

HDFC BANK LIMITED

Stable margin, floating provision built up

LKP
Since 1948

Trust • Invest • Grow

Price Analysis:

HDFC Bank reported mixed operating performance in 4QFY24. The slippages increased by 4.3% sequentially added by stable recoveries and upgrades, which resulted in improved GNPA ratio at 1.24%. The reported GNPA is below the historical trend of 1.4%. Furthermore, the contingent stands adequate. In 4QFY24, the provisioning expenses were higher sequentially at ₹135bn (v/s ₹42.1bn 3QFY24). At the same time NII growth was tepid sequentially (24.5% YoY, 2.1% QoQ) against the loan growth (55.2% YoY, 1.6% QoQ, merger impact). The bank reported NIMs stable at 3.63%. A stable opex (C/I ratio: 38%) and strong other income growth led to sequential improvement in PPOP. Thus, the bank has reported sequential increase in PAT by 0.9% along with ROA/ROE of 1.96%/15.1%. We expect marginal reduction in ROA/ROE for FY26E owing to higher C/I ratio and margin pressure. Therefore, adjusted the P/BVPS multiple. Nevertheless, we believe, superior underwriting practices, adequate coverage and strong capital position makes the bank well placed and thus, we recommend BUY with price target of ₹1,756.

Gazing the core:

ROA stable for the quarter: The bank's NII stood at ₹291bn; grew by 24.5% YoY and 2.1% sequentially driven by flat COF of 4.9% sequentially. The banks reported NIMs steady sequentially at 3.63% (However, below the pre-merger historical trend of 4.1%). Around 19% of balance sheet is from borrowings which used to be at ~8%. Hence replacing these with low cost deposits and debentures could drive margin improvement over-time. The AUM mix towards high yield loans could be the margin enhancer. Furthermore, in 4QFY24, the fee income grew by 15% QoQ. Other income was up by 63% QoQ led by Credila sale. PPOP grew by 57.2% YoY and 23.8% sequentially driven by 2.1% sequential NII growth, bulky treasury gain and stable opex (C/I ratio: 38%). The bank's provisioning expense stood sequentially higher at ₹135bn v/s ₹26.1bn in 3QFY24. The provisioning expenses includes the contingent provision of ₹109bn pertaining towards floating provisions. Core credit cost stable at 0.42%. The bank has reported a PAT of ₹165.2bn; up 37.1% YoY and 0.9% sequentially. ROA and ROE stood flat at 1.96% and 15.1% respectively.

| Key Financials (₹ mn) | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------|------------|------------|------------|------------|------------|
| NII | 720,096 | 868,422 | 1,085,325 | 1,473,862 | 1,773,563 |
| Operating Profit | 640,773 | 704,050 | 943,874 | 1,207,895 | 1,330,261 |
| Reported Profits | 369,614 | 441,087 | 608,123 | 731,209 | 733,557 |
| Net Worth | 2,400,929 | 2,801,990 | 4,375,931 | 5,107,140 | 5,840,697 |
| Loan & Advances | 13,688,209 | 16,005,859 | 24,848,615 | 29,569,852 | 35,483,823 |
| Int. Bearing Liabilities | 17,440,346 | 20,901,602 | 30,419,394 | 35,925,651 | 42,952,867 |

| Key Ratios (%) | FY22 | FY23 | FY24 | FY25E | FY26E |
|-----------------|------|------|------|-------|-------|
| NIM's | 3.9 | 4.1 | 3.8 | 4.0 | 4.0 |
| C/I Ratio | 36.9 | 40.4 | 40.2 | 39.5 | 42.8 |
| Gross NPA Ratio | 1.2 | 1.1 | 1.2 | 0.6 | 0.4 |
| PCR (%) | 72.7 | 75.8 | 74.0 | 47.9 | 26.7 |
| Adj. RoA Ratio | 1.9 | 1.9 | 2.0 | 1.8 | 1.6 |
| Adj. RoE Ratio | 16.7 | 17.0 | 16.9 | 15.4 | 13.4 |

| | |
|--------------------------|-------|
| Rating | BUY |
| Current Market Price (₹) | 1,531 |
| 12 M Price Target (₹) | 1,756 |
| Potential upside (%) | 15 |

Stock Data

| | |
|-------------------------------|-------------------|
| Sector: | Banking |
| FV (₹): | 1 |
| Market Cap Full (₹ bn): | 11,655 |
| Market Cap Free Float (₹ bn): | 11,539 |
| 52-Week High / Low (₹): | 1,758 / 1,364 |
| BSE Code / NSE Symbol: | 500180 / HDFCBANK |
| Bloomberg: | HDFCB IN |
| Sensex / Nifty: | 73,088 / 22,147 |

Shareholding Pattern

| (%) | Mar-24 | Dec-23 | Sep-23 | Jun-23 |
|-----------|--------|--------|--------|--------|
| Promoter | 0.00 | 0.00 | 0.00 | 25.52 |
| FPIs | 47.83 | 52.30 | 52.13 | 33.36 |
| MFs | 23.17 | 19.45 | 19.71 | 17.60 |
| Insurance | 8.11 | 9.07 | 8.74 | 7.63 |
| Others | 20.89 | 19.18 | 19.42 | 15.89 |

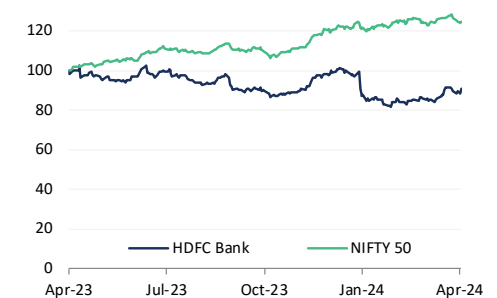
Source: BSE

Price Performance (%)

| (%) | 1M | 3M | 6M | 12M |
|-----------|------|------|-------|-------|
| HDFC Bank | 5.7% | 4.1% | 1.1% | -9.3% |
| Nifty 50 | 1.5% | 2.4% | 12.9% | 24.8% |

* To date / current date : April 19, 2024

HDFC Bank vs Nifty 50



Deposit growth strong led by branch expansion: The bank's (post – merger) net advances stood at ₹24.8tn; grew 1.6% QoQ. Loan Mix carries: Retail (including business banking): 68%, Corporate (including overseas): 32%. The bank's deposit (consolidated) stood at ~₹23.8tn; grew 7.5% sequentially. Around 85% of new deposit was contributed by retail customer. The current quarter CDR at 104.4%. CDR, after removing merger effect would be 89%; whereas the bank's historical CDR range of 87% - 89%. There is expectation of CDR to go down progressively over several quarters. Hence deposit growth should be ~300bps addition to credit growth. The bank is confident to improve CASA ratio to long term average of ~42% against 38% as of 4QFY24. The bank's CRAR stood at 18.8% with CET-1 of 16.3%. Tier 2 CRAR improved to 2% v/s 1.6% in 3QFY24. The bank is adequately capitalized and sees no further dilution. The bank's RWA to total asset stood at 68% and LCR improves to 115%.

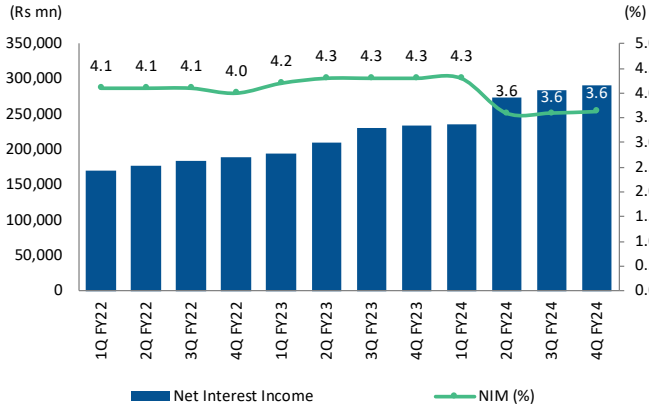
Credit quality overwhelming: The GNPA/NNPA/PCR of merged entity stood at 1.24%/0.33%/74% v/s 1.26%/0.31%/75% in the previous quarter. Additionally, the slippage ratio (calculated) of merged entity stood at 0.46% up sequentially from 0.44% of standalone bank in 3QFY24. The historical slippages ratio range is 1.5% - 2%. The upgrades and recoveries were ₹45bn stable sequentially. In 3QFY24, the bank has reported higher provisioning expenses of ₹135bn; up by 220.1% sequentially driven by provision of ₹109bn pertaining to floating provision. PCR (calculated) is stable at 74% and it is in line with the historical trend. Along with cumulative provision of ~₹230bn, the bank also held floating provisions of ₹124bn and contingent provision of ₹149bn. Total Provision (Specific + Floating + Contingent + General) stood at 196% of GNPLs. The additional (COVID + contingent) provision stood 1.53% of the book.

Outlook and Valuation

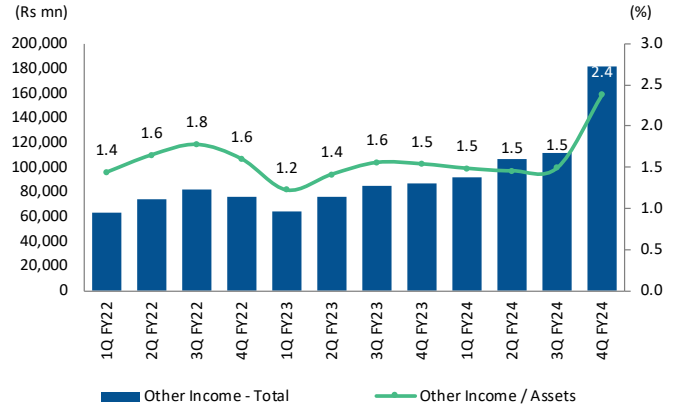
HDFC Bank is expected to overcome the merger overhangs gradually led by 1) healthy balance sheet growth, 2) much higher provision than regulatory requirement in the balance sheet, 3) best in class underwriting and risk management practices. Given these strengths we expect HDFC Bank to remain one of the best among all the lending businesses. Thus, we continue to maintain BUY rating on the bank with revised target price of ₹1,756.

Quarterly story in charts

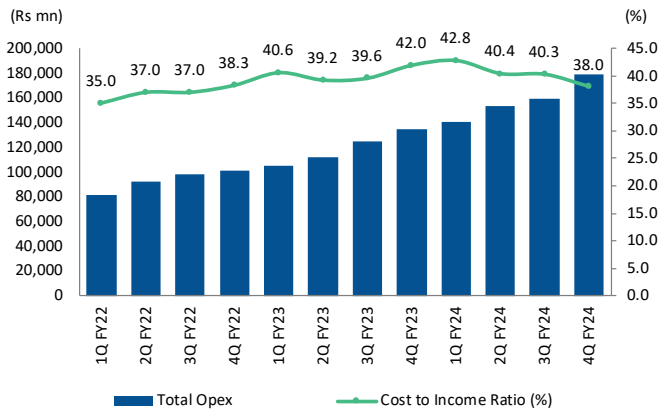
NII Trend



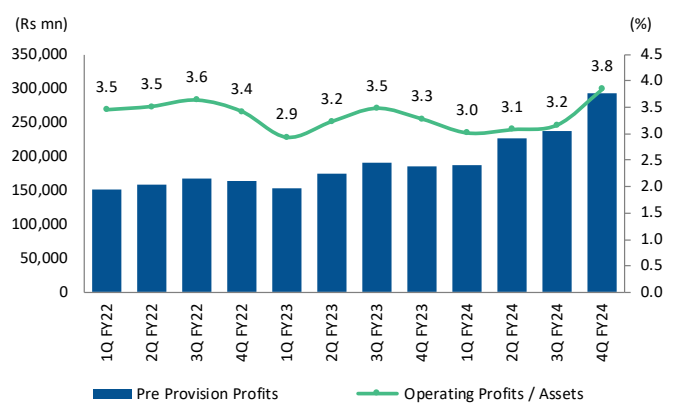
Other income trend



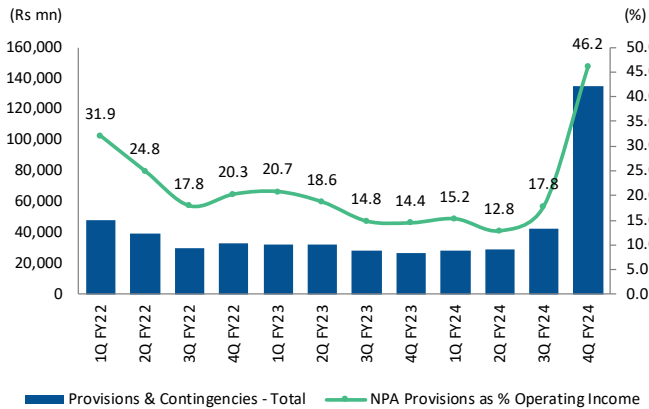
Total Opex Trend



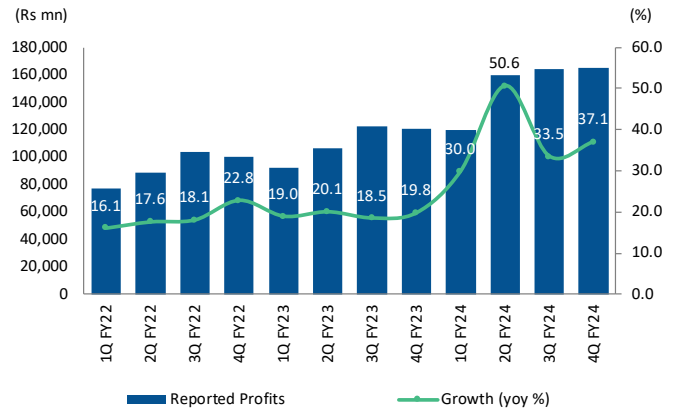
Pre Provision Profit trend



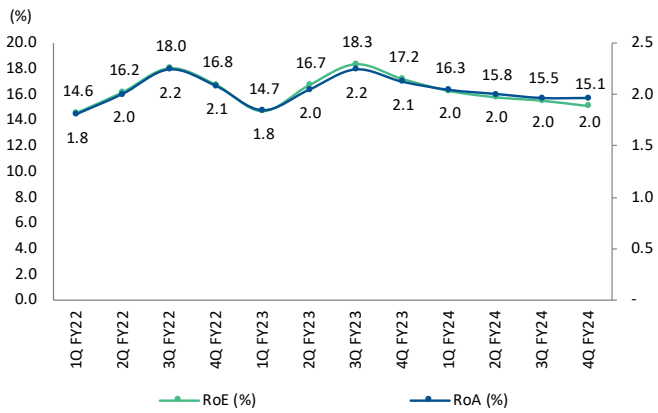
Provision Expenses trend



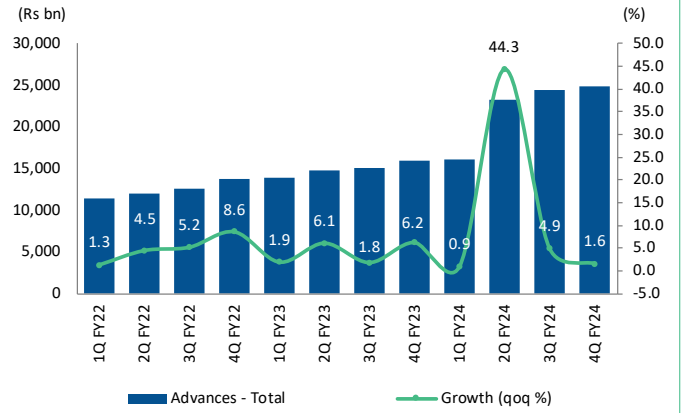
Reported Profit trend



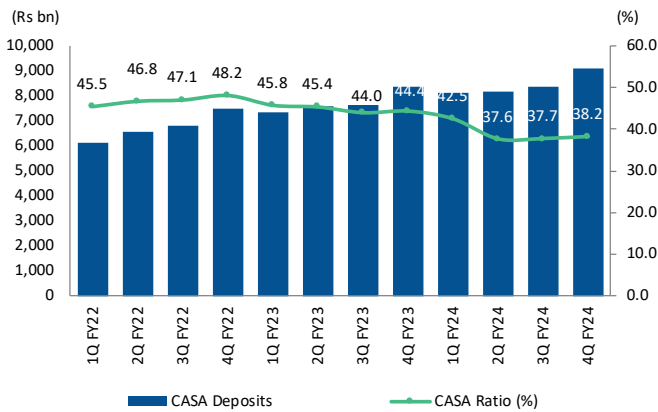
Return Ratio trend



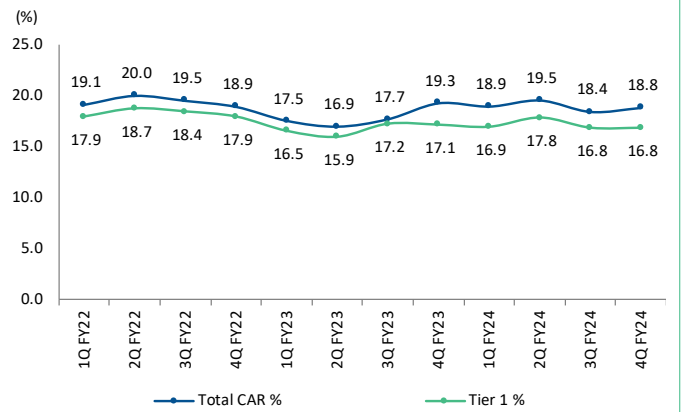
Loan Book trend



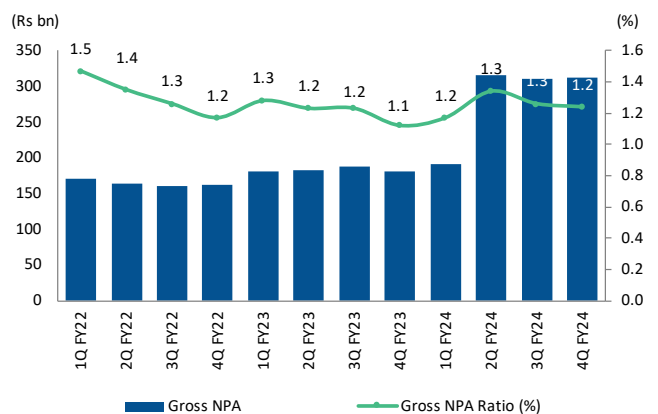
CASA Deposit trend



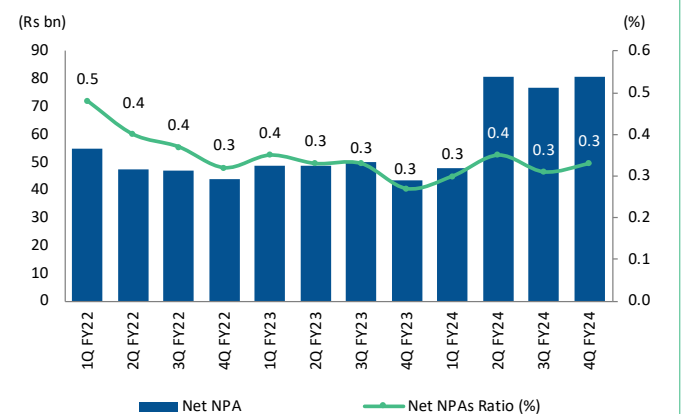
CRAR and Tier 1 trend



Gross NPA trend



PCR trend



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

| (₹ mn) | 4Q FY24 | 4Q FY23 | % yoy / bps | 3Q FY24 | % qoq / bps | FY24 | FY23 | % yoy / bps |
|--------------------------------------|---------|---------|-------------|---------|-------------|-----------|-----------|-------------|
| Interest Inc. | 714,728 | 451,194 | 58.4 | 705,826 | 1.3 | 2,583,406 | 1,615,856 | 59.9 |
| Interest Expenses | 423,959 | 217,675 | 94.8 | 421,113 | 0.7 | 1,498,081 | 747,433 | 100.4 |
| Net Interest Income | 290,768 | 233,518 | 24.5 | 284,713 | 2.1 | 1,085,325 | 868,422 | 25.0 |
| NII to Net Operative Income | 61.5 | 72.8 | (1,124) | 71.9 | (1,033) | 68.8 | 73.6 | (477) |
| NIM (%) | 3.63 | 4.3 | (67) | 3.6 | 3 | 3.8 | 4.1 | (25) |
| Other Income - Total | 181,663 | 87,312 | 108.1 | 111,370 | 63.1 | 492,410 | 312,148 | 57.7 |
| Other Income to Net Operative Income | 38.5 | 27.2 | 1,124 | 28.1 | 1,033 | 31.2 | 26.4 | 477 |
| Net Operating Revenue | 472,431 | 320,830 | 47.3 | 396,084 | 19.3 | 1,577,735 | 1,180,571 | 33.6 |
| Employee Expenses | 69,362 | 43,621 | 59.0 | 53,518 | 29.6 | 222,402 | 155,124 | 43.4 |
| Other Opex | 110,326 | 91,001 | 21.2 | 106,093 | 4.0 | 411,458 | 321,397 | 28.0 |
| Total Opex | 179,688 | 134,621 | 33.5 | 159,611 | 12.6 | 633,860 | 476,521 | 33.0 |
| Cost to Income Ratio (%) | 38.0 | 42.0 | (393) | 40.3 | (226) | 40.2 | 40.4 | (19) |
| Pre Provision Profits | 292,742 | 186,209 | 57.2 | 236,473 | 23.8 | 943,874 | 704,050 | 34.1 |
| Provisions & Contingencies - Total | 135,116 | 26,854 | 403.2 | 42,166 | 220.4 | 234,921 | 119,197 | 97.1 |
| NPA Provisions as % Operating Income | 46.2 | 14.4 | 3,173 | 17.8 | 2,832 | 24.9 | 16.9 | 796 |
| Profit Before Tax | 157,626 | 159,355 | (1.1) | 194,307 | (18.9) | 708,953 | 584,853 | 21.2 |
| Tax | (7,493) | 38,881 | (119.3) | 30,581 | (124.5) | 100,830 | 143,766 | (29.9) |
| Effective Tax Rate (%) | (4.8) | 24.4 | (2,915) | 15.7 | (2,049) | 14.2 | 24.6 | (1,036) |
| Reported Profits | 165,119 | 120,475 | 37.1 | 163,725 | 0.9 | 608,123 | 441,087 | 37.9 |
| RoA (%) | 2.0 | 2.1 | (16) | 2.0 | - | 2.0 | 1.9 | 5 |
| RoE (%) | 15.1 | 17.2 | (211) | 15.5 | (41) | 16.9 | 17.0 | (1) |

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

| (₹ mn) | 3Q FY23 | 4Q FY23 | 1Q FY24 | 2Q FY24 | 3Q FY24 | 4Q FY24 | QoQ % / bps | YoY % / bps |
|--------------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Net Worth | 2,675,424 | 2,801,990 | 2,938,146 | 4,050,298 | 4,222,998 | 4,375,931 | 3.6 | 56.2 |
| RoE (%) | 18.3 | 17.2 | 16.3 | 15.8 | 15.5 | 15.1 | (41) | (211) |
| Tier 1 % | 17.2 | 17.1 | 16.9 | 17.8 | 16.8 | 16.8 | - | (30) |
| Total CAR % | 17.7 | 19.3 | 18.9 | 19.5 | 18.4 | 18.8 | 41 | (46) |
| RWA - Total | 15,362,720 | 15,866,350 | 16,708,990 | 21,742,260 | 23,865,000 | 24,680,000 | 3.4 | 55.5 |
| Advances - Total | 15,068,093 | 16,005,859 | 16,156,720 | 23,312,329 | 24,460,757 | 24,848,615 | 1.6 | 55.2 |
| Investments | 5,272,767 | 5,170,014 | 5,657,776 | 7,234,359 | 6,749,314 | 7,024,150 | 4.1 | 35.9 |
| Total Assets | 22,953,053 | 24,660,815 | 25,016,930 | 34,163,102 | 34,926,389 | 36,176,231 | 3.6 | 46.7 |
| RoA (%) | 2.24 | 2.12 | 2.04 | 2.00 | 1.96 | 1.96 | - | (16) |
| Deposits | 17,332,040 | 18,833,947 | 19,130,958 | 21,728,578 | 22,139,770 | 23,797,863 | 7.5 | 26.4 |
| CASA Deposits | 7,629,510 | 8,359,890 | 8,129,540 | 8,177,050 | 8,357,000 | 9,087,000 | 8.7 | 8.7 |
| CASA Ratio (%) | 44.0 | 44.4 | 42.5 | 37.6 | 37.7 | 38.2 | 50 | (620) |
| Interest Bearing Liabilities - Total | 19,439,661 | 20,901,602 | 21,225,186 | 28,896,328 | 29,516,758 | 30,419,394 | 3.1 | 45.5 |

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

| (₹ mn) | 3Q FY23 | 4Q FY23 | 1Q FY24 | 2Q FY24 | 3Q FY24 | 4Q FY24 | QoQ % / bps | YoY % / bps |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|--------------|
| Interest Bearing Liabilities - Total | 19,439,661 | 20,901,602 | 21,225,186 | 28,896,328 | 29,516,758 | 30,419,394 | 3.1 | 45.5 |
| Deposits | 17,332,040 | 18,833,947 | 19,130,958 | 21,728,578 | 22,139,770 | 23,797,863 | 7.5 | 26.4 |
| CASA Deposits | 7,629,510 | 8,359,890 | 8,129,540 | 8,177,050 | 8,357,000 | 9,087,000 | 8.7 | 8.7 |
| Saving Deposit | 5,352,060 | 5,624,930 | 5,606,040 | 5,699,560 | 5,799,000 | 5,987,000 | 3.2 | 6.4 |
| Current Deposit | 2,277,450 | 2,734,960 | 2,523,500 | 2,477,490 | 2,558,000 | 3,100,000 | 21.2 | 13.3 |
| Term Deposits | 9,702,530 | 10,474,057 | 11,001,418 | 13,551,528 | 13,782,770 | 14,710,863 | 6.7 | 40.5 |
| Borrowings | 2,107,621 | 2,067,656 | 2,094,228 | 7,167,750 | 7,376,988 | 6,621,531 | (10.2) | 220.2 |

Source: Company, LKP Research

Exhibit 4: Asset Quality Analysis

| (₹ mn) | 3Q FY23 | 4Q FY23 | 1Q FY24 | 2Q FY24 | 3Q FY24 | 4Q FY24 | QoQ % / bps | YoY % / bps |
|----------------------------------|---------|---------|---------|---------|---------|---------|-------------|-------------|
| Total Slippages | 66,000 | 49,000 | 58,000 | 202,638 | 70,000 | 73,000 | 4.3 | 49.0 |
| Slippages Ratio (%) | 0.48 | 0.36 | 0.36 | 1.27 | 0.44 | 0.46 | 2 | 10 |
| Gross NPA | 187,639 | 180,190 | 190,641 | 315,779 | 310,117 | 311,733 | 0.5 | 73.0 |
| Gross NPAs Ratio (%) | 1.23 | 1.12 | 1.17 | 1.34 | 1.26 | 1.24 | (2) | 12 |
| PCR - Calculated (%) | 73.2 | 75.8 | 74.9 | 74.4 | 75.3 | 74.0 | (124) | (171) |
| Net NPA | 50,243 | 43,684 | 47,769 | 80,728 | 76,641 | 80,917 | 5.6 | 85.2 |
| Net NPAs Ratio (%) | 0.33 | 0.27 | 0.30 | 0.35 | 0.31 | 0.33 | 2 | 6 |
| Standard Restructured | 64,000 | 50,000 | 42,650 | 51,287 | - | - | - | - |
| Std. Rest. Adv. as % of Advances | 0.4 | 0.3 | 0.26 | 0.22 | - | - | - | - |

Source: Company, LKP Research

Annual Projections

Exhibit 5: Profit and Loss Statement

| (₹ mn) | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Int. Income | 1,277,531 | 1,615,856 | 2,583,406 | 3,398,570 | 4,061,874 |
| Interest Expenses | 557,435 | 747,433 | 1,498,081 | 1,924,708 | 2,288,311 |
| Net Interest Income | 720,096 | 868,422 | 1,085,325 | 1,473,862 | 1,773,563 |
| <i>NIM (%)</i> | 3.92 | 4.05 | 3.80 | 3.95 | 3.98 |
| Other Income - Total | 295,099 | 312,148 | 492,410 | 521,954 | 553,272 |
| Net Operating Revenue | 1,015,195 | 1,180,571 | 1,577,735 | 1,995,817 | 2,326,835 |
| Employee Exp. | 120,317 | 155,124 | 222,402 | 318,860 | 457,152 |
| Other Opex | 254,105 | 321,397 | 411,458 | 469,062 | 539,421 |
| Total Opex | 374,422 | 476,521 | 633,860 | 787,922 | 996,574 |
| <i>C/I Ratio</i> | 36.88 | 40.36 | 40.18 | 39.48 | 42.83 |
| Pre Provision Profits | 640,773 | 704,050 | 943,874 | 1,207,895 | 1,330,261 |
| <i>PPP Growth (yoy %)</i> | 11.7 | 9.9 | 34.1 | 28.0 | 10.1 |
| Provisions & Contingencies - Total | 150,618 | 119,197 | 234,921 | 238,121 | 357,374 |
| <i>Credit Cost (As % of Op. AUM)</i> | 1.00 | 0.66 | 1.11 | 0.50 | 0.45 |
| Profit Before Tax | 490,155 | 584,853 | 708,953 | 969,774 | 972,887 |
| Tax | 120,541 | 143,766 | 100,830 | 238,564 | 239,330 |
| <i>Effective Tax Rate</i> | 24.6 | 24.6 | 14.2 | 24.6 | 24.6 |
| Reported Profits | 369,614 | 441,087 | 608,123 | 731,209 | 733,557 |
| <i>PAT Growth (yoy %)</i> | 18.8 | 19.3 | 37.9 | 20.2 | 0.3 |

Exhibit 6: Balance Sheet

| (₹ mn) | FY22 | FY23 | FY24 | FY25E | FY26E |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity Share Capital | 5,546 | 5,580 | 7,597 | 7,597 | 7,597 |
| Reserves (ex Revel. Reserve) | 2,395,384 | 2,796,411 | 4,368,334 | 5,099,543 | 5,833,100 |
| Net Worth - Ex Revaluation | 2,400,929 | 2,801,990 | 4,375,931 | 5,107,140 | 5,840,697 |
| Deposits | 15,592,174 | 18,833,947 | 23,797,863 | 28,105,548 | 33,603,117 |
| Borrowings | 1,848,172 | 2,067,656 | 6,621,531 | 7,820,103 | 9,349,750 |
| Interest Bearing Liabilities | 17,440,346 | 20,901,602 | 30,419,394 | 35,925,651 | 42,952,867 |
| Other Lia. & Prov. | 844,075 | 957,223 | 1,354,379 | 1,829,408 | 2,394,693 |
| Total Liabilities | 20,685,351 | 24,660,815 | 36,176,231 | 42,888,727 | 51,214,784 |
| Assets | | | | | |
| Cash & Cash Equivalent | 1,523,269 | 1,937,651 | 2,191,474 | 2,608,224 | 3,127,863 |
| Investments | 4,555,357 | 5,170,014 | 7,024,150 | 8,364,114 | 10,007,763 |
| Loan & Advances | 13,688,209 | 16,005,859 | 24,848,615 | 29,569,852 | 35,483,823 |
| <i>Growth (yoy %)</i> | <i>20.8</i> | <i>16.9</i> | <i>55.2</i> | <i>19.0</i> | <i>20.0</i> |
| Fixed Assets | 60,837 | 80,166 | 113,990 | 148,736 | 177,753 |
| Other Assets | 857,678 | 1,467,125 | 1,998,002 | 2,197,802 | 2,417,582 |
| Total Assets | 20,685,351 | 24,660,815 | 36,176,231 | 42,888,727 | 51,214,784 |

Exhibit 7: Per share data

| Y/E Mar | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------------------|-------|-------|-------|-------|-------|
| Face Value | 1 | 1 | 1 | 1 | 1 |
| Adjusted Share O/S - For Calculation | 5,546 | 5,580 | 7,597 | 7,597 | 7,597 |
| Earnings Per Share | 66.7 | 79.1 | 80.0 | 96.3 | 96.6 |
| EPS (% YoY) | 18.1 | 18.6 | 1.3 | 20.2 | 0.3 |
| P/E (x) | 23.0 | 19.4 | 19.2 | 15.9 | 15.9 |
| Book Value | 432.9 | 502.2 | 576.0 | 672.3 | 768.8 |
| BVPS (% YoY) | 17.2 | 16.0 | 14.7 | 16.7 | 14.4 |
| P/BV (x) | 3.5 | 3.1 | 2.7 | 2.3 | 2.0 |
| Adj. BV | 429.0 | 498.3 | 570.7 | 666.9 | 763.5 |
| Adj. BV (% YoY) | 17.4 | 16.2 | 14.5 | 16.9 | 14.5 |
| P/ABV (x) | 3.6 | 3.1 | 2.7 | 2.3 | 2.0 |

Exhibit 8: Detail RoA Tree Analysis (%)

| Y/E Mar | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------------------|------|------|------|-------|-------|
| Yields / Margins | | | | | |
| Yield on Advance | 7.9 | 8.6 | 10.1 | 10.1 | 10.1 |
| Yield on Funds | 7.0 | 7.5 | 9.0 | 9.1 | 9.1 |
| Cost of Funds (CoF) | 3.5 | 3.9 | 5.8 | 5.8 | 5.8 |
| Interest Spread | 3.5 | 3.6 | 3.2 | 3.3 | 3.3 |
| NIM's | 3.9 | 4.1 | 3.8 | 4.0 | 4.0 |
| Interest Income / Assets | 6.7 | 7.1 | 8.5 | 8.6 | 8.6 |
| Interest Exp. / Assets | 2.9 | 3.3 | 4.9 | 4.9 | 4.9 |
| NII / Assets | 3.8 | 3.8 | 3.6 | 3.7 | 3.8 |
| Fee Income / Assets | 1.0 | 0.9 | 1.1 | 0.9 | 0.8 |
| Other Non Core Income / Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other Income / Assets | 1.5 | 1.4 | 1.6 | 1.3 | 1.2 |
| Net Operating Income / Assets | 5.3 | 5.2 | 5.2 | 5.0 | 4.9 |
| Operating Ratios | | | | | |
| NII to Net Operative Income | 70.9 | 73.6 | 68.8 | 73.8 | 76.2 |
| Other Income to Net Operative Income | 29.1 | 26.4 | 31.2 | 26.2 | 23.8 |
| Empl. Cost/Oper. Exps. | 32.1 | 32.6 | 35.1 | 40.5 | 45.9 |
| Other Op. Exps./Oper. Exps. | 67.9 | 67.4 | 64.9 | 59.5 | 54.1 |
| C/I Ratio | 36.9 | 40.4 | 40.2 | 39.5 | 42.8 |
| Provisions as % PPP | 14.8 | 10.1 | 14.9 | 11.9 | 15.4 |
| Credit Cost (As % of Op. AUM) | 1.0 | 0.7 | 1.1 | 0.5 | 0.5 |
| Effective Tax Rate | 24.6 | 24.6 | 14.2 | 24.6 | 24.6 |
| Employee Exp. / Assets | 0.6 | 0.7 | 0.7 | 0.8 | 1.0 |
| Other Opex/ Assets | 1.3 | 1.4 | 1.4 | 1.2 | 1.1 |
| Total Opex / Assets | 2.0 | 2.1 | 2.1 | 2.0 | 2.1 |
| Operating Profits / Assets | 3.4 | 3.1 | 3.1 | 3.1 | 2.8 |
| Exceptional Items / Assets | - | - | - | - | - |
| Op Profit ex Except Items / Assets | 3.4 | 3.1 | 3.1 | 3.1 | 2.8 |
| Provisions / Assets | 0.8 | 0.5 | 0.8 | 0.6 | 0.8 |
| Profit Before Tax / Assets | 2.6 | 2.6 | 2.3 | 2.5 | 2.1 |
| Tax Expenses / Assets | 0.6 | 0.6 | 0.3 | 0.6 | 0.5 |
| RoA | 1.9 | 1.9 | 2.0 | 1.8 | 1.6 |
| Leverage (x) | 8.6 | 8.8 | 8.3 | 8.4 | 8.8 |
| RoE | 16.7 | 17.0 | 16.9 | 15.4 | 13.4 |
| Adj. RoA | 1.9 | 1.9 | 2.0 | 1.8 | 1.6 |
| Adj. RoE | 16.7 | 17.0 | 16.9 | 15.4 | 13.4 |

Exhibit 9: Balance Sheet Ratios

| Y/E Mar | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------------|-------|------|-------|-------|-------|
| Credit / Deposit Ratio | 87.8 | 85.0 | 104.4 | 105.2 | 105.6 |
| Incremental C/D Ratio | 105.3 | 71.5 | 178.1 | 109.6 | 107.6 |
| Investment Deposit Ratio | 29.2 | 27.5 | 29.5 | 29.8 | 29.8 |
| Dom. SLR Investment / Deposits | 23.7 | 22.2 | 23.9 | 23.3 | 22.4 |
| CASA Ratio | 48.5 | 40.1 | 35.4 | 35.4 | 35.4 |

Exhibit 10: Asset Quality

| Y/E Mar | FY22 | FY23 | FY24 | FY25E | FY26E |
|---|---------|---------|---------|---------|---------|
| <i>Slippage Ratio</i> | 2.4 | 1.8 | 2.5 | 1.4 | 1.3 |
| Gross NPA (Cl Bal) | 161,410 | 180,190 | 311,733 | 174,926 | 141,518 |
| <i>Gross NPAs Ratio (%)</i> | 1.2 | 1.1 | 1.2 | 0.6 | 0.4 |
| <i>PCR (%)</i> | 72.7 | 75.8 | 74.0 | 47.9 | 26.7 |
| Net NPA (Cl. Bal.) | 44,077 | 43,684 | 80,917 | 91,155 | 103,671 |
| <i>Net NPAs Ratio (%)</i> | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Impaired Loans | 161,410 | 180,190 | 311,733 | 174,926 | 141,518 |
| <i>Impaired Loan as % of Loan / AUM</i> | 1.1 | 1.1 | 1.2 | 0.6 | 0.4 |
| Total Risk Reserves | 131,846 | 136,506 | 230,816 | 83,771 | 37,847 |
| <i>Total Risk As % of Loan Book</i> | 0.9 | 0.8 | 0.9 | 0.3 | 0.1 |

Exhibit 11: Key Assumptions & Forecasts

| Y/E Mar | FY22 | FY23 | FY24 | FY25E | FY26E |
|-------------------------------|------------|------------|------------|------------|------------|
| Loan & Advances | 13,688,209 | 16,005,859 | 24,848,615 | 29,569,852 | 35,483,823 |
| Growth (yoy %) | | 16.9 | 55.2 | 19.0 | 20.0 |
| Interest Bearing Liabilities | 17,440,346 | 20,901,602 | 30,419,394 | 35,925,651 | 42,952,867 |
| Growth (yoy %) | | 19.8 | 45.5 | 18.1 | 19.6 |
| Yield on Funds | 7.0 | 7.5 | 9.0 | 9.1 | 9.1 |
| Cost of Funds (CoF) | 3.5 | 3.9 | 5.8 | 5.8 | 5.8 |
| Interest Spread | 3.5 | 3.6 | 3.2 | 3.3 | 3.3 |
| NIM's | 3.9 | 4.1 | 3.8 | 4.0 | 4.0 |
| Other Income Growth | 17.1 | 5.8 | 57.7 | 6.0 | 6.0 |
| C/I Ratio | 36.9 | 40.4 | 40.2 | 39.5 | 42.8 |
| Effective Tax Rate | 24.6 | 24.6 | 14.2 | 24.6 | 24.6 |
| Return Ratios | | | | | |
| Adj. RoA | 1.9 | 1.9 | 2.0 | 1.8 | 1.6 |
| Adj. RoE | 16.7 | 17.0 | 16.9 | 15.4 | 13.4 |
| Asset Quality Metrics | | | | | |
| Credit Cost (As % of Op. AUM) | 1.0 | 0.7 | 1.1 | 0.5 | 0.5 |
| Gross NPAs Ratio (%) | 1.2 | 1.1 | 1.2 | 0.6 | 0.4 |
| Net NPAs Ratio (%) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |

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