

# NII growth for a sample of 29 banks hits double digits for the first time in 4 quarters

## Aggregate NPA Provisioning in Q4 Halves, Private Banks Lead Way

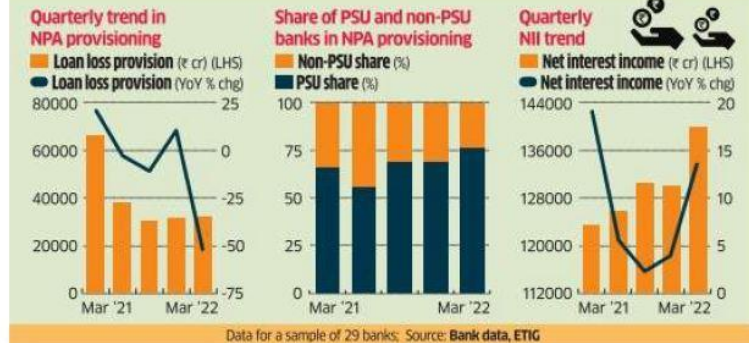
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**ET Intelligence Group:** Banks reported a sharp drop in bad loan provisioning at the aggregate for the March 2022 quarter compared with the year-ago quarter on lower slippages and higher recovery rates.

In addition, the net interest income (NII) grew in double-digits after a muted growth in the previous three quarters.

Provisioning for non-performing assets (NPAs) for a sample of 29 publicly listed banks fell by 51.6% year-on-year to ₹31,943 crore in the March quarter. It was a tad higher compared with the provisioning of ₹31,891.6 crore in the previous quarter. The aggregate net interest income (NII) improved by 13.5% year-on-year in the March quarter to ₹1.4 lakh crore.

The sample's performance was on the expected lines. At the beginning of the quarter, analysts had anticipated lower bank provisioning and better NII amid lower bad loan stress and improving credit growth. According to CARE Ratings, non-food credit growth for banks improved to 9.7% in



FY22 from 4.5% in the previous fiscal year helped by a low base as well as a pickup in business activities.

Private sector banks in the ETIG sample showed a higher drop in NPA provisioning during the March quarter than their public sector counterparts (PSBs). Aggregate loan loss provisioning of private sector banks fell by 66% year-on-year and 23.4% sequentially to ₹7,619 crore.

A majority of the top private sector banks including Axis, HDFC Bank, In-

dusInd, and Kotak Mahindra reported more than 50% year-on-year drop in NPA provisioning.

PSBs reported 44% year-on-year drop and 10% increase sequentially in NPA provisioning at ₹24,324 crore. Their share in total NPA provisioning of the sample increased to 76.1% in the March quarter from 68.8% in the previous quarter.

The sample's cumulative Covid provisioning increased marginally to ₹30,538.5 crore at the end of the March quarter from ₹29,892.8 crore a year ago.

**Earnings Review**