

HDFC BANK LIMITED | Banking

NII growth strong, supported by interest on income tax refund

LKP
Since 1948**LKP Securities Limited****Price Analysis:**

HDFC Bank reported stable operating performance in 3QFY23. In 3QFY23, the provisioning expenses were lower sequentially at ₹28bn (v/s ₹32.4bn 2QFY23). At the same time NII growth was strong (24.6% YoY, 9.4% QoQ) against the loan growth (19.5% YoY, 1.8% QoQ). Furthermore, the contingent stands adequate. The bank reported stable NIMs at 4.3%, the bank has reported sequential increase in PAT by 15.6% and ROA/ROE of 2.2%/18.3%. The reported GNPA is below the historical trend of 1.4%. We believe, superior underwriting practices, higher liquidity, adequate coverage and strong capital position makes the bank well placed and we recommend BUY with price target of ₹1869.

Gazing the core:

NII growth back on track: The bank's NII stood at ₹230bn; grew by 24.6% YoY and 9.4% sequentially driven by re-pricing benefits. The bank's reported NIMs stood at 4.3%. The bank's loan book mix carries 45% fixed rate loans and 55% floating rate loans. Around 30% of total book is linked to Repo and ~14% linked to T-bills. The bank reported treasury gain of ₹2.6bn. moreover, the fee income grew by 4.3% sequentially. Other income (excluding trading and MTM losses) were up by 15.4% YoY. :* PPOP grew by 13.4% YoY and 9.4% QoQ to ₹190bn owing to strong NII growth and stable opex (C/I ratio: 39.6%). The bank's Provisioning Expense stood sequentially lower at ₹28.1bn v/s ₹32.4bn in 2QFY23. Core credit cost at 74bps v/s 87bps in the previous quarter. The bank has reported a PAT of ₹122.6bn; up 18.5% YoY and 15.6% sequentially. ROA/ROE stood strong at 2.24% and 18.33% respectively.

Credit quality intact driven by higher upgrades: The GNPA/NNPA/PCR stood at 1.23%/0.33%/73% v/s 1.23%/0.33%/71% in the previous quarter. The slippages up sequentially and stood at ~₹66bn (2% annualized) for the quarter v/s ~₹57bn in the previous quarter. The historical slippages ratio range is 1.5% - 2%. The upgrades and recoveries were ₹31bn better than previous quarter. The absolute GNPA (₹187bn) grew by 2.5% sequentially. The restructuring under RBI resolution framework for covid-19 was approximately ₹64bn (42bps) of net advances against ₹78.5bn (53bps) sequentially.

Key Financials (₹ mn)	FY20	FY21	FY22	FY23E	FY24E
NII	5,61,863	6,48,796	7,20,096	8,06,712	9,99,114
Operating Profit	4,87,495	5,73,618	6,40,773	7,20,327	8,90,835
Reported Profits	2,62,573	3,11,165	3,69,613	4,34,682	5,51,372
Net Worth	17,09,860	20,37,208	24,00,929	28,35,643	33,87,015
Loan & Advances	99,37,029	1,13,28,366	1,36,88,209	1,64,25,851	1,98,75,280
Int. Bearing Liabilities	1,29,21,308	1,47,05,475	1,74,40,347	2,01,85,758	2,41,23,946

Key Ratios (%)	FY20	FY21	FY22	FY23E	FY24E
NIM's	4.2	4.1	3.9	3.8	4.0
C/I	38.6	36.3	36.9	37.5	36.5
Gross NPA	1.3	1.3	1.2	1.2	1.1
Tier 1	18.1	18.4	14.3	14.5	14.3
Adj. RoA	1.9	1.9	1.9	1.9	2.1
Adj. RoE	16.4	16.6	16.7	16.6	17.7

Rating	Buy
Current Market Price (₹)	1,601
12 M Price Target (₹)	1,869
Potential upside (%)	17

Stock Data

FV (₹) :	1
Total Market Cap (₹ bn) :	8,928
Free Float Market Cap (₹ bn) :	7,052
52-Week High / Low (₹)	1,722 / 1,272
2-Year High / Low (₹) :	1,725 / 1,272
1 Year Avg. Dly Traded Volume (in lakh)	82
BSE Code / NSE Symbol	500180 / HDFCBANK
Bloomberg :	HDFCB IN

Shareholding Pattern

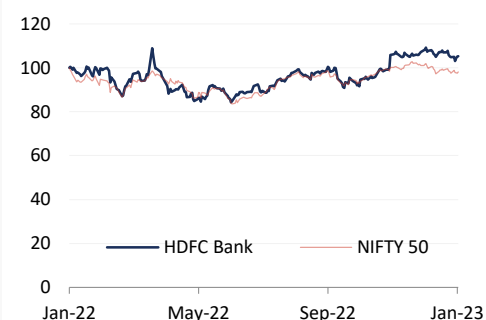
(%)	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	25.64	25.73	25.78	25.80
FPIs	32.19	32.31	35.62	37.47
MFs	18.04	18.03	16.28	14.98
Insurance	7.89	5.21	3.81	2.89
Others	16.24	18.72	18.51	18.86

Source: BSE

Price Performance

(%)	1M	3M	6M	1YR
HDFC Bank	-2.9%	14.9%	17.9%	5.2%
Nifty 50	-3.5%	5.5%	12.5%	-1.9%

* To date / current date : January 13, 2023

HDFC Bank vs Nifty 50

In 3QFY23, the bank has reported lower provisioning expenses of ₹28bn; down by 13.4% sequentially. PCR (calculated) inched up marginally to 73% and it is in line with the historical trend. Along with cumulative provision of ~₹137bn, the bank also held floating provisions of ₹14.5bn and contingent provision of ₹94bn. Total Provision (Specific + Floating + Contingent + General) stood at 166% of GNPLs. The additional (Covid + contingent) provision stood 1.2% of the book.

Growth maintained: The bank's net advances stood at Rs15tn; 19.5% YoY and 1.8% QoQ. Loan Mix carries: Retail (including business banking): 61%, Corporate (including oversea): 39%. Retail assets witnessed a sequential growth of 4.1%. Bank's wholesale book is at an average internal rating of 4.3 (equivalent to AA). Wholesale also comes at lower RWA while retail comes at 100% RWA. The bank's deposit stood at ~₹173tn; grew healthy by ~20% YoY and 3.6% QoQ led by strong traction in term deposits. CASA deposit grew by 12% YoY and 0.4% QoQ and ratio stood at 44% v/s 45.4% in the previous quarter. Long term CASA range at ~40%. The bank has opened more than 684 branches in the quarter. The bank is looking for high deposit mobilization before the amalgamation with HDFC Ltd. The higher deposit base can keep the CDR at normal range with margin benefits. The bank's CRAR stood at 17.7% with CET-1 of 16.4%. The bank is adequately capitalized and sees no further dilution. The bank's RWA to total asset stood at 67%.

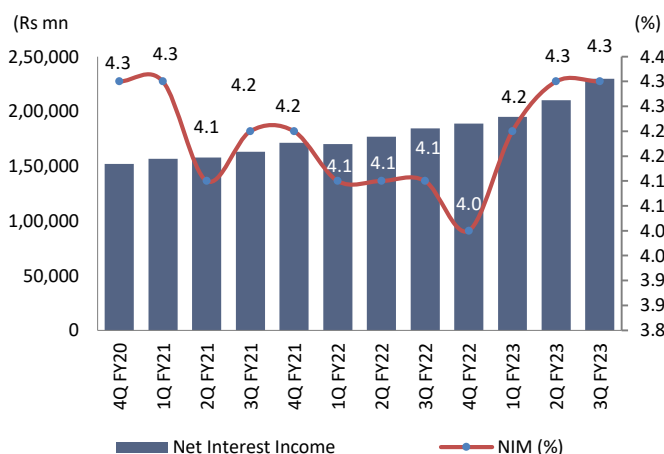
Amalgamation is expected to be completed before stipulated timeline (2QFY24): RBI and NCLT have no objection to the scheme of amalgamation and it does not have anything to do with stakes in subsidiaries/associates. With respect to holdings in HDB Financial and HDFC Life insurance, the bank can hold stake in insurance below 30% or above 50%. HDFC stake in HDFC life is 47.8% and it will increase to 50% if required or below 30% as suggested by RBI. With respect to merger timeline, the bank seems to be a quarter or few months ahead of stipulated time.

Outlook and Valuation

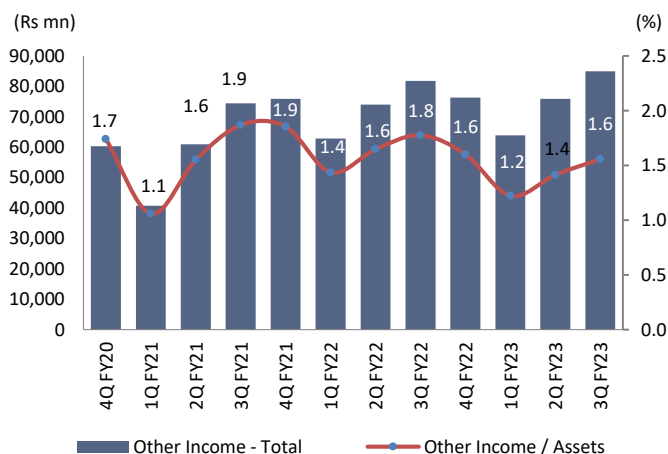
HDFC Bank is expected to outperform the sector in long run led by 1) healthy balance sheet growth, 2) much higher provision than regulatory requirement in the balance sheet, 3) best in class underwriting and risk management practices. Given these strengths we expect HDFC Bank to remain one of the best among all the lending business. Thus, we continue to maintain BUY on the bank with target price of ₹1869.

Quarterly story in charts

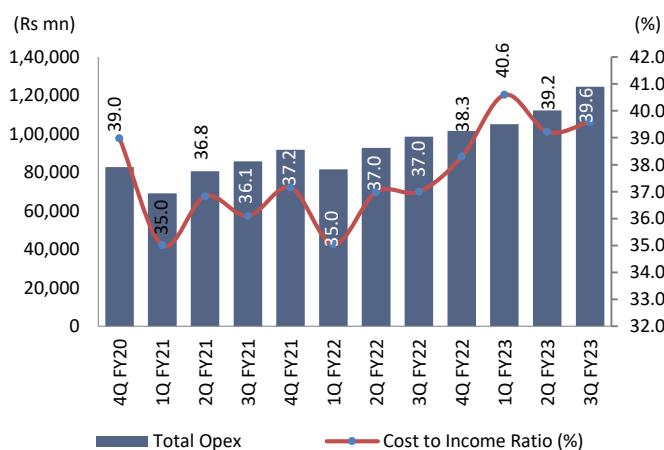
NII Trend



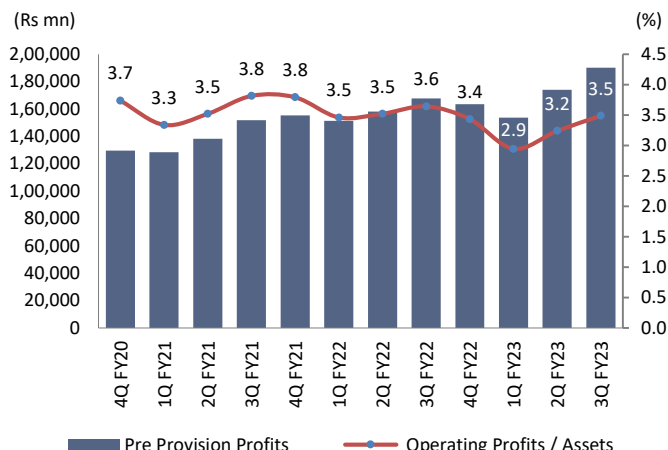
Other Income Trend



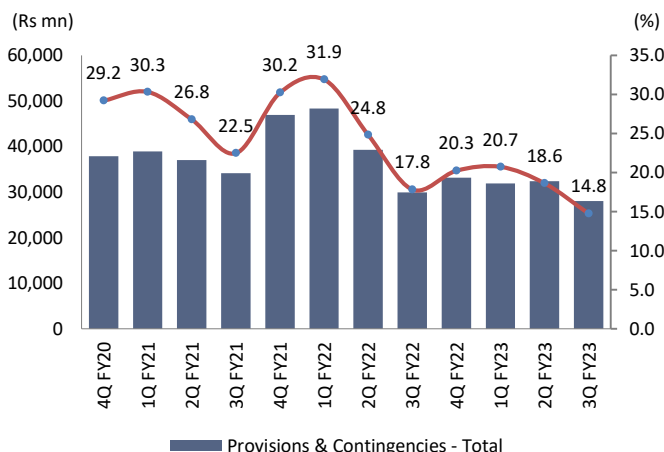
Total Opex Trend



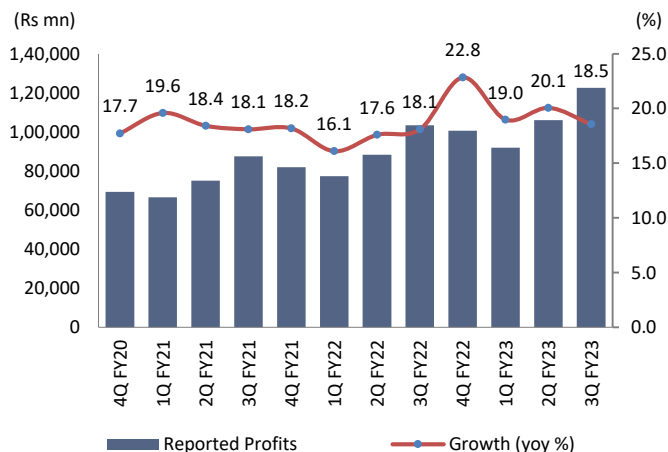
Pre Provision Profit Trend



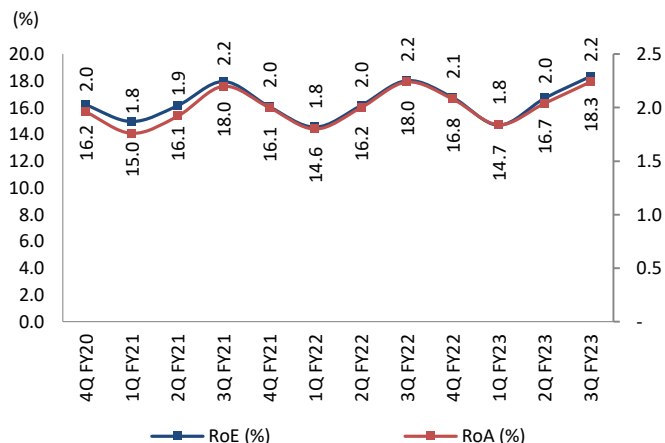
Provision Expenses Trend



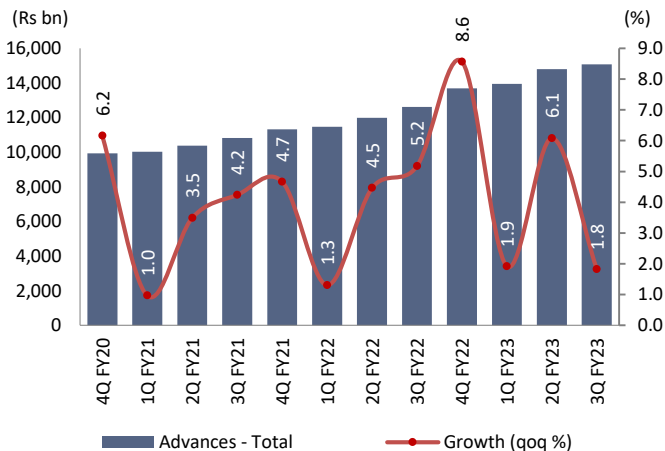
Reported Profit trend



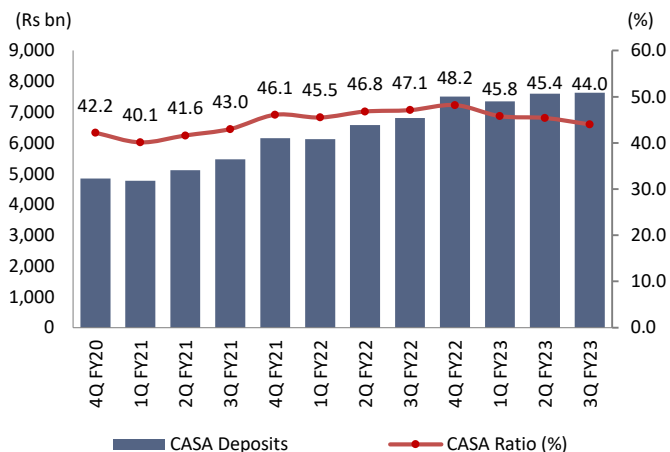
Return Ratio Trend



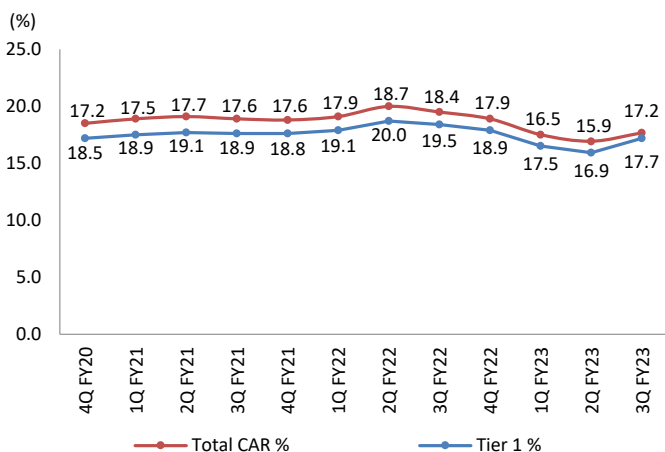
Loan Book Trend



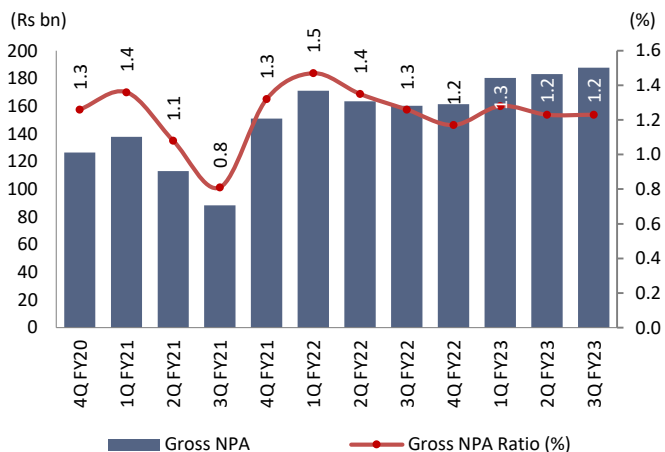
CASA Deposit Trend



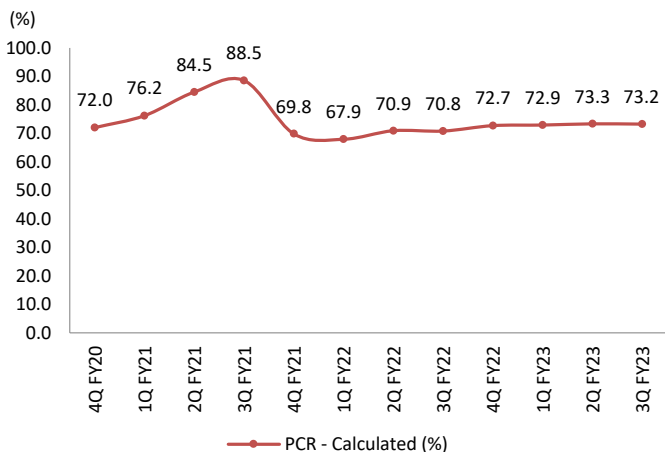
CRAR and Tier 1 Ratio Trend



Gross NPA Trend



PCR Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	3Q FY23	3Q FY22	% yoy / bps	2Q FY23	% qoq / bps	FY22	FY21	% yoy / bps
Interest Inc.	4,27,078	3,24,681	31.5	3,85,864	10.7	12,77,531	12,08,582	5.7
Interest Expenses	1,97,199	1,40,246	40.6	1,75,652	12.3	5,57,435	5,59,787	(0.4)
Net Interest Income	2,29,878	1,84,435	24.6	2,10,212	9.4	7,20,096	6,48,796	11.0
NII to Net Operative Income	73.0	69.3	374	73.5	(45)	70.9	72.0	(109)
NIM (%)	4.30	4.1	20	4.3	-	3.9	4.1	(17)
Other Income - Total	84,998	81,836	3.9	75,956	11.9	2,95,099	2,52,049	17.1
Other Income to Net Operative Income	27.0	30.7	(374)	26.5	45	29.1	28.0	109
Net Operating Revenue	3,14,877	2,66,270	18.3	2,86,167	10.0	10,15,195	9,00,845	12.7
Employee Expenses	41,262	31,544	30.8	35,238	17.1	1,20,317	1,03,648	16.1
Other Opex	83,374	66,967	24.5	77,007	8.3	2,54,105	2,23,578	13.7
Total Opex	1,24,636	98,511	26.5	1,12,246	11.0	3,74,422	3,27,226	14.4
Cost to Income Ratio (%)	39.6	37.0	259	39.2	36	36.9	36.3	56
Pre Provision Profits	1,90,241	1,67,760	13.4	1,73,922	9.4	6,40,773	5,73,618	11.7
Provisions & Contingencies - Total	28,064	29,940	(6.3)	32,401	(13.4)	1,50,618	1,57,029	(4.1)
NPA Provisions as % Operating Income	14.8	17.8	(309)	18.6	(388)	23.5	27.4	(387)
Profit Before Tax	1,62,176	1,37,820	17.7	1,41,520	14.6	4,90,155	4,16,590	17.7
Tax	39,581	34,398	15.1	35,463	11.6	1,20,541	1,05,425	14.3
Effective Tax Rate (%)	24.4	25.0	(55)	25.1	(65)	24.6	25.3	(71)
Reported Profits	1,22,595	1,03,422	18.5	1,06,058	15.6	3,69,613	3,11,165	18.8
RoA (%)	2.2	2.2	-	2.0	20	1.9	1.9	4
RoE (%)	18.3	18.0	31	16.7	163	16.7	16.6	5

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Net Worth	21,87,101	22,96,396	24,00,929	25,02,849	25,41,114	26,75,424	5.3	16.5
RoE (%)	16.2	18.0	16.8	14.7	16.7	18.3	163	31
Tier 1 %	18.7	18.4	17.9	16.5	15.9	17.2	128	(120)
Total CAR %	20.0	19.5	18.9	17.5	16.9	17.7	74	(184)
RWA - Total	1,19,02,700	1,26,74,260	1,35,35,110	1,39,84,420	1,47,78,550	1,53,62,720	4.0	21.2
Advances - Total	1,19,88,374	1,26,08,628	1,36,88,209	1,39,50,677	1,47,98,732	1,50,68,093	1.8	19.5
Investments	41,62,926	42,25,853	45,55,357	49,61,567	51,91,159	52,72,767	1.6	24.8
Total Assets	1,84,48,447	1,93,82,860	2,06,85,351	2,10,97,715	2,22,78,934	2,29,53,053	3.0	18.4
RoA (%)	2.00	2.24	2.08	1.84	2.04	2.24	20	-
Deposits	1,40,63,433	1,44,59,181	1,55,92,174	1,60,47,600	1,67,34,080	1,73,32,040	3.6	19.9
CASA Deposits	65,82,320	68,12,240	75,10,500	73,46,470	75,96,960	76,29,510	0.4	12.0
CASA Ratio (%)	46.8	47.1	48.2	45.8	45.4	44.0	(140)	(310)
Interest Bearing Liabilities - Total	1,55,61,568	1,63,63,434	1,74,40,347	1,77,83,659	1,88,02,863	1,94,39,661	3.4	18.8

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	1,55,61,568	1,63,63,434	1,74,40,347	1,77,83,659	1,88,02,863	1,94,39,661	3.4	18.8
Deposits	1,40,63,433	1,44,59,181	1,55,92,174	1,60,47,600	1,67,34,080	1,73,32,040	3.6	19.9
CASA Deposits	65,82,320	68,12,240	75,10,500	73,46,470	75,96,960	76,29,510	0.4	12.0
Saving Deposit	45,23,810	47,10,290	51,17,390	51,40,630	52,97,450	53,52,060	1.0	13.6
Current Deposit	20,58,510	21,01,950	23,93,110	22,05,840	22,99,510	22,77,450	(1.0)	8.3
Term Deposits	74,81,113	76,46,941	80,81,674	87,01,130	91,37,120	97,02,530	6.2	26.9
Borrowings	14,98,135	19,04,253	18,48,172	17,36,059	20,68,783	21,07,621	1.9	10.7
Interest Bearing Liabilities - Total	1,55,61,568	1,63,63,434	1,74,40,347	1,77,83,659	1,88,02,863	1,94,39,661	3.4	18.8

Source: Company, LKP Research

Exhibit 4: Asset Quality Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Total Slippages	53,948	46,000	40,000	72,000	57,000	66,000	15.8	43.5
Slippages Ratio (%)	0.48	0.41	0.35	0.53	0.42	0.48	7	8
Gross NPA	1,63,461	1,60,136	1,61,410	1,80,337	1,83,010	1,87,639	2.5	17.2
Gross NPAs Ratio (%)	1.35	1.26	1.17	1.28	1.23	1.23	-	(3)
PCR - Calculated (%)	70.9	70.8	72.7	72.9	73.3	73.2	(10)	243
Net NPA	47,551	46,768	44,077	48,877	48,827	50,243	2.9	7.4
Net NPAs Ratio (%)	0.40	0.37	0.32	0.35	0.33	0.33	-	(4)
Standard Restructured	2,03,802	1,75,000	1,57,000	1,06,025	78,500	64,000	(18.5)	(63.4)
Std. Rest. Adv. as % of Advances	1.7	1.4	1.15	0.76	0.53	0.42	(11)	(96)

Source: Company, LKP Research

Annual Projections

Exhibit 5: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Int. Income	11,48,127	12,08,582	12,77,531	15,22,011	18,52,168
Interest Expenses	5,86,264	5,59,787	5,57,435	7,15,299	8,53,054
Net Interest Income	5,61,863	6,48,796	7,20,096	8,06,712	9,99,114
NIM (%)	4.22	4.10	3.92	3.78	3.96
Other Income - Total	2,32,608	2,52,049	2,95,099	3,45,502	4,04,514
Net Operating Revenue	7,94,471	9,00,845	10,15,195	11,52,214	14,03,628
Employee Exp.	95,257	1,03,648	1,20,317	1,39,667	1,62,128
Other Opex	2,11,719	2,23,578	2,54,105	2,92,221	3,50,665
Total Opex	3,06,975	3,27,226	3,74,422	4,31,887	5,12,793
<i>C/I Ratio</i>	<i>38.64</i>	<i>36.32</i>	<i>36.88</i>	<i>37.48</i>	<i>36.53</i>
Pre Provision Profits	4,87,495	5,73,618	6,40,773	7,20,327	8,90,835
<i>PPP Growth (yoy %)</i>	<i>22.6</i>	<i>17.7</i>	<i>11.7</i>	<i>12.4</i>	<i>23.7</i>
Provisions & Contingencies - Total	1,21,424	1,57,029	1,50,618	1,43,883	1,59,645
<i>Credit Cost (As % of Op. AUM)</i>	<i>1.21</i>	<i>1.24</i>	<i>1.04</i>	<i>0.80</i>	<i>0.75</i>
Profit Before Tax	3,66,072	4,16,590	4,90,155	5,76,444	7,31,190
Tax	1,03,498	1,05,425	1,20,541	1,41,762	1,79,818
<i>Effective Tax Rate</i>	<i>28.3</i>	<i>25.3</i>	<i>24.6</i>	<i>24.6</i>	<i>24.6</i>
Reported Profits	2,62,573	3,11,165	3,69,613	4,34,682	5,51,372
<i>PAT Growth (yoy %)</i>	<i>24.6</i>	<i>18.5</i>	<i>18.8</i>	<i>17.6</i>	<i>26.8</i>

Source: Company, LKP Research

Exhibit 6: Balance Sheet

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	5,483	5,513	5,546	5,577	5,577
Reserves (ex Revel. Reserve)	17,04,377	20,31,696	23,95,384	28,30,066	33,81,438
Net Worth - Ex Revaluation	17,09,860	20,37,208	24,00,929	28,35,643	33,87,015
Deposits	1,14,75,023	1,33,50,602	1,55,92,174	1,83,69,040	2,21,94,030
Borrowings	14,46,285	13,54,873	18,48,172	18,16,718	19,29,916
Interest Bearing Liabilities	1,29,21,308	1,47,05,475	1,74,40,347	2,01,85,758	2,41,23,946
Other Lia. & Prov.	6,73,944	7,26,022	8,44,075	10,43,616	14,14,131
Total Liabilities	1,53,05,113	1,74,68,705	2,06,85,351	2,40,65,016	2,89,25,092
Assets					
Cash & Cash Equivalent	8,66,187	11,94,704	15,23,269	11,95,011	14,33,742
Investments	39,18,267	44,37,283	45,55,357	53,01,619	61,92,748
Loan & Advances	99,37,029	1,13,28,366	1,36,88,209	1,64,25,851	1,98,75,280
<i>Growth (yoy %)</i>	<i>21.3</i>	<i>14.0</i>	<i>20.8</i>	<i>20.0</i>	<i>21.0</i>
Fixed Assets	44,319	49,093	60,837	70,437	83,200
Other Assets	5,39,311	4,59,259	8,57,678	10,72,098	13,40,122
Total Assets	1,53,05,113	1,74,68,705	2,06,85,351	2,40,65,016	2,89,25,092

Source: Company, LKP Research

Exhibit 7: Per share data

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Face Value	1	1	1	1	1
Adjusted Share O/S - For Calculation	5,483	5,513	5,546	5,577	5,577
Earnings Per Share	47.9	56.4	66.7	77.9	98.9
<i>EPS (% YoY)</i>	<i>23.7</i>	<i>17.9</i>	<i>18.1</i>	<i>16.9</i>	<i>26.8</i>
<i>P/E (x)</i>	<i>33.4</i>	<i>28.4</i>	<i>24.0</i>	<i>20.5</i>	<i>16.2</i>
Book Value	311.8	369.5	433.0	508.5	607.3
<i>BVPS (% YoY)</i>	<i>13.8</i>	<i>18.5</i>	<i>17.2</i>	<i>17.4</i>	<i>19.4</i>
<i>P/BV (x)</i>	<i>5.1</i>	<i>4.3</i>	<i>3.7</i>	<i>3.1</i>	<i>2.6</i>
Adj. BV	308.6	365.4	429.0	504.0	602.8
<i>Adj. BV (% YoY)</i>	<i>13.9</i>	<i>18.4</i>	<i>17.4</i>	<i>17.5</i>	<i>19.6</i>
<i>P/ABV (x)</i>	<i>5.2</i>	<i>4.4</i>	<i>3.7</i>	<i>3.2</i>	<i>2.7</i>

Source: Company, LKP Research

Exhibit 8: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Yields / Margins					
<i>Yield on Advance</i>	10.1	8.9	7.9	8.0	8.2
<i>Yield on Funds</i>	8.6	7.6	7.0	7.1	7.3
<i>Cost of Funds (CoF)</i>	5.0	4.1	3.5	3.8	3.9
<i>Interest Spread</i>	3.6	3.6	3.5	3.3	3.5
<i>NIM's</i>	4.2	4.1	3.9	3.8	4.0
<i>Interest Income / Assets</i>	8.3	7.4	6.7	6.8	7.0
<i>Interest Exp. / Assets</i>	4.2	3.4	2.9	3.2	3.2
<i>NII / Assets</i>	4.0	4.0	3.8	3.6	3.8
<i>Fee Income / Assets</i>	1.2	1.0	1.0	1.0	1.0
<i>Other Non Core Income / Assets</i>	0.1	0.2	0.2	0.2	0.2
<i>Other Income / Assets</i>	1.7	1.5	1.5	1.5	1.5
<i>Net Operating Income / Assets</i>	5.7	5.5	5.3	5.1	5.3
Operating Ratios					
<i>NII to Net Operative Income</i>	70.7	72.0	70.9	70.0	71.2
<i>Other Income to Net Operative Income</i>	29.3	28.0	29.1	30.0	28.8
<i>Empl. Cost/Oper. Exps.</i>	31.0	31.7	32.1	32.3	31.6
<i>Other Op. Exps./Oper. Exps.</i>	69.0	68.3	67.9	67.7	68.4
<i>C/I Ratio</i>	38.6	36.3	36.9	37.5	36.5
<i>Provisions as % PPP</i>	15.3	17.4	14.8	12.5	11.4
<i>Credit Cost (As % of Op. AUM)</i>	1.2	1.2	1.0	0.8	0.8
<i>Effective Tax Rate</i>	28.3	25.3	24.6	24.6	24.6
<i>Employee Exp. / Assets</i>	0.7	0.6	0.6	0.6	0.6
<i>Other Opex/ Assets</i>	1.5	1.4	1.3	1.3	1.3
<i>Total Opex / Assets</i>	2.2	2.0	2.0	1.9	1.9
<i>Operating Profits / Assets</i>	3.5	3.5	3.4	3.2	3.4
<i>Exceptional Items / Assets</i>	-	-	-	-	-
<i>Op Profit ex Except Items / Assets</i>	3.5	3.5	3.4	3.2	3.4
<i>Provisions / Assets</i>	0.9	1.0	0.8	0.6	0.6
<i>Profit Before Tax / Assets</i>	2.6	2.5	2.6	2.6	2.8
<i>Tax Expenses / Assets</i>	0.7	0.6	0.6	0.6	0.7
<i>RoA</i>	1.9	1.9	1.9	1.9	2.1
<i>Leverage (x)</i>	9.0	8.6	8.6	8.5	8.5
<i>RoE</i>	16.4	16.6	16.7	16.6	17.7
<i>Adj. RoA</i>	1.9	1.9	1.9	1.9	2.1
<i>Adj. RoE</i>	16.4	16.6	16.7	16.6	17.7

Source: Company, LKP Research

Exhibit 9: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Credit / Deposit Ratio	86.6	84.9	87.8	89.4	89.6
Incremental C/D Ratio	77.7	74.2	105.3	98.6	90.2
Investment Deposit Ratio	34.1	33.2	29.2	28.9	27.9
Dom. SLR Investment / Deposits	28.3	26.4	23.2	23.7	23.5
CASA Ratio	42.5	46.3	48.4	44.0	44.0

Source: Company, LKP Research

Exhibit 10: Asset Quality

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Slippage Ratio	2.1	1.6	1.9	1.7	1.4
Gross NPA (Cl Bal)	1,26,500	1,50,860	1,61,410	2,00,706	2,22,455
Gross NPAs Ratio (%)	1.3	1.3	1.2	1.2	1.1
PCR (%)	72.0	69.8	72.7	73.1	73.1
Net NPA (Cl. Bal.)	35,424	45,548	44,077	54,076	59,845
Net NPAs Ratio (%)	0.4	0.4	0.3	0.3	0.3
Total Impaired Loans	1,26,500	1,50,860	1,61,410	2,00,706	2,22,455
Impaired Loan as % of Loan / AUM	1.2	1.2	1.1	1.2	1.1
Total Risk Reserves	91,076	1,05,312	1,17,333	1,46,630	1,62,610
Total Risk As % of Loan Book	0.9	0.9	0.8	0.8	0.8

Source: Company, LKP Research

Exhibit 11: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Loan & Advances	99,37,029	1,13,28,366	1,36,88,209	1,64,25,851	1,98,75,280
Growth (yoy %)		14.0	20.8	20.0	21.0
Interest Bearing Liabilities	1,29,21,308	1,47,05,475	1,74,40,347	2,01,85,758	2,41,23,946
Growth (yoy %)		13.8	18.6	15.7	19.5
Yield on Funds	8.6	7.6	7.0	7.1	7.3
Cost of Funds (CoF)	5.0	4.1	3.5	3.8	3.9
Interest Spread	3.6	3.6	3.5	3.3	3.5
NIM's	4.2	4.1	3.9	3.8	4.0
Other Income Growth	32.0	8.4	17.1	17.1	17.1
C/I Ratio	38.6	36.3	36.9	37.5	36.5
Effective Tax Rate	28.3	25.3	24.6	24.6	24.6
Return Ratios					
Adj. RoA	1.9	1.9	1.9	1.9	2.1
Adj. RoE	16.4	16.6	16.7	16.6	17.7
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	1.2	1.2	1.0	0.8	0.8
Gross NPAs Ratio (%)	1.3	1.3	1.2	1.2	1.1
Net NPAs Ratio (%)	0.4	0.4	0.3	0.3	0.3

Source: Company, LKP Research

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