

January 22, 2025

RESULT REPORT Q3 FY25 | Sector: Banks

# HDFC Bank

## LDR remains the elephant in the room

### Our view – Asset quality performance creditable given environment

**Balance sheet growth** – Loan growth remained at a crawl as management continued to work on reducing loan to deposit ratio: The advances for the bank stood at Rs 25,182 bn, up by 0.9% QoQ and 3% YoY. However, Asset Under Management grew by 8% YoY. The deposits were at Rs. 25,638 bn, up by 2.5% QoQ and 15.8% YoY. The bank has sufficient liquidity and capital to grow and capture market share when macro turns favourable. The bank had previously said that it would lag system loan growth in FY25, match it in F26 and exceed in FY27. Hence, the current growth is in line with what the bank had said, averred management.

**Asset Quality** – Adjusted for seasonal agri slippages, gross slippages were stable sequentially, while management cited stable overall asset quality: Gross NPA additions amounted to Rs 88bn for 3QFY25, translating to an annualized slippage ratio of 1.4% for the quarter. Gross NPA additions had amounted to Rs 78bn during 2QFY25. Microfinance is less than 1% of overall book and is also a stable book. Provisions were Rs 31.54bn, up by 16.8% QoQ but down by -25.2% YoY, translating to calculated annualised credit cost of 50bps.

**Net Interest Margin** – Margin remained broadly stable on sequential basis as opposing factors canceled each other out: NIM was at 3.43%, down -3bps QoQ but up 3bps YoY. The borrowings book, particularly that inherited from HDFC Limited, is having a cost of about 8%, including the hedges. As part of the ongoing process, the bank extinguished some of this. However, the tailwind from reduced borrowing cost has been offset by reduced CASA. Interest reversal amounted to Rs 1-1.5bn and impacted margin by a few bps.

**We maintain an ADD rating with a revised price target of Rs 1995:** We value the standalone bank at 2.4x FY26 P/BV for an FY25/26/27E RoE profile of 15.3/15.0/15.1%. We assign a value of Rs 231 per share to the subsidiaries.

**(See Comprehensive con call takeaways on page 2 for significant incremental colour.)**

### Other Highlights (See “Our View” above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 40.6% up by 2/33bps QoQ/YoY and the Cost to assets was at 1.8% down by -2bps/-1bp QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 1.0%, down/up -3bps/9bps QoQ/YoY.

### Exhibit 1: Result table

Particulars (Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Interest Income	760,069	740,169	2.7	705,826	7.7
Interest Expense	(453,536)	(439,030)	3.3	(421,113)	7.7
<b>Net Interest Income</b>	<b>306,533</b>	<b>301,139</b>	<b>1.8</b>	<b>284,713</b>	<b>7.7</b>
Fee Income	95,800	96,000	(0.2)	81,500	17.5
Non-fee Income	18,736	18,827	(0.5)	29,870	(37.3)
<b>Total Non-Interest Income</b>	<b>114,536</b>	<b>114,827</b>	<b>(0.3)</b>	<b>111,370</b>	<b>2.8</b>
<b>Total Income</b>	<b>421,068</b>	<b>415,966</b>	<b>1.2</b>	<b>396,084</b>	<b>6.3</b>
Employee Expense	(59,504)	(59,853)	(0.6)	(53,518)	11.2
Non-employee Opex	(111,560)	(109,056)	2.3	(106,093)	5.2
<b>Total Operating expenses</b>	<b>(171,064)</b>	<b>(168,909)</b>	<b>1.3</b>	<b>(159,611)</b>	<b>7.2</b>
<b>PPOP</b>	<b>250,004</b>	<b>247,057</b>	<b>1.2</b>	<b>236,473</b>	<b>5.7</b>
Provisions	(31,539)	(27,005)	16.8	(42,166)	(25.2)
<b>PBT</b>	<b>218,466</b>	<b>220,053</b>	<b>(0.7)</b>	<b>194,307</b>	<b>12.4</b>
Tax	(51,111)	(51,843)	(1.4)	(30,581)	67.1
<b>PAT</b>	<b>167,355</b>	<b>168,210</b>	<b>(0.5)</b>	<b>163,725</b>	<b>2.2</b>

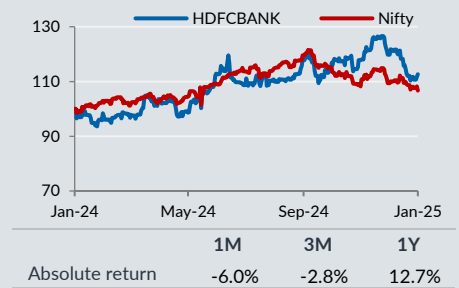
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 1,665
Target Price	: Rs 1,995
Potential Return	: +19.8%

### Stock data (as on January 22, 2025)

Nifty	23,155
52 Week h/l (Rs)	1880 / 1364
Market cap (Rs/USD mn)	12629250 / 146314
Outstanding Shares (mn)	7,648
6m Avg t/o (Rs mn):	31,588
Div yield (%):	1.2
Bloomberg code:	HDFCB IN
NSE code:	HDFCBANK

### Stock performance



### Shareholding pattern (As of Dec'24 end)

Promoter	0.0%
FII+DII	72.5%
Others	14.1%

### Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1995	2025

### Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	1,284,632	1,447,112	1,672,218
PPOP	1,080,408	1,228,583	1,425,276
Net Profit	717,124	795,792	901,061
Growth (%)	17.9	11.0	13.2
EPS (Rs)	94.4	104.8	118.6
BVPS (Rs)	655.6	740.0	835.6
P/E (x)	15.2	13.7	12.1
P/BV (x)	2.2	1.9	1.7
ROE (%)	15.3	15.0	15.1
ROA (%)	1.9	1.9	1.9
Tier-1 (%)	17.3	17.5	17.3

### Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	94.4	104.8	118.6
EPS (Old)	92.8	108.0	124.6
% change	1.7%	-3.0%	-4.8%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 88bn for 3QFY25, translating to an annualized slippage ratio of 1.4% for the quarter. (Gross NPA additions had amounted to Rs 78bn during 2QFY25.)
  - **Agri slippages**
    - Slippages are stable sequentially excluding agri slippages, which have risen seasonally.
  - **Key general comment**
    - The asset quality across the book, whether retail, wholesale or commercial, remains stable.
  - **Microfinance**
    - This is less than 1% of overall book and is also a stable book.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 40bn for 3QFY25, implying net NPA addition of Rs 48bn for the quarter.
- **Provisions**
  - Provisions were Rs 31.54bn, up by 16.8% QoQ but down by -25.2% YoY, translating to calculated annualised credit cost of 50bps.
  - **Contingent provisions**
    - While the bank applies certain processes on portfolios, it makes judgement calls and hence, the rundown is discretionary.
    - There was a contingent provision release during the quarter as a wholesale account paid money.
  - **Provisioning policy**
    - Unsecured loans are written off at 150 dpd.
    - Agri NPL provision 70% but LGD is far lower.
  - **Outstanding provisions**
    - Overall PCR is 68%.
    - Excluding agri, the PCR is 71%.
- **NPA ratios**
  - GNPA ratio stands at 1.42%, up 6bps QoQ and 16bps YoY while NNPA ratio stands at 0.46%, up 5bps QoQ and 15bps YoY.
  - About 15 bps NPA represent performing loans that were restructured loans inherited from HDFC Limited.

### Net interest margin

- **Margin level**
  - NIM was at 3.43%, down -3bps QoQ but up 3bps YoY.
- **Liquidity aspects**
  - In Q3, the liquidity has been neutral with peak negative liquidity of around Rs. 2-2.5 trillion.
  - NIMs for the bank have remained reasonably rangebound and stable despite the headwinds of tight liquidity.
- **Interest on income tax refund**
  - This amounted to Rs 2bn for the quarter and had amounted to Rs 0.5bn in the previous quarter.

(Con call takeaways continue on the next page)

- **Interest reversal**
  - The incremental agri slippages involves interest reversals wherein typically 1 year worth of interest is reversed upon NPL formation.
  - This amounted to Rs 1-1.5bn and impacted margin by a few bps.
- **Investment yield**
  - The investment book net of cash and equivalents has risen Rs 500bn on sequential basis.
  - This gets invested in g-secs yielding between 6.5-7%, which is a function of the 10-year g-sec yielding below 7%.
- **Borrowings book**
  - The borrowings book, particularly that inherited from HDFC Limited, is having a cost of about 8%, including the hedges.
  - As part of the ongoing process, the bank extinguished some of this.
- **CASA aspects**
  - The tailwind from reduced borrowing cost has been offset by reduced CASA.
  - As the term deposit rates come off, CASA ratio would eventually improve in a couple of years.
- **Priority sector lending (PSL)**
  - The bank has met the target at the aggregate level.
  - Small and marginal farmer and Weaker section has been missed.
  - Using organic growth, IBPC, PTC and PLSC being used to meet target.
  - Cost of PSL is embedded within the RoA.
  - Not much PSLC was used so far but the year has not ended yet.
- **Loan yield**
  - The RWA density or RWA to total assets is 67% and 5-7% lower the peers.
  - This is indicative of the potential of loan yield moving up.
- **Loan mix by rate category**
  - A little less than 70% of the loan book is floating rate, of which 45% is linked to repo rate.

## Merger update

- 96-97% of new-to-bank mortgage customers are being sold liability accounts.
- For the 4mn mortgage customers targeted, liability accounts have been opened for 1.9mn.

## Balance Sheet Aspects

- The advances for the bank stood at Rs 25,182 bn, up by 0.9% QoQ and 3% YoY.
- The deposits were at Rs. 25,638 bn, up by 2.5% QoQ and 15.8% YoY.
- **AUM growth**
  - Asset Under Management grew by 8% YoY.
- **Average deposits**
  - Average deposits grew by 15% YoY and the Bank has gained market share in Deposits.
- **Guidance**
  - The bank has sufficient liquidity and capital to grow and capture market share when macro turns favourable.

(Con call takeaways continue on the next page)

- The bank had previously said that it would lag system loan growth in FY25, match in F26 and exceed in FY27.
- Hence, the current growth is in line with what the bank had said.

## Operating expenses

- **Total opex**
  - Total Opex, at Rs. 171.1 bn, is up by 1.3% QoQ and 7.2% YoY.
  - Consequently, cost/income ratio came in at 40.6%, up by 2bps QoQ and 33bps YoY.
- **Tech spends**
  - The tech spend has risen to 10% of total opex as the bank continues to make investment.
- **Cost to assets**
  - Cost to assets is 1.93% is tight and best in class.
- **Staff opex**
  - The staff opex is down by -0.6% QoQ but up 11.2% YoY.
  - **Headcount**
    - The headcount, which had dipped in 2Q, is back to 210,000.
    - About 3000 people were added during the quarter but the net addition over 12 months is 2000.
- **Non-staff opex**
  - Other opex is up by 2.3% QoQ and 5.2% YoY.
  - **Branch addition**
    - The bank has added 1052 branches over the past 12 months.

## Trading income

- The bank had inherited an equity investment and it has taken a Rs 2.5bn hit through the P&L due to MTM loss on this position.

## Exhibit 2: Key quarterly balance sheet / business data

Particulars (Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Gross Advances	25,426,000	25,190,000	0.9	24,693,000	3.0
Retail Excl. Agri	13,425,000	13,156,000	2.0	12,206,000	10.0
Commercial & Rural Incl. Agri	7,532,000	8,413,000	(10.5)	7,717,000	(2.4)
Corporates & Other Wholesale	4,806,000	4,765,000	0.9	5,365,000	(10.4)
IBPC/BRDS	(1,413,000)	(1,144,000)	23.5	(594,000)	137.9
Total Deposits	25,637,950	25,000,882	2.5	22,139,770	15.8
CA deposits	2,671,000	2,754,000	(3.0)	2,558,000	4.4
SA deposits	6,056,000	6,081,000	(0.4)	5,799,000	4.4
Term deposits	16,910,950	16,165,882	4.6	13,782,770	22.7

Source: Company, YES Sec - Research

## Exhibit 3: Key quarterly ratios

(%)	Q3 FY25	Q2 FY25	chg qoq	Q3 FY24	chg yoy
Net Interest Margin	3.43	3.46	-3bps	3.40	3bps
Yield on Assets	8.30	8.30	0bps	8.30	0bps
Cost of Funds	4.90	4.90	0bps	4.90	0bps
Non-interest income/Total income	27.2	27.6	-40bps	28.1	-92bps
Fee Income to Avg. Total Assets	1.0	1.1	-3bps	0.9	9bps
Cost to Income ratio	40.6	40.6	2bps	40.3	33bps
Opex to Avg. Total Assets	1.8	1.9	-2bps	1.8	-1bps
Credit Cost	0.5	0.4	7bps	0.7	-20bps
CASA ratio	34.0	35.3	-130bps	37.7	-371bps
Loan to Deposit ratio	98.2	99.8	-158bps	110.5	-1226bps
Capital adequacy ratio	20.0	19.8	20bps	18.4	158bps
Tier I capital ratio	18.0	17.8	20bps	16.8	120bps
Common equity tier 1	17.5	17.3	20bps	16.8	70bps
Annualised Slippage Ratio	1.4	1.2	14bps	1.2	23bps
Provision Coverage Ratio	68.0	70.0	-200bps	75.0	-700bps
RoA*	1.9	2.0	-8bps	2.0	-8bps
Gross NPA	1.4	1.4	6bps	1.3	16bps
Net NPA	0.5	0.4	5bps	0.3	15bps

Source: Company, YES Sec - Research, \*Annualised,

## Exhibit 4: Quarterly Actuals Vs Estimates

Q3FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	306,533	308,667	(0.7)
Pre-Prov. Operating Profit	250,004	253,741	(1.5)
Profit After Tax	167,355	172,323	(2.9)

Source: Company, YES Sec - Research

## Exhibit 5: Gross Advances Mix - Quarterly

Particulars (Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy	Q3 FY25 (%)*	chg qoq*	chg yoy*
Retail Mortgages	8,171,000	8,028,000	1.8	7,450,000	9.7	32.1	27bps	197bps
Personal Loans	1,944,000	1,896,000	2.5	1,815,000	7.1	7.6	12bps	30bps
Auto Loans	1,399,000	1,375,000	1.7	1,280,000	9.3	5.5	4bps	32bps
Payment Products	1,123,000	1,097,000	2.4	971,000	15.7	4.4	6bps	48bps
Two Wheelers	122,000	125,000	(2.4)	113,000	8.0	0.5	-2bps	2bps
Gold Loans	167,000	159,000	5.0	131,000	27.5	0.7	3bps	13bps
Other Retail	499,000	475,000	5.1	446,000	11.9	2.0	8bps	16bps
<b>Total Retail Assets</b>	<b>13,425,000</b>	<b>13,156,000</b>	<b>2.0</b>	<b>12,206,000</b>	<b>10.0</b>	<b>52.8</b>	<b>57bps</b>	<b>337bps</b>
Emerging Corporates	2,192,000	2,204,000	(0.5)	2,199,000	(0.3)	8.6	-13bps	-28bps
Business Banking	3,629,000	3,439,000	5.5	3,068,000	18.3	14.3	62bps	185bps
Commercial Transportation	1,485,000	1,449,000	2.5	1,313,000	13.1	5.8	9bps	52bps
Agriculture	1,076,000	1,081,000	(0.5)	930,000	15.7	4.2	-6bps	47bps
Other CRB	226,000	241,000	(6.2)	207,000	9.2	0.9	-7bps	5bps
<b>Total Commercial &amp; Rural</b>	<b>8,608,000</b>	<b>8,413,000</b>	<b>2.3</b>	<b>7,717,000</b>	<b>11.5</b>	<b>33.9</b>	<b>46bps</b>	<b>260bps</b>
Corporates & Other Wholesale	4,806,000	4,765,000	0.9	5,365,000	(10.4)	18.9	-1bps	-282bps
IBPC/BRDS	(1,413,000)	(1,144,000)	23.5	(594,000)	137.9	(5.6)	-102bps	-315bps
<b>Total Gross Advances</b>	<b>25,426,000</b>	<b>25,190,000</b>	<b>0.9</b>	<b>24,693,000</b>	<b>3.0</b>	<b>100.0</b>	<b>0bps</b>	<b>0bps</b>

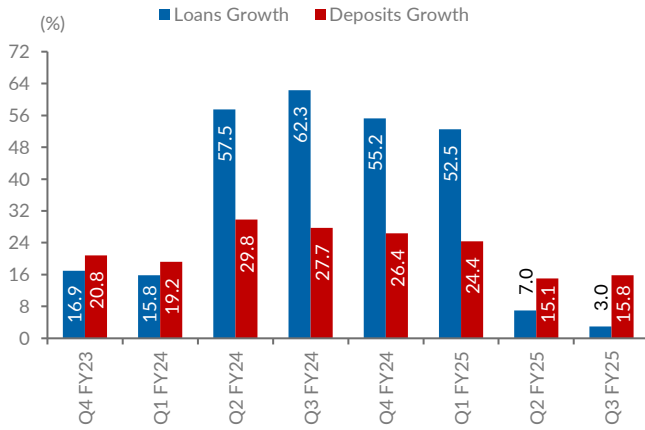
Source: Company, YES Sec - Research, \*Share in total gross advances and change in share

## Exhibit 6: Non-Interest Income Break-up

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Fees & commissions	81,800	81,400	0.5	69,400	17.9
Foreign exchange & derivatives	14,000	14,600	(4.1)	12,100	15.7
P/L on sale / revaluation of investments	700	2,900	(75.9)	14,700	(95.2)
Miscellaneous income	17,900	15,900	12.6	15,200	17.8
<b>Total Non-Interest Income</b>	<b>114,400</b>	<b>114,800</b>	<b>(0.3)</b>	<b>111,400</b>	<b>2.7</b>

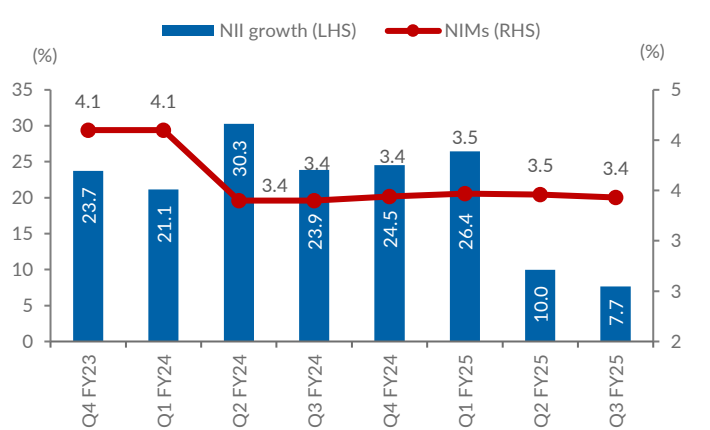
Source: Company, YES Sec - Research

**Exhibit 7: Loans and Deposits growth (YoY %)**



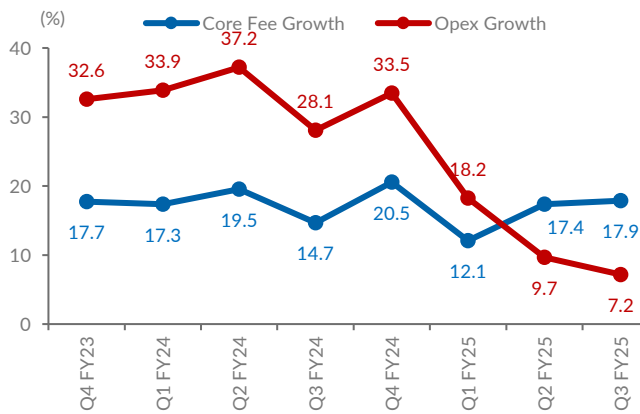
Source: Company, YES Sec - Research

**Exhibit 8: NII growth (YoY %) and NIM**



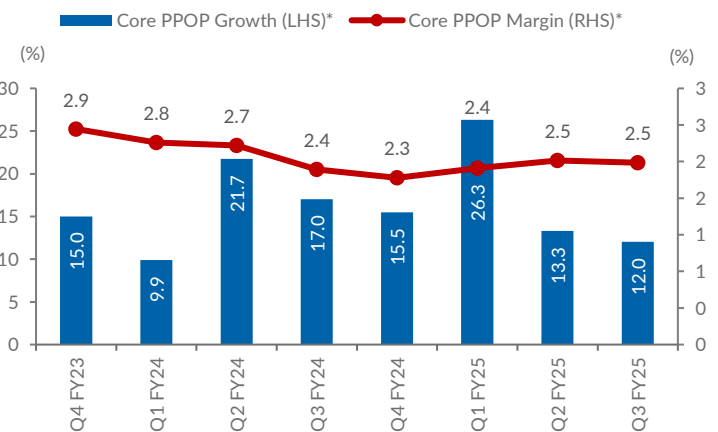
Source: Company, YES Sec - Research

**Exhibit 9: Core Fee and Opex growth (YoY %)**



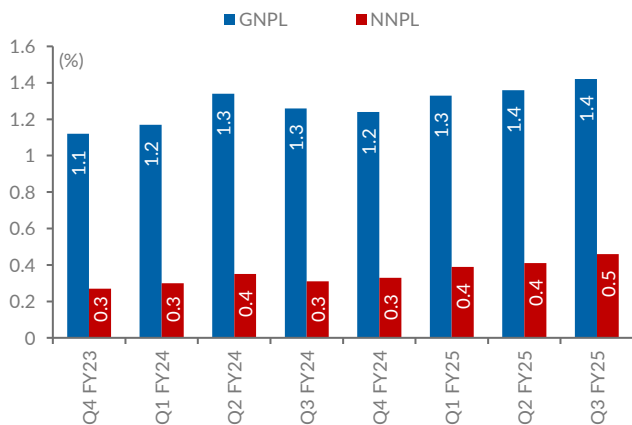
Source: Company, YES Sec - Research

**Exhibit 10: Core PPOP growth (YoY %) and Core PPOP margin**



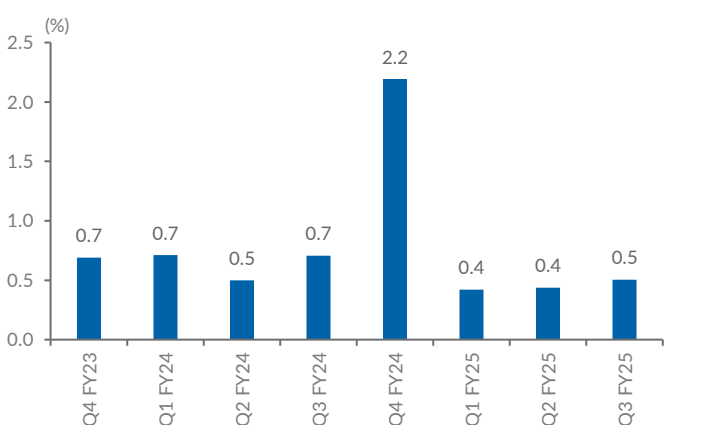
Source: Company, YES Sec - Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 11: Gross NPA and Net NPA (%)**



Source: Company, YES Sec - Research

**Exhibit 12: Provisions/Average Advances (%)**



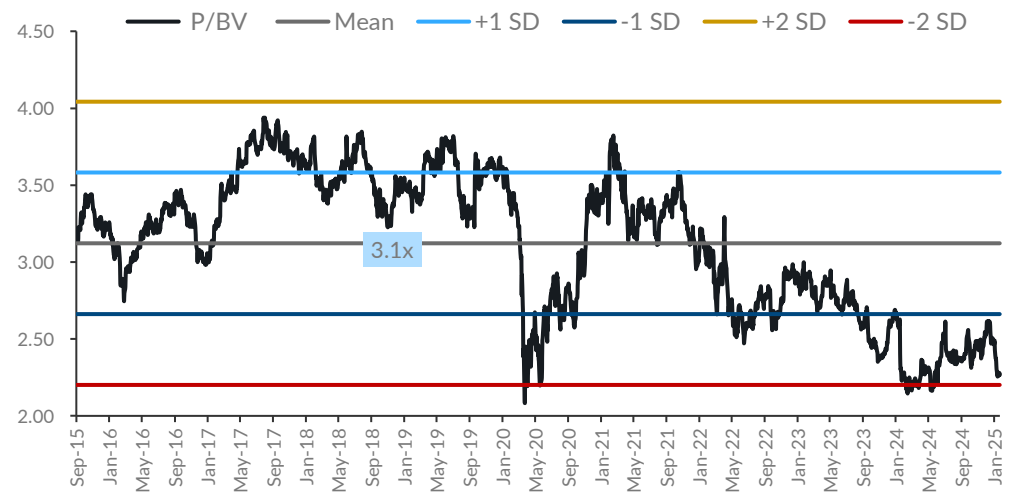
Source: Company, YES Sec - Research

**Exhibit 13: 1-year rolling P/BV band**



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 14: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value



## ANNUAL FINANCIALS

### Exhibit 15: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	1,937,651	2,191,474	2,952,015	3,276,737	3,395,891
Investments	5,170,014	7,024,150	7,560,975	8,358,019	9,484,025
Advances	16,005,859	24,848,615	26,836,504	29,788,520	33,958,913
Fixed assets	80,165	113,990	125,389	137,928	151,721
Other assets	1,467,125	1,998,002	2,397,602	2,877,123	3,164,835
<b>Total assets</b>	<b>24,660,815</b>	<b>36,176,231</b>	<b>39,872,486</b>	<b>44,438,327</b>	<b>50,155,385</b>
Net worth	2,801,990	4,402,458	4,980,460	5,621,868	6,348,124
Deposits	18,833,946	23,797,863	27,376,063	31,213,683	36,218,155
Borrowings	2,067,656	6,621,531	6,124,558	5,386,555	5,178,035
Other liabilities	957,222	1,354,379	1,391,405	2,216,220	2,411,071
<b>Total liabilities incl. Equity</b>	<b>24,660,815</b>	<b>36,176,231</b>	<b>39,872,486</b>	<b>44,438,327</b>	<b>50,155,385</b>

Source: Company, YES Sec – Research

### Exhibit 16: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	1,615,855	2,583,406	3,225,172	3,555,273	3,985,815
Interest expense	(747,433)	(1,498,081)	(1,940,540)	(2,108,160)	(2,313,598)
<b>Net interest income</b>	<b>868,422</b>	<b>1,085,325</b>	<b>1,284,632</b>	<b>1,447,112</b>	<b>1,672,218</b>
Non-interest income	312,148	492,410	474,818	549,342	633,614
<b>Total income</b>	<b>1,180,570</b>	<b>1,577,735</b>	<b>1,759,451</b>	<b>1,996,454</b>	<b>2,305,832</b>
Operating expenses	(476,521)	(633,860)	(679,043)	(767,871)	(880,556)
<b>PPoP</b>	<b>704,050</b>	<b>943,875</b>	<b>1,080,408</b>	<b>1,228,583</b>	<b>1,425,276</b>
Provisions	(119,197)	(234,922)	(124,243)	(167,527)	(223,861)
<b>Profit before tax</b>	<b>584,853</b>	<b>708,953</b>	<b>956,165</b>	<b>1,061,057</b>	<b>1,201,415</b>
Taxes	(143,766)	(100,830)	(239,041)	(265,264)	(300,354)
<b>Net profit</b>	<b>441,087</b>	<b>608,123</b>	<b>717,124</b>	<b>795,792</b>	<b>901,061</b>

Source: Company, YES Sec – Research

## Exhibit 17: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	7.1	7.9	8.5	8.4	8.4
Interest expense	-3.3	-4.6	-5.1	-5.0	-4.9
<b>Net interest income</b>	<b>3.8</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>	<b>3.5</b>
Non-interest income	1.4	1.5	1.2	1.3	1.3
<b>Total income</b>	<b>5.2</b>	<b>4.8</b>	<b>4.6</b>	<b>4.7</b>	<b>4.9</b>
Operating expenses	-2.1	-1.9	-1.8	-1.8	-1.9
<b>PPoP</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>
Provisions	-0.5	-0.7	-0.3	-0.4	-0.5
<b>Profit before tax</b>	<b>2.6</b>	<b>2.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
Taxes	-0.6	-0.3	-0.6	-0.6	-0.6
<b>Net profit</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>

Source: Company, YES Sec - Research

## Exhibit 18: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
HDB Financial Services	520,779	BV	148,794	3.5x	95.0%	494,532	65.1
HDFC Securities	95,234	BV	31,745	3.0x	96.3%	91,748	12.1
HDFC AMC	845,355	QAAUM	7,874,336	10.7%	52.6%	444,318	58.5
HDFC Life	1,330,755	EV	532,460	2.5x	50.3%	669,769	88.2
HDFC ERGO	109,418	PE	4,377	25.0x	50.5%	55,256	7.3
<b>Value of Subsidiaries</b>						<b>586,280</b>	<b>231.1</b>

Source: Company, YES Sec - Research

## Exhibit 19: Change in Annual Estimates

Y/e 31 Mar (Rs. mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	1,284,632	1,447,112	1,672,218	1,340,834	1,591,517	1,862,428	(4.2)	(9.1)	(10.2)
Pre-Prov. Operating Profit	1,080,408	1,228,583	1,425,276	1,067,764	1,282,841	1,513,223	1.2	(4.2)	(5.8)
Profit after tax	717,124	795,792	901,061	705,311	820,475	946,701	1.7	(3.0)	(4.8)

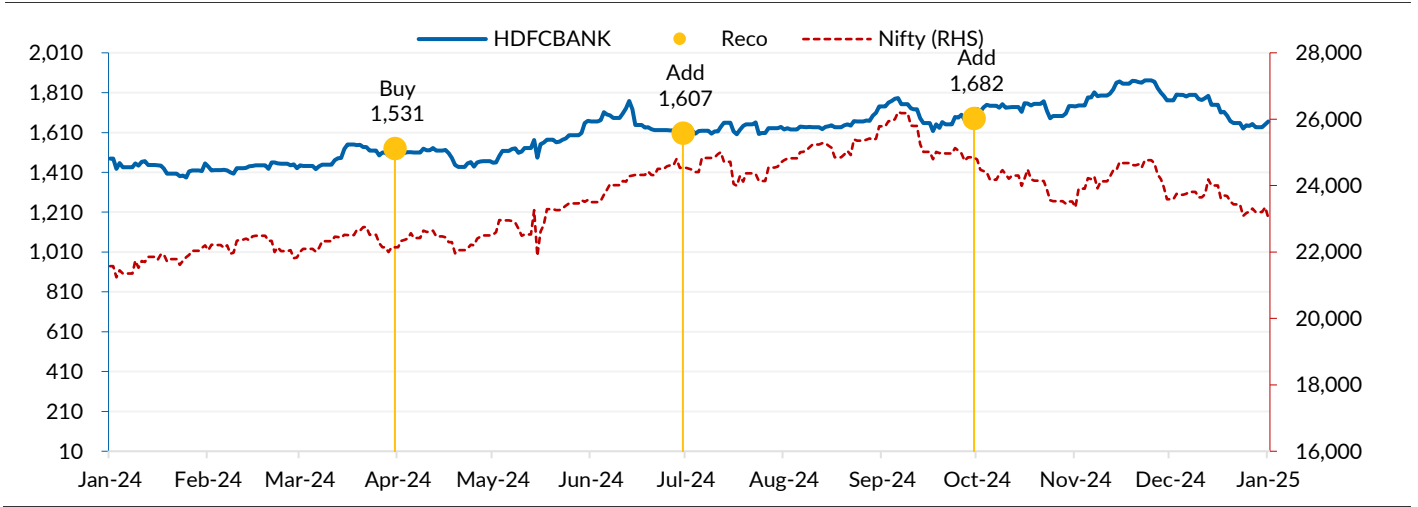
Source: Company, YES Sec - Research

## Exhibit 20: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>					
Net interest income	20.6	25.0	18.4	12.6	15.6
PPoP	9.9	34.1	14.5	13.7	16.0
Net profit	19.3	37.9	17.9	11.0	13.2
Loans	16.9	55.2	8.0	11.0	14.0
Deposits	20.8	26.4	15.0	14.0	16.0
<b>Profitability Ratios (%)</b>					
Net interest margin	4.1	3.5	3.5	3.6	3.7
Return on Average Equity	17.0	15.6	15.3	15.0	15.1
Return on Average Assets	1.9	1.9	1.9	1.9	1.9
<b>Per share figures (Rs)</b>					
EPS	79.1	80.0	94.4	104.8	118.6
BVPS	502	580	656	740	836
ABVPS	494	569	628	702	790
<b>Valuation multiples</b>					
P/E	18.1	17.9	15.2	13.7	12.1
P/BV	2.9	2.5	2.2	1.9	1.7
P/ABV	2.9	2.5	2.3	2.0	1.8
<b>NIM internals (%)</b>					
Yield on loans	8.6	10.1	10.1	10.1	10.1
Cost of deposits	3.6	4.7	5.5	5.5	5.5
Loan-deposit ratio	85.0	104.4	98.0	95.4	93.8
CASA ratio	44.4	38.2	37.0	37.0	37.0
<b>Opex control (%)</b>					
Cost/Income ratio	40.4	40.2	38.6	38.5	38.2
Cost to average assets	2.1	1.9	1.8	1.8	1.9
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	17.1	16.8	17.3	17.5	17.3
<b>Asset quality (%)</b>					
Slippage ratio	1.7	2.0	1.3	1.2	1.2
Gross NPL ratio	1.1	1.2	1.5	1.6	1.5
Credit cost	0.8	0.5	0.5	0.6	0.7
Net NPL ratio	0.3	0.3	0.8	1.0	1.0

Source: Company, YES Sec – Research; Valuations are the implied valuation of standalone entity net of subsidiaries

## Recommendation Tracker



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