

April 15, 2023

**RESULT REPORT Q4 FY23** | Sector: Banks

# HDFC Bank

## Balance sheet size has its own challenges, Downgrade to ADD

### Result Highlights

- ✓ **Asset quality:** Annualized gross slippage ratio for 4QFY23 was 1.1% (Rs 49bn), with recoveries and upgrades amounting to Rs 33bn
- ✓ **Margin picture:** NIM at 4.1% was flat QoQ with several moving parts largely canceling each other out, for the quarter
- ✓ **Asset growth:** Advances grew 6.2%/16.9% QoQ/YoY, sequentially driven by Commercial and Rural Banking segment
- ✓ **Opex control:** Total opex rose 8%/32.6% QoQ/YoY, employee exp. grew 5%/37.8% QoQ/YoY and other exp. grew 9.5%/30.3% QoQ/YoY
- ✓ **Fee income:** Fees and commissions rose 9.5%/17.7% QoQ/YoY, where retail fee income constitutes 94% of the total fee income

### Our view - Balance sheet size has its own challenges, Downgrade to ADD

The rapid rise in opex for HDFCB is indicative of the bank needing to work harder to achieve deposit growth: HDFCB's intention to add about 1500 branches per year is not new but its sudden fructification in 4Q is a stark reminder. Regardless of the generic narrative about the advent of digital strategy, there is no substitute to branch footprint when it comes to delivering deposit growth from an elevated base. High sequential opex growth was driven not only by branch openings but also personnel addition. 638 branches were opened during the quarter, taking the total branch openings for the financial year to 1479 branches. 6600 people were added during the quarter. The bank would like to run cost to income ratio at 42%, which may fluctuate on quarterly basis.

**HDFCB managed to hold to NIM on sequential basis, while management sounded neutral on NIM outlook:** On the positive side, the fixed rate book, which is 45% of the loan book, runs for 2-3 years and hence, its repricing will continue for some time. Secondly, the share of wholesale loan book, which is 53-54%, currently, will come down on structural basis. On the other hand, cost of deposits would go up mainly due to the share of term deposits rising in total deposits. RIDF book has also been moving up for the bank.

**We downgrade HDFCB from BUY to ADD with a revised price target of Rs 2025:** We value the standalone bank at 2.9x FY24 P/BV for an FY24E/25E RoE profile of 13.6/14.3%. We assign a value of Rs 227 per share to the subsidiaries, on SOTP. We had begun with an ADD rating for HDFCB in our [Sector Initiation Report dated June 2021](#) before we upgraded it to BUY in our [Sector Report dated May 2022](#).

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

### Exhibit 1: Result table

Particulars (Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoY
Total Interest Income	451,194	427,078	5.6	334,487	34.9
Interest expended	(217,675)	(197,199)	10.4	(145,760)	49.3
<b>Net Interest Income</b>	<b>233,518</b>	<b>229,878</b>	<b>1.6</b>	<b>188,727</b>	<b>23.7</b>
Other income	87,312	84,998	2.7	76,371	14.3
<b>Total Income</b>	<b>320,830</b>	<b>314,877</b>	<b>1.9</b>	<b>265,098</b>	<b>21.0</b>
Operating expenses	(134,621)	(124,636)	8.0	(101,528)	32.6
<b>PPOP</b>	<b>186,209</b>	<b>190,241</b>	<b>(2.1)</b>	<b>163,570</b>	<b>13.8</b>
Provisions	(26,854)	(28,064)	(4.3)	(33,124)	(18.9)
<b>PBT</b>	<b>159,355</b>	<b>162,176</b>	<b>(1.7)</b>	<b>130,447</b>	<b>22.2</b>
Tax	(38,881)	(39,581)	(1.8)	(29,895)	30.1
<b>PAT</b>	<b>120,475</b>	<b>122,595</b>	<b>(1.7)</b>	<b>100,552</b>	<b>19.8</b>

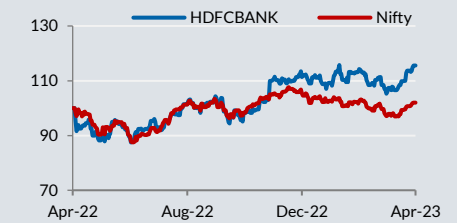
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 1692
Target Price	: Rs 2025
Potential Return	: 19.6%

### Stock data (as on April 13, 2023)

Nifty	17,828
52 Week h/l (Rs)	1702 / 1272
Market cap (Rs/USD mn)	9443425 / 115417
Outstanding Shares (mn)	5,580
6m Avg t/o (Rs mn):	12,118
Div yield (%):	1.0
Bloomberg code:	HDFCB IN
NSE code:	HDFCBANK

### Stock performance



	1M	3M	1Y
Absolute return	9.8%	5.7%	15.5%

### Shareholding pattern (As of Dec'22 end)

Promoter	20.9%
FII+DII	49.3%
Others	11.4%

### Δ in stance

(1-Yr)	New	Old
Rating	ADD	BUY
Target Price	2025	2175

### Financial Summary

(Rs mn)	FY23	FY24E	FY25E
NII	868,422	1,121,007	1,492,902
PPOP	704,050	907,682	1,211,726
Net Profit	441,087	500,165	691,607
Growth (%)	19.3	13.4	38.3
EPS (Rs)	79.1	67.0	92.7
BVPS (Rs)	502.2	610.7	685.3
P/E (x)	18.5	21.9	15.8
P/BV (x)	2.9	2.4	2.1
ROE (%)	17.0	13.6	14.3
ROA (%)	1.9	1.6	1.6
Tier-1 (%)	17.1	16.7	16.2

### Δ in earnings estimates

Rs.	FY23	FY24E	FY25E
EPS (New)	NA	67.0	92.7
EPS (Old)	NA	67.7	93.8
% change	NA	-1.0%	-1.2%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Operating expenses

- ✓ **General comments**
  - Higher opex growth was driven by branch openings and people addition.
  - Retail asset franchise building will mean higher upfront cost.
- ✓ **Non-employee expenses**
  - 638 branches were opened during the quarter, taking the total branch openings for the financial year to 1479 branches.
  - The number of wealth management branches rose to 923 locations, up 232 for the quarter.
- ✓ **Employee expenses**
  - 6600 people were added during the quarter.
  - **ESOP cost**
    - The ESOP and RSU cost for the quarter amounted to about Rs 3bn.
    - Management stated that the ESOP and RSU cost would continue (in a similar vein).
- ✓ **Cost to income ratio**
  - The bank would like to run cost to income ratio at 42%, which may fluctuate on quarterly basis.
  - Over the long-term, cost to income ratio will come down to the mid-30s as productivity rises for new branches and employees.

### Liabilities accretion

- ✓ **Liability relationships**
  - 2.6mn liability relationships were opened during the quarter.
  - There were 10.5mn new liability relationships added during FY23.
- ✓ **Deposits growth**
  - Retail deposits were up 7% QoQ.
  - Savings account balance grew 5% QoQ.
  - Retail CASA was up 13% YoY.
- ✓ **General comment**
  - Faster deposit growth for the bank compared to peers has been driven by leveraging the branch network and the brand.

### Net interest margin

- ✓ **Margin level**
  - The NIM was 4.1%, flat QoQ.
- ✓ **Liquidity**
  - **CD ratio**
    - The incremental CD ratio was 62%.
  - **LCR**
    - The LCR was 116%.

(Con call takeaways continue on the next page)

- ✓ **Asset repricing**
  - **Fixed rate book**
    - The fixed rate book runs for 2-3 years.
    - 45% of the loan book is fixed rate and this book's repricing will continue for some time.
- ✓ **Loan book mix**
  - The share of wholesale loan book, which is 53-54% currently, will come down on structural basis.
- ✓ **Return on assets**
  - When margin used to be 4.3%, the credit cost used to be 110 bps, which will come down and RoA will stay stable at around 2-2.1%.
- ✓ **MCLR cut**
  - There has been a recent cut in MCLR but that is at the shorter end, where volumes are not meaningful.
  - The share of MCLR loans is 6% of total loans but a very small proportion of this is at the shorter end.
- ✓ **Cost of funds**
  - Cost of deposits would go up mainly due to the share of term deposits rising in total deposits.

## Asset quality

- ✓ **Slippages and other NPA movement**
  - **Slippages**
    - Gross slippages for the quarter amounted to Rs 49bn or 28 bps of loan book.
  - **Recoveries and upgrades**
    - Recoveries and upgrades for the quarter amounted to Rs 33bn or 22 bps of loan book.
  - **Write offs**
    - Write offs for the quarter amounted to Rs 24bn or 17 bps of loan book.
- ✓ **GNPA ratio**
  - The headline GNPA ratio is 1.12%.
  - This contains accounts which are not NPA but are of borrowers whose other accounts are NPA, adjusting for which the core GNPA ratio is 0.98%.
- ✓ **Restructured book**
  - Restructured book amounted to Rs 50bn or about 31 bps of loan book.
  - If non-restructured accounts of the same borrowers are included, it would amount to a total of 37 bps.
- ✓ **Provisions**
  - **P&L provisions**
    - Provisions for the quarter amounted to Rs 27bn.
    - This translated to a credit cost of 67 bps for the quarter compared with 74 bps for 3Q.
    - Recoveries included in the miscellaneous income line amount to 23 bps, implying net credit cost of 44 bps, compared with 52 bps for 3Q.

(Con call takeaways continue on the next page)

## Loan growth

- ✓ Total advances grew 6% QoQ.
- ✓ Domestic retail loans grew 5% QoQ.
- ✓ Commercial and rural banking loans grew 10% QoQ.
- ✓ Wholesale loans grew 4.5% QoQ driven by NBFCs, telecom, PSUs and retail.
- ✓ **Credit cards**
  - The credit cards added for the quarter amounted to 1.4mn, taking the total card count to 18mn.

## Capital adequacy

- ✓ The CET1 ratio was 16.4%.

## Fee income

- ✓ Retail credit card spends were up 31% YoY.
- ✓ Retail fees are 94% of total fee income.

## Key subsidiaries

- ✓ **HDB Financial**
  - The loan book is about Rs 700bn, up 7.6% QoQ.
  - The Stage 3 assets ratio is 2.73%.
  - The PAT for the quarter was Rs 5.75bn, translating to an annualised RoA and RoE of 3.25% and 19.5%, respectively.
  - The capital adequacy ratio is 20.05%.
- ✓ **HDFC Securities**
  - The revenue for the quarter was Rs 4.86bn.
  - The PAT for the quarter was Rs 1.94bn.

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

Particulars (Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Gross Advances	16,142,300	15,205,030	6.2	13,805,140	16.9
Retail Excl. Agri	6,345,780	6,066,020	4.6	5,317,670	19.3
Commercial & Rural Excl. Agri	5,474,330	5,023,560	9.0	4,201,910	30.3
Agriculture	817,190	709,120	15.2	645,450	26.6
Corporates & Other Wholesale	3,504,990	3,406,330	2.9	3,640,110	(3.7)
Total Deposits	18,833,947	17,332,040	8.7	15,592,174	20.8
CA deposits	2,734,960	2,277,450	20.1	2,393,110	14.3
SA deposits	5,624,930	5,352,060	5.1	5,117,390	9.9
Term deposits	10,474,057	9,702,530	8.0	8,081,674	29.6
Investments	5,170,014	5,272,767	(1.9)	4,555,357	13.5
Investments / (Invest. + Net Adv.) (%)	24.4	25.9	-151bps	25.0	-56bps
Borrowings	2,067,656	2,107,621	(1.9)	1,848,172	11.9
Borrowings / (Borrow. + Deposits) (%)	9.9	10.8	-95bps	10.6	-70bps
Risk-weighted assets	15,866,350	15,362,720	3.3	13,535,110	17.2

Source: Company, YES Sec – Research

## Exhibit 3: Key quarterly ratios

(%)	Q4 FY23	Q3 FY23	chg qoq	Q4 FY22	chg yoy
Net Interest Margin	4.10	4.10	0bps	4.00	10bps
Non-interest income/Total income	27.2	27.0	22bps	28.8	-159bps
Fee Income to Avg. Total Assets	1.3	1.3	2bps	1.3	-2bps
Cost to Income ratio	42.0	39.6	238bps	38.3	366bps
Opex to Avg. Total Assets	2.3	2.2	6bps	2.0	23bps
CASA ratio	44.4	44.0	37bps	48.2	-378bps
Loan to Deposit ratio	85.0	86.9	-195bps	87.8	-280bps
Capital adequacy ratio	19.3	19.4	-14bps	18.9	36bps
Tier I capital ratio	17.1	17.2	-10bps	17.9	-80bps
Common equity tier 1	16.4	16.4	0bps	16.7	-30bps
Annualised Slippage Ratio	1.1	1.7	-56bps	1.3	-18bps
Provision Coverage Ratio	76.0	73.0	300bps	73.0	300bps
RoA*	2.1	2.2	-12bps	2.1	4bps
Gross NPA	1.1	1.2	-11bps	1.2	-5bps
Net NPA	0.3	0.3	-6bps	0.3	-5bps

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

## Exhibit 4: Quarterly Actuals Vs Estimates

Q4FY23 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	233,518	240,927	(3.1)
Pre-Prov. Operating Profit	186,209	198,168	(6.0)
Profit After Tax	120,475	125,566	(4.1)

Source: Company, YES Sec – Research

## Exhibit 5: Gross Advances Mix - Quarterly

Particulars (Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy	Q4 FY23 (%)*	chg qoq*	chg yoy*
Personal Loans	1,716,760	1,646,410	4.3	1,401,270	22.5	10.6	-19bps	48bps
Auto Loans	1,174,290	1,124,420	4.4	1,004,630	16.9	7.3	-12bps	0bps
Home Loans	1,020,670	975,930	4.6	830,560	22.9	6.3	-10bps	31bps
Payment Products	861,040	833,140	3.3	767,570	12.2	5.3	-15bps	-23bps
Loan against Property	767,730	724,360	6.0	622,480	23.3	4.8	-1bps	25bps
Two Wheelers	99,330	97,590	1.8	92,880	6.9	0.6	-3bps	-6bps
Gold Loans	108,420	100,420	8.0	83,500	29.8	0.7	1bps	7bps
Other Retail	597,540	563,740	6.0	514,790	16.1	3.7	-1bps	-3bps
<b>Total Retail Assets</b>	<b>6,345,780</b>	<b>6,066,020</b>	<b>4.6</b>	<b>5,317,670</b>	<b>19.3</b>	<b>39.3</b>	<b>-58bps</b>	<b>79bps</b>
Emerging Corporates	1,831,510	1,706,230	7.3	1,478,350	23.9	11.3	12bps	64bps
Business Banking	2,534,520	2,320,490	9.2	1,915,990	32.3	15.7	44bps	182bps
Commercial Transportation	1,108,310	996,840	11.2	807,570	37.2	6.9	31bps	102bps
Agriculture	817,190	709,120	15.2	645,450	26.6	5.1	40bps	39bps
<b>Total Commercial &amp; Rural Banking</b>	<b>6,291,520</b>	<b>5,732,680</b>	<b>9.7</b>	<b>4,847,360</b>	<b>29.8</b>	<b>39.0</b>	<b>127bps</b>	<b>386bps</b>
Corporates & Other Wholesale	4,097,120	3,922,540	4.5	3,640,110	12.6	25.4	-42bps	-99bps
IBPC/BRDS	(592,130)	(516,210)	NA	0	NA	(3.7)	-27bps	-367bps
<b>Total Gross Advances</b>	<b>16,142,300</b>	<b>15,205,030</b>	<b>6.2</b>	<b>13,805,140</b>	<b>16.9</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: Operating Expense Break-up

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Employee Expense	43,321	41,262	5.0	31,446	37.8
Other Operating Expense	91,301	83,374	9.5	70,082	30.3
<b>Total Operating Expense</b>	<b>134,621</b>	<b>124,636</b>	<b>8.0</b>	<b>101,528</b>	<b>32.6</b>

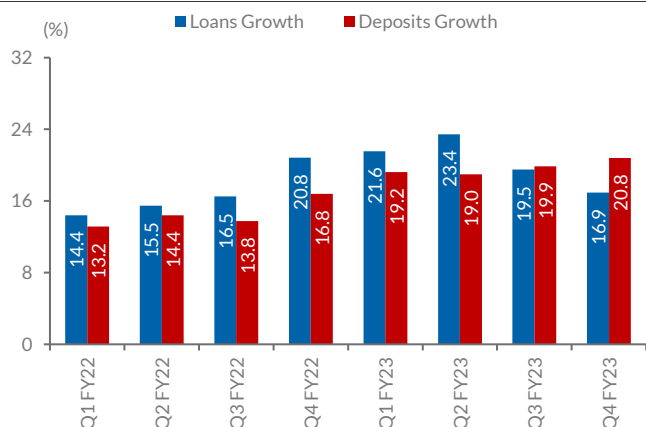
Source: Company, YES Sec – Research

## Exhibit 7: Non-Interest Income Break-up

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Fees & commissions	66,281	60,526	9.5	56,303	17.7
Foreign exchange & derivatives	10,105	10,741	(5.9)	8,925	13.2
P/L on sale / revaluation of investments	(377)	2,614	NA	(403)	(6.5)
Miscellaneous income	11,302	11,118	1.7	11,547	(2.1)
<b>Total Non-Interest Income</b>	<b>87,311</b>	<b>84,999</b>	<b>2.7</b>	<b>76,372</b>	<b>14.3</b>

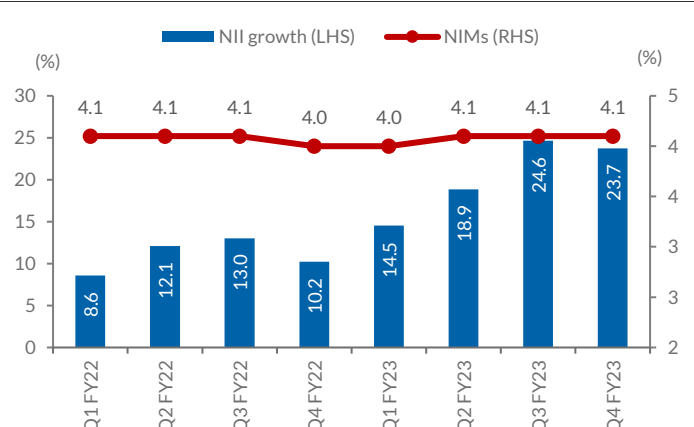
Source: Company, YES Sec – Research

**Exhibit 8: Loans and Deposits growth (YoY %)**



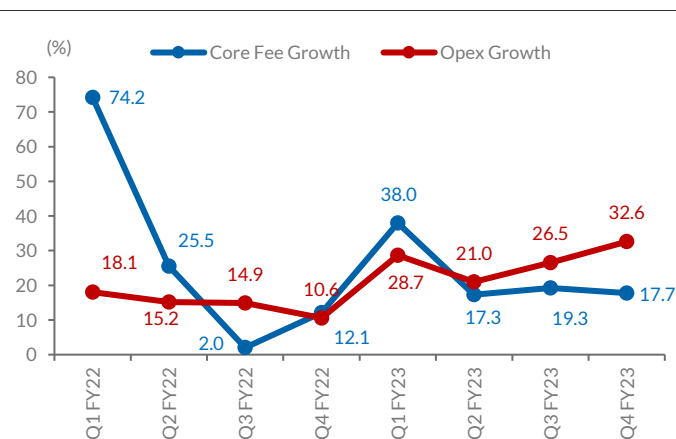
Source: Company, YES Sec – Research

**Exhibit 9: NII growth (YoY %) and NIM**



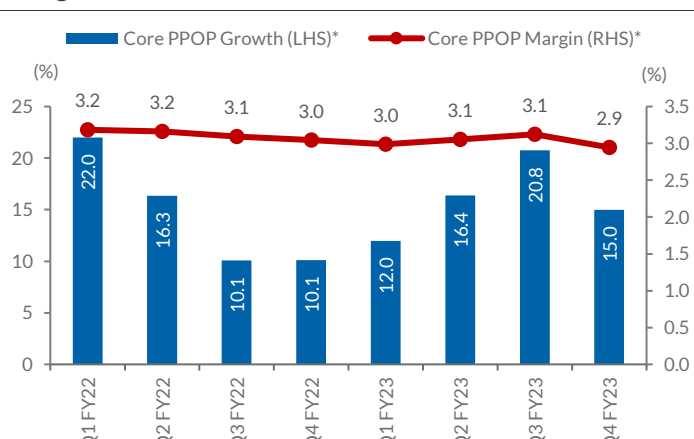
Source: Company, YES Sec – Research

**Exhibit 10: Core Fee and Opex growth (YoY %)**



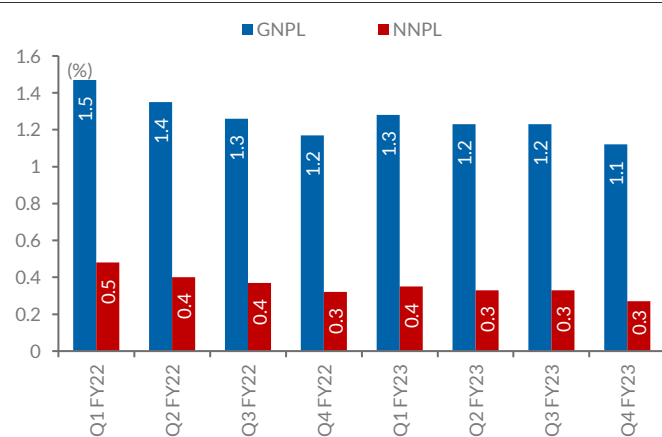
Source: Company, YES Sec – Research

**Exhibit 11: Core PPOP growth (YoY %) and Core PPOP margin**



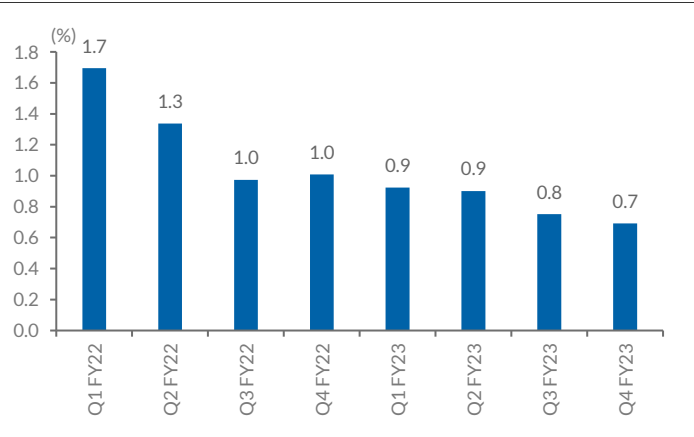
Source: Company, YES Sec – Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 12: Gross NPA and Net NPA (%)**



Source: Company, YES Sec – Research

**Exhibit 13: Provisions/Average Advances (%)**



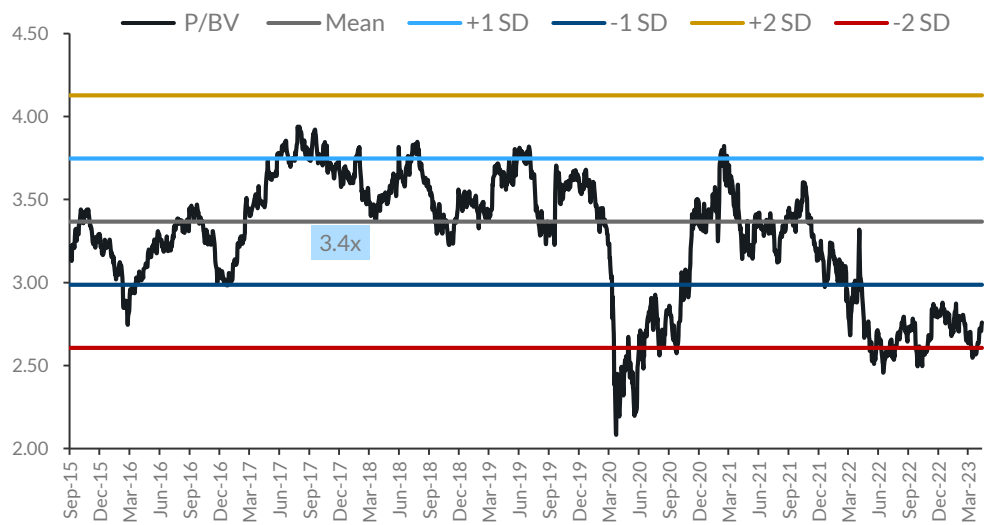
Source: Company, YES Sec – Research

**Exhibit 14: 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 15: 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 16: Balance sheet

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Total cash & equivalents	1,194,704	1,523,269	1,937,651	2,876,219	3,393,939
Investments	4,437,283	4,555,357	5,170,014	7,747,679	9,018,445
Advances	11,328,366	13,688,209	16,005,859	26,147,450	30,853,991
Fixed assets	49,093	60,837	80,166	88,182	97,000
Other assets	459,259	857,678	1,467,125	1,760,550	2,112,660
<b>Total assets</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>38,620,081</b>	<b>45,476,036</b>
Net worth	2,037,208	2,400,929	2,801,990	4,558,355	5,115,791
Deposits	13,350,602	15,592,174	18,833,947	29,482,617	34,189,158
Borrowings	1,354,873	1,848,172	2,067,656	3,284,647	3,849,431
Other liabilities	726,022	844,075	957,223	1,294,462	2,321,656
<b>Total liabilities incl. Equity</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>38,620,081</b>	<b>45,476,036</b>

Source: Company, YES Sec – Research

### Exhibit 17: Income statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Interest income	1,208,582	1,277,531	1,615,856	2,204,128	2,980,787
Interest expense	(559,787)	(557,435)	(747,433)	(1,083,121)	(1,487,885)
<b>Net interest income</b>	<b>648,796</b>	<b>720,096</b>	<b>868,422</b>	<b>1,121,007</b>	<b>1,492,902</b>
Non-interest income	252,049	295,099	312,148	443,289	583,429
<b>Total income</b>	<b>900,845</b>	<b>1,015,195</b>	<b>1,180,571</b>	<b>1,564,296</b>	<b>2,076,331</b>
Operating expenses	(327,226)	(374,422)	(476,521)	(656,614)	(864,605)
<b>PPoP</b>	<b>573,618</b>	<b>640,773</b>	<b>704,050</b>	<b>907,682</b>	<b>1,211,726</b>
Provisions	(157,029)	(150,618)	(119,197)	(240,795)	(289,583)
<b>Profit before tax</b>	<b>416,590</b>	<b>490,155</b>	<b>584,853</b>	<b>666,887</b>	<b>922,143</b>
Taxes	(105,425)	(120,541)	(143,766)	(166,722)	(230,536)
<b>Net profit</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>500,165</b>	<b>691,607</b>

Source: Company, YES Sec – Research

## Exhibit 18: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Interest income	7.4	6.7	7.1	7.0	7.1
Interest expense	-3.4	-2.9	-3.3	-3.4	-3.5
<b>Net interest income</b>	<b>4.0</b>	<b>3.8</b>	<b>3.8</b>	<b>3.5</b>	<b>3.6</b>
Non-interest income	1.5	1.5	1.4	1.4	1.4
<b>Total income</b>	<b>5.5</b>	<b>5.3</b>	<b>5.2</b>	<b>4.9</b>	<b>4.9</b>
Operating expenses	-2.0	-2.0	-2.1	-2.1	-2.1
<b>PPoP</b>	<b>3.5</b>	<b>3.4</b>	3.1	2.9	2.9
Provisions	-1.0	-0.8	-0.5	-0.8	-0.7
<b>Profit before tax</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.1</b>	<b>2.2</b>
Taxes	-0.6	-0.6	-0.6	-0.5	-0.5
<b>Net profit</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.6</b>	<b>1.6</b>

Source: Company, YES Sec – Research

## Exhibit 19: 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	392,944	BV	98236	4.0x	95.0%	373,140	67.3
HDFC Securities	49,341	BV	16,447	3.0x	96.3%	47,535	8.6
HDFC AMC	382,410	Mcap	404,570	1.0x	52.6%	201,109	36.3
HDFC Life	1,143,150	Mcap	1,265,620	1.0x	47.8%	546,311	98.5
HDFC ERGO	150,039	PE	5,001	30.0x	50.6%	75,920	13.7
Bandhan Bank	330,220	Mcap	525,030	1.0x	5.0%	16,346	2.9
<b>Value of Subsidiaries</b>						<b>420,675</b>	<b>227.3</b>

Source: Company, YES Sec – Research

## Exhibit 20: Change in Annual Estimates

Y/e 31 Mar (Rs. mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23E	FY24E	FY25E
Net Interest Income	NA	1,121,007	1,492,902	NA	1,115,343	1,489,599	NA	0.5	0.2
Pre-Prov. Operating Profit	NA	907,682	1,211,726	NA	911,589	1,218,998	NA	(0.4)	(0.6)
Profit after tax	NA	500,165	691,607	NA	503,132	697,103	NA	(0.6)	(0.8)

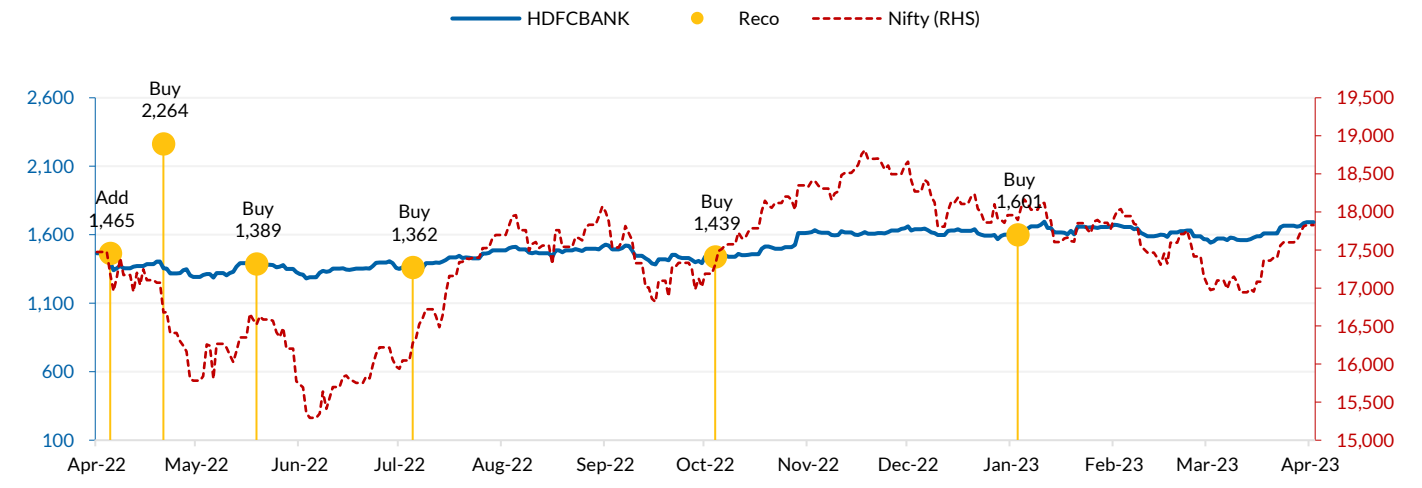
Source: Company, YES Sec – Research

## Exhibit 21: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
<b>Growth matrix (%)</b>					
Net interest income	15.5	11.0	20.6	29.1	33.2
PPoP	17.7	11.7	9.9	28.9	33.5
Net profit	18.5	18.8	19.3	13.4	38.3
Loans	14.0	20.8	16.9	63.4	18.0
Deposits	16.3	16.8	20.8	56.5	16.0
<b>Profitability Ratios (%)</b>					
Net interest margin	4.2	4.0	4.1	3.8	3.8
Return on Average Equity	16.6	16.7	17.0	13.6	14.3
Return on Average Assets	1.9	1.9	1.9	1.6	1.6
<b>Per share figures (Rs)</b>					
EPS	56.4	66.7	79.1	67.0	92.7
BVPS	370	433	502	611	685
ABVPS	361	425	494	602	675
<b>Valuation multiples</b>					
P/E	26	22.0	18.5	21.9	15.8
P/BV	4.0	3.4	2.9	2.4	2.1
P/ABV	4.1	3.4	3.0	2.4	2.2
<b>NIM internals (%)</b>					
Yield on loans	8.9	7.9	8.6	8.2	8.3
Cost of deposits	4.0	3.4	3.7	4.0	4.1
Loan-deposit ratio	84.9	87.8	85.0	88.7	90.2
CASA ratio	46.1	48.2	44.4	37.0	37.0
<b>Opex control (%)</b>					
Cost/Income ratio	36.3	36.9	40.4	42.0	41.6
Cost to average assets	2.0	2.0	2.1	2.1	2.1
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	17.6	17.9	17.1	16.7	16.2
<b>Asset quality (%)</b>					
Slippage ratio	1.5	2.1	1.6	1.2	1.2
Gross NPL ratio	1.3	1.2	1.1	1.2	1.5
Credit cost	1.5	1.2	0.8	1.0	1.0
Net NPL ratio	0.4	0.3	0.3	0.2	0.2

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

## Recommendation Tracker



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Name of the Research Analyst: Shivaji Thapliyal, Siddharth Rajpurohit

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