

# Bad loans tend to rise in bad times, says HDFC Bank

**Mumbai, July 21:** Country's second largest private sector lender HDFC Bank has played down fears of rising bad loans, saying it is not 'unrealistic' for some uptick in non-performing assets given the economic gloom.

"To some extent, some increase in non-performing assets (NPAs) is something we don't regard as unrealistic," said executive director Paresh Sukthankar.

"High interest rates, tight liquidity and currency volatility, all take a toll when the growth is sluggish," he said, adding the quality of the bank's over ₹2.50 lakh crore loan book is "reasonably stable and healthy".

The economy has lost 4 percentage points on the growth front in recent times, he said. Sukthankar also said movement in NPAs is within a narrow range which is the reality of doing business during a slowdown in overall growth.

Investors expressed concern following the release of the city-headquartered bank's quarterly numbers for the April-June period on Wednesday, which showed a marginal increase in NPAs.

The stock lost up to 3.5%



Paresh Sukthankar

intra-day after the result announcement, though it recouped the losses Thursday.

"If you look at the incremental NPAs, a little over half of them came from regular retail NPAs and the remaining 45% were wholesale in nature but were from a handful of accounts...But I don't think, there is any trend in that," he said. In the first quarter, while gross NPAs remained flat at 1%, net NPAs rose marginally to 0.3% from 0.2% a year earlier.

Sukthankar said one has to keep in mind the expansion in the asset book while looking at gross NPA levels. "Our NPAs at 1% or 1.1%, which have been there in the past 12 to 18 months, is lower than our historical average," Sukthankar said. *PTI*