 29.2% to ₹ 1,049.8 crore as against ₹ 812.6 crore in the previous quarter ended December 31, 2018. Profit after tax for the quarter ended December 31, 2019 was grew by 16.5% to ₹ 343.1 crore as compared to ₹ 294.4 crore in the previous quarter ended December 31, 2018.

For the Nine month ended December 31, 2019, HDBFSL's net interest income grew by 22.2% to ₹ 3,034.2 crore as against ₹ 2,483.3 crore in the previous nine months ended December 31, 2018. Profit after tax for the Nine month ended December 31, 2019 was ₹ 770.6 crore compared to ₹ 820.0 crore in the previous nine month ended December 31, 2018.

Stage 3 loans were at 3.0% of gross loans. Total CAR was at 18.7% with Tier-I CAR at 13.5%.

As on December 31, 2019, HDBFSL had 1,453 branches across 1,058 cities / towns.

CONSOLIDATED FINANCIAL RESULTS

The Bank's consolidated financial results include the financial results of its subsidiary companies based on the recognition and measurement principles as per Indian GAAP.

The consolidated net profit for the quarter ended December 31, 2019 was ₹ 7,660 crore, up 29.8%, over the quarter ended December 31, 2018. Consolidated advances grew by 19.2% from ₹ 827,853 crore as on December 31, 2018 to ₹ 986,606 crore as on December 31, 2019.

The consolidated net profit for the nine months ended December 31, 2019 was ₹ 19,974 crore, up 24.6%, over the nine months ended December 31, 2018.

Note:

₹ = Indian Rupees

1 crore = 10 million

All figures and ratios are in accordance with Indian GAAP unless otherwise specified.

BSE: 500180

NSE: HDFCBANK

NYSE: HDB

Certain statements are included in this release which contain words or phrases such as "will," "aim," "will likely result," "believe," "expect," "will continue," "anticipate," "estimate," "intend," "plan," "contemplate," "seek to," "future," "objective," "goal," "project," "should," "will pursue" and similar expressions or variations of these expressions, that are "forward-looking statements." Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for various banking services, future levels of our non-performing loans, our growth and expansion, the adequacy of our allowance for credit and investment losses, technological changes, volatility in investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulations and other regulatory changes on us in India and other jurisdictions, our ability to roll over our short-term funding sources and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and the other countries which have an impact on our business activities or investments caused by any factor, including terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, military armament or social unrest in any part of India; the monetary and interest rate policies of the government of India, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the performance of the financial markets in India and globally, changes in Indian and foreign laws and regulations, including tax, accounting and banking regulations, changes in competition and the pricing environment in India, and regional or general changes in asset valuations.

For more information please log on to: www.hdfcbank.com

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