19 September 2023

Company Update | Sector: Financials

HDFC Bank

BSE SENSEX	S&P CNX
67,597	20,133

CMP: INR1,629 TP: INR1,950 (+20%) Buy

Discloses merged entity networth and other key metrics

2QFY24 to mark a weak start; RoE to revert to pre-merge levels by FY26E

HDFC Bank management at its analyst meet highlighted the baseline net worth, margins, asset quality and other key metrics of the merged entity. Following are the key takeaways from the meeting –

- **HDFC Ltd's net worth declined to INR1.12t in Jul'23 from INR1.34t as of Mar'23 due to accounting changes from IND-AS to IGAAP, credit policy harmonization, DTL reserve and other factors.**
- **The huge liquidity build-up at HDFC Ltd affected margins by 70bp to 2.0% as of Day-0 of the merged entity. The management highlighted that this implies a margin hit of 20-25bp on the pro forma merged entity estimates of 3.7-3.8%. As a result, we lower our NII estimates.**
- **The merged entity's opening loans and advances stood at INR22.2t as of 1st Jul'23 and we estimate the same to grow by 12% over the remaining 9MFY24 and then at a 17% CAGR in the upcoming years.**
- **Asset quality ratios have deteriorated after the merger, with the GNPA ratio increasing to 1.4% from 1.2% and the NNPA ratio rising to 0.4% from 0.3% for the standalone bank. PCR will be broadly stable at 74% (75% for standalone HDFC Bank).**
- **The pro forma merged entity's RoA/RoE sustained at 1.9%-2.0%/16% in 1QFY24; however, 2QFY24 appears to be a weak quarter with subdued margins and elevated cost ratios (pro forma merged at 40% for 1QFY24). We reduce our PAT/BV estimates by ~5%/~3% and lower our PT to INR1,950 (2.7x FY25E ABV + INR206 from subs).**

HDFC Ltd net worth moderates on methodology change, other factors

The management highlighted that erstwhile HDFC Ltd's (e-HDFC) net worth, which stood at INR1.34t as of Mar'23 as per IND-AS, has moderated to INR1.12t as of 1st Jul'23 under IGAAP. It incorporates the impact of methodology alignment to IGAAP from IND-AS (INR 118b), credit policy harmonization (INR76b), deferred tax liability reserve (INR49b) and interim dividends (INR81b). HDFC Bank's net worth thus will increase from the opening figure of INR2.94t as of 1st Jul'23 to INR3.91t on merged basis as of 1st Jul'23. The standalone bank's BVPS moves from INR525 as of 1st Jul'23 to INR519 on the merged basis.

Loan growth to remain in check; estimate ~12% growth over residual 9MFY24 and 17% CAGR thereafter

We estimate loan growth for the merged entity to sustain at 12% over the remaining 9MFY24, while the CAGR will recover to 17% over FY24-26E. The continued rundown in wholesale book of e-HDFC Ltd and slower growth in the individual mortgage business will drag down overall loan growth. The bank has indicated that the merged entity's balance sheet size was INR32.5t as of 1st Jul'23 and we estimate it to grow to ~INR49t by FY26E.

Stock Info

Bloomberg	HDFCB IN
Equity Shares (m)	7538
M.Cap.(INRb)/(USDb)	12341 / 148.2
52-Week Range (INR)	1758 / 1365
1, 6, 12 Rel. Per (%)	-2/-14/-6
12M Avg Val (INR M)	21162
Free float (%)	100

Financials Snapshot (INR b)

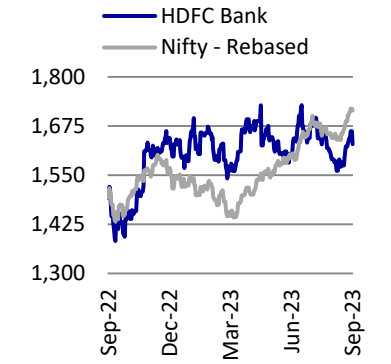
Y/E March	FY23	FY24E	FY25E
NII	868	1,176	1,390
OP	704	935	1,125
NP	441	614	744
NIM (%)	4.1	3.6	3.7
EPS (INR)	79.3	81.6	98.8
EPS Gr. (%)	18.6	2.9	21.1
BV/Sh. (INR)	502	577	656
ABV/Sh. (INR)	489	561	638
Ratios			
RoE (%)	17.0	14.8	16.0
RoA (%)	1.9	1.8	1.9
Valuations			
P/E(X)	20.6	20.0	16.5
P/BV (X)	3.2	2.8	2.5
P/ABV (X)	2.9	2.5	2.2

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	20.8	20.9	21.0
DII	22.0	23.1	22.2
FII	45.6	44.7	44.8
Others	11.5	11.3	12.0

FII Includes depository receipts

Stock Performance (1-year)



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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

GNPA ratio for merged entity to increase to 1.4%; PCR broadly stable

The GNPA ratio for the merged entity will increase to 1.4% from 1.2% for the standalone bank, while net NPAs will increase to 0.4% from 0.3%. The provisioning undertaken as a part of credit policy harmonization at INR76b is almost equally distributed between General, Contingent and Specific provisions. HDFC's coverage ratio has thus improved to ~74%, enabling the merged entity's PCR to also sustain at ~74% (75% for standalone bank). Contingent and floating provisions as % of advances also stand broadly unchanged at 0.7%. Total provisions as % of advances will increase to 2.2%; however, excluding specific, the provisions as % of advances remain unchanged at 1.1%.

E-HDFC Ltd margin declines sharply on high liquidity build-up; Pro forma IGAAP RoA moderates 50bp for FY23

HDFC Ltd's margins moderated from 2.9% in FY23 to 2.7% in 1QFY24. However, given the huge liquidity build-up (~INR1t of borrowings toward end of quarter), margins as of Day-0 of the merger declined sharply to 2.0%, thus representing a 70bp decline over the previous quarter. The management highlighted that for the merged entity this implies a margin hit of 20-25bp over the pro forma merged entity's margin estimates of 3.7-3.8%. Besides the pro forma RoA for HDFC Ltd has also moderated to 1.8% under IGAAP vs. 2.4% under IND-AS in FY23 and the same is likely to moderate further given the huge margin drag from excess liquidity.

Merged entity profitability and growth – 2QFY24 to mark a sluggish start

The pro forma merged entity's RoA/RoE sustained at 1.9%-2.0%/16% in 1QFY24; however, 2QFY24 appears to be a weaker quarter with a huge hit on margins and elevated cost ratios (pro forma merged at 40% for 1QFY24). The tax rate and acquisition cost treatment changes have further affected RoA; however, an improvement in credit cost on improved mix of secured assets will help offset revenue pressure to some extent. The merged entity's CAR improves 30bp to 19.2%, though RWA density stands broadly unchanged at ~65% with mortgage book having lower RWA density, offset by higher RWA on non-individual loans.

Reduce PAT, BV estimates; Maintain Buy with revised TP of INR1,950

While we were already conservative in our projections and estimated FY24 NIM to be at 3.75%, which is in line with the pro forma merged estimates. However, the impact on net worth from the transition to IGAAP, credit policy harmonization and other factors has led to a slight cut in our BV projections. Besides, the drag from excess liquidity, ICRR and continued unwinding of the non-individual loan portfolio of HDFC Ltd will further impact margins and earnings. We nevertheless believe that the merger will enable HDFC Bank to build a more diversified and robust franchise. Moreover, an increased customer base, strong technological edge and robust distribution should help the bank improve cross-selling to customers and enable healthy business growth.

- We cut our FY24/25 ABV projections by 3%/4% and lower our PAT estimates by 5%/6%.
- We estimate a ~21% CAGR in net earnings over FY24-26, while RoA/RoE would expand to 2%/17%.
- We thus revise our TP to INR1,950 (premised on 2.7x FY25E ABV + INR206 from subs) and believe that a gradual recovery in growth and margins will enable improved stock performance. Retain BUY.

Exhibit 1: Merged GNPA stands at 1.4% whereas NNPA stands at 0.4% as on 1st Jul'23

Asset quality

HDFC BANK

Particulars	Mar-23 HDFCB	Jun-23 HDFCB	1st Jul-23 HDFCB Merged
Gross NPA (%)	**1.1%**	**1.2%**	**1.4%**
Retail GNPA (%)	1.0%	0.9%	0.9%
CRB GNPA (%)	1.6%	1.8%	1.8%
CRB ex-Agri GNPA (%)	1.1%	1.2%	1.2%
Wholesale GNPA (%)	0.5%	0.4%	0.4%
e-HDFCL Individual GNPA (%)			1.0%
e-HDFCL Non-Individual GNPA (%)			6.7%
Net NPA	**0.3%**	**0.3%**	**0.4%**
Specific provision coverage (%)	76%	75%	74%
Contingent and floating provisions as a % of advances	0.7%	0.7%	0.7%
Total provisions as a % of advances	2.0%	2.0%	2.2%
Total provisions (ex-specific) as a % of advances	1.1%	1.1%	1.1%

Exhibit 2: Return ratios will moderate with substantial moderation in NIMs

Key Ratios: Merged HDFC Bank

HDFC BANK

Financials	HDFCB Standalone		Proforma Merged HDFCB Q1FY24
	FY23	Q1FY24	
NIM (interest bearing assets)	4.3%	4.3%	3.9% - 4.0%
NIM (total assets)	4.1%	4.1%	3.7% - 3.8%
Cost to income	40%	43%	~40%
Credit costs as a % of advances	0.7%	0.7%	~0.6%
RoA	2.1%	2.1%	1.9% - 2.0%
RoE	17.4%	17.3%	~16%
EPS – standalone	79	21	20
EPS – consolidated	83	22	22
BVPS – standalone	502	525	519
BVPS – consolidated	519	543	536
Capital adequacy ratio	19.3%	18.9%	19.2%

Exhibit 3: HDFCB to have a merged loan book of INR22.2t and deposits of INR20.6t as on 1st Jul'23

Merged summarised balance sheet – 1st July 2023

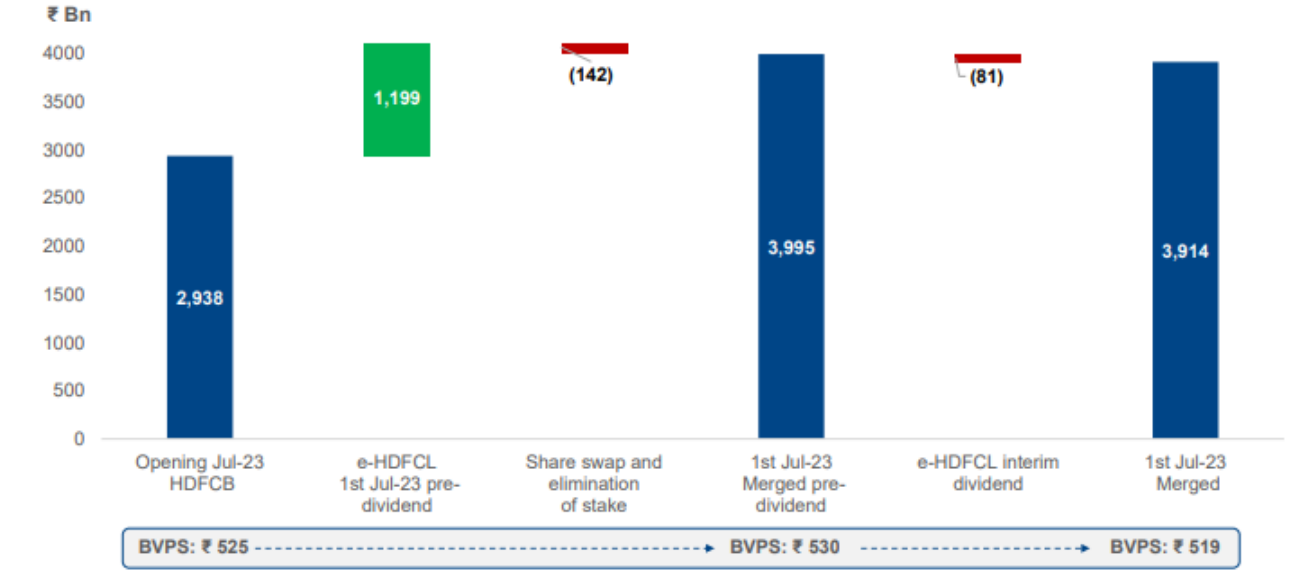
HDFC BANK

₹ Bn.	HDFCB 30-Jun-23	HDFCB Merged Opening
Share capital & reserves	2,938	3,914
Deposits	19,131	20,638
Borrowings	2,094	6,869
Other liabilities	854	1,125
Total	**25,017**	**32,546**
Loans and advances	16,157	22,210
Cash & equivalent	1,607	1,610
Investments	5,658	6,984
Fixed and other assets	1,595	1,742
Total	**25,017**	**32,546**

Exhibit 4: Merged net worth to be at INR3.91t vs. INR2.94t for HDFCB standalone as on 1st Jul'23

Opening merged net worth – 1st July 2023

HDFC BANK



Consolidated BVPS: ₹ 543

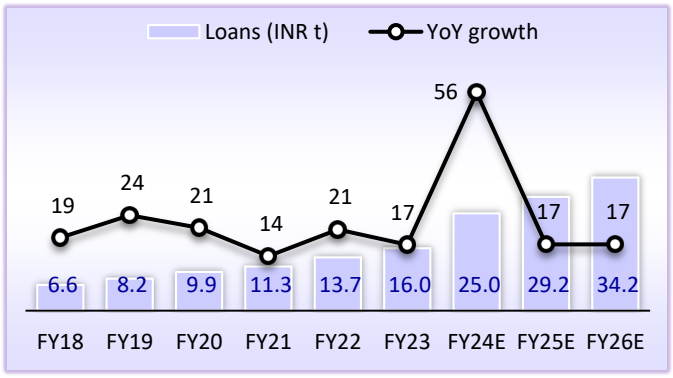
Consolidated BVPS: ₹ 536

3 Sell side analyst meet, September 18, 2023

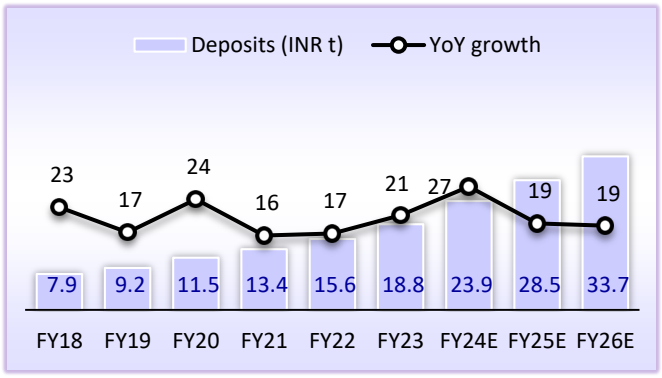
754 crore shares of Re. 1 face value

STORY IN CHARTS

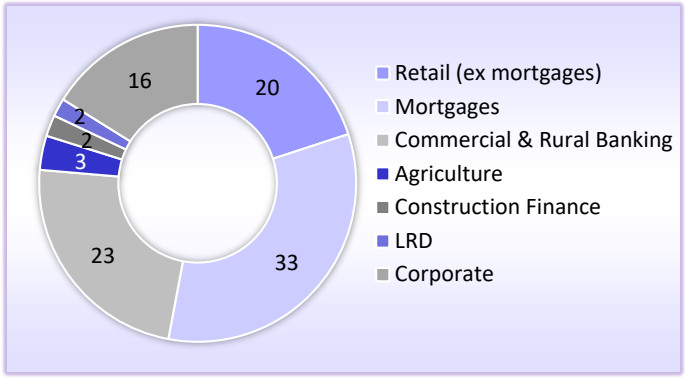
Advances to see ~17% CAGR over FY24-FY26E



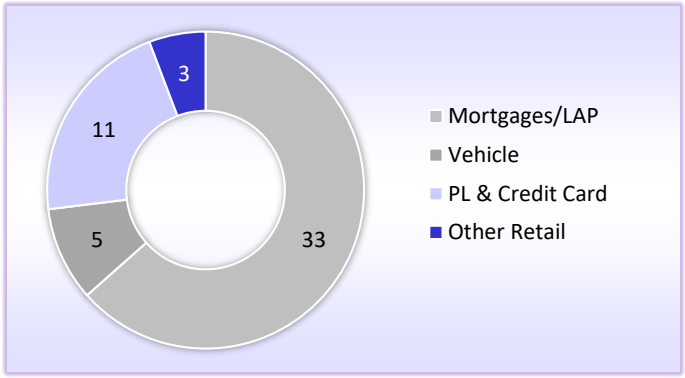
Estimate 19% CAGR in deposits over FY24-FY26E



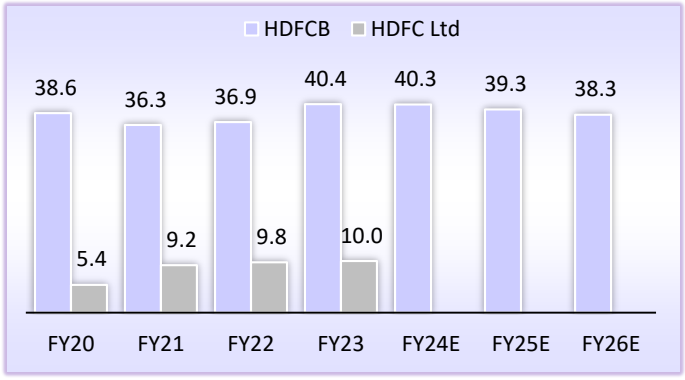
Pro-forma loan mix of the merged entity (%)



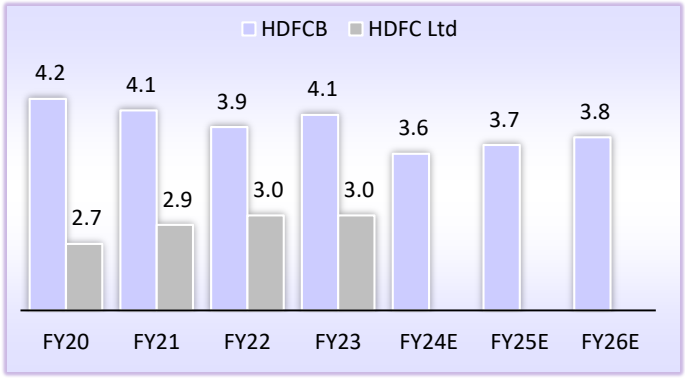
Pro-forma retail loan mix of the merged entity (%)



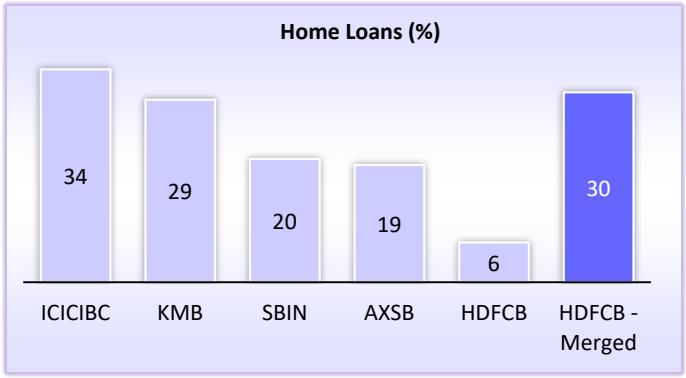
Cost-income ratio to moderate to 38.3% by FY26E



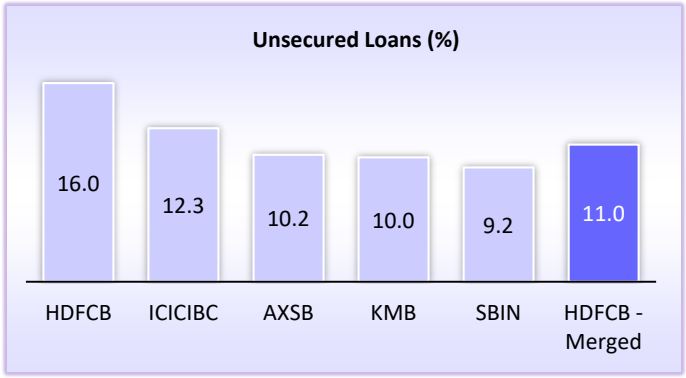
NIMs to decline to 3.6% in FY24 and improve gradually



Home loan mix across banks as on FY23: Merged entity to be broadly similar to larger peers



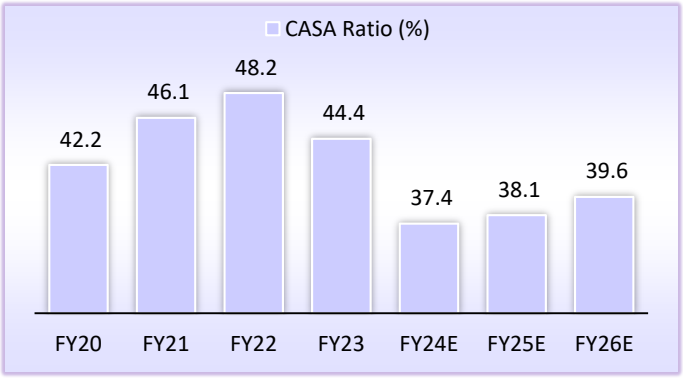
Unsecured loan mix across banks as on FY23: Merged entity to see moderation in unsecured mix



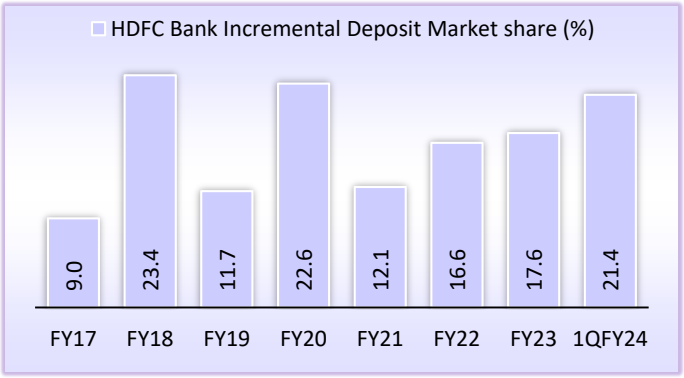
Source: MOFSL, Company

STORY IN CHARTS

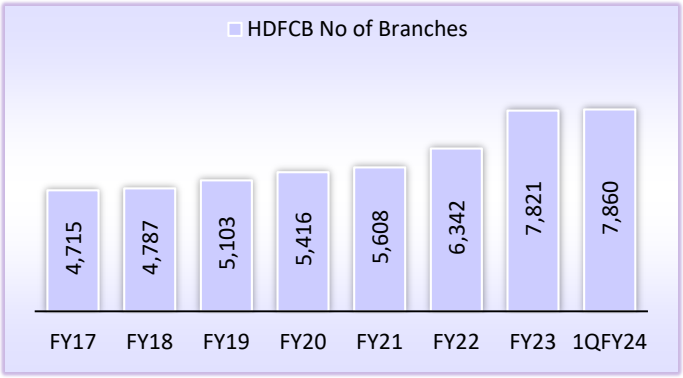
Merged entity CASA to moderate to 37.4% in FY24E



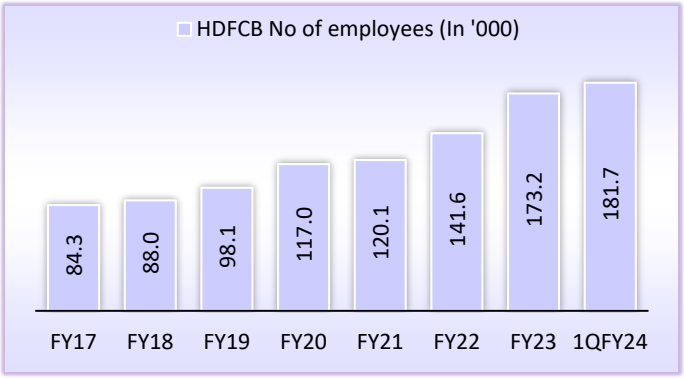
HDFCB Incremental deposit market share increased to 21%



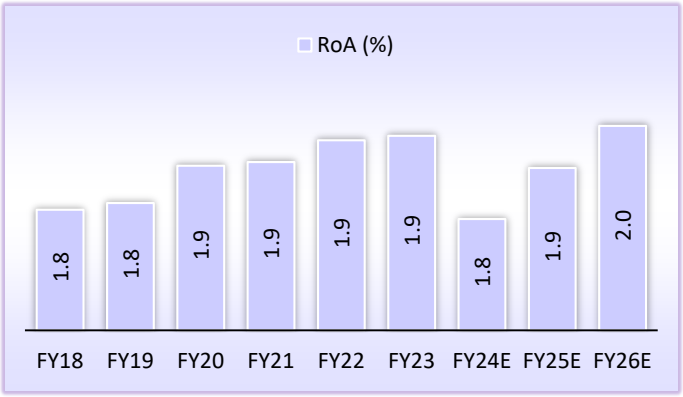
No. of branches have grown at accelerated pace



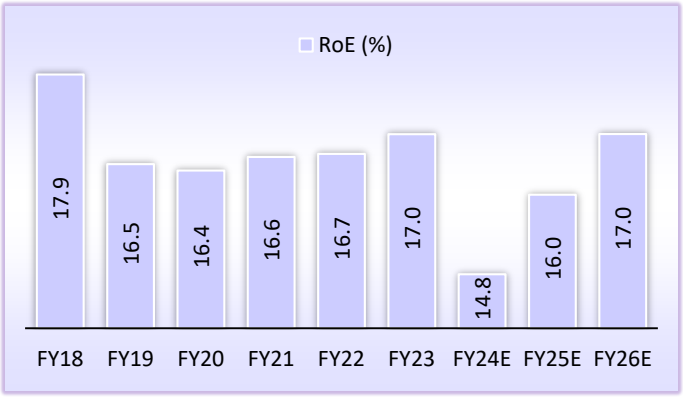
Employee base has increased to 188.7k from 88k in FY18



ROA to increase to 2.0% by FY26E

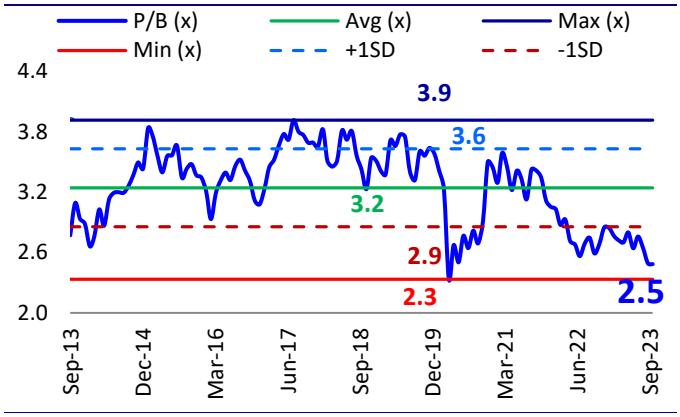


ROE to rise to pre-merge levels by FY26E after a dip in FY24E



Source: MOFSL, Company

HDFCB P/B is trading at a low of ~2.5 times



HDFCB SOTP Valuation

	Value INR b	Per Share INR	% of Total
HDFC Bank	**13,125.7**	**1,744**	**89.4**
HDB Financial Services	534.4	71	3.6
HDFC Securities	203.4	27	1.4
HDFC Life Insurance	792.9	105	5.4
HDFC Ergo General Insurance	130.1	17	0.9
HDFC AMC	244.0	32	1.7
HDFC Credila	10.1	1	0.1
Bandhan Bank	20.7	3	0.1
Value of Subs (Post Holdco Disc)	**1,548.4**	**206**	**10.6**
Target Price	**14,674.1**	**1,950**	

Source: MOFSL, Company

Valuation and view: Buy with TP of INR1,950

Estimate earnings to grow at 21% CAGR over FY24E-FY26E

- HDFC Bank (HDFCB) and HDFC Ltd (HDFC) have merged their operations effective 1st Jul'23, with HDFC shareholders receiving 42 shares of HDFCB for every 25 shares of HDFC held by them. After the merger, HDFC's shareholding in HDFCB extinguished and HDFC shareholders now own 41% in HDFCB.
- The merged entity's advances grew to INR22.21t in 1QFY24 and we estimate them to grow to INR25.0t by 4QFY24, led by sustained momentum in Retail loans. We believe that the synergies of the merger will kick in gradually and improve the cross-sell rate of products to customers of both the entities.
- We thus expect loan growth to stay healthy and estimate a 17% loan CAGR over FY24-26 to reach INR34.2t. We expect deposit traction to remain healthy, with deposits set to replace high-cost borrowings of HDFC, thereby reducing the cost of funds and aiding the margins.
- We expect the near-term profitability to remain under pressure due to a drag from the CRR, SLR and PSL requirements. Hence, we expect PAT growth to be muted in FY24 but is likely to improve thereafter to a 21% CAGR over FY24E-26E.
- Strong capitalization and liquidity levels should help HDFCB sustain its growth momentum over the next few years. This makes the bank better placed to gain incremental market share.
- GNPA/NNPA ratios are likely to remain steady at ~1.1%-1.3%/0.3% over FY24E-FY26E, while medium-term credit cost will remain in control given improved asset mix. PCR is likely to hold broadly stable at ~74%.
- **BUY with a TP of INR1,950**. While we were already conservative in our projections and estimated FY24 NIM to be at 3.75%, which is in line with the pro forma merged estimates; however, the impact on net worth from the transition to IGAAP, credit policy harmonization and other factors has led to a slight cut in our BV projections. Besides, the drag from excess liquidity, ICRR and continued unwinding of non-individual loan portfolio of HDFC will further impact margins and earnings. We nevertheless believe that the merger will enable HDFCB to build a more diversified and robust franchise. Moreover, an increased customer base, strong technological edge and robust distribution should help the bank improve cross-selling to customers and enable healthy business growth.
  - We cut our FY24/25 ABV projections by 3%/4% and lower our PAT estimates by 5%/6%.
  - We estimate a ~21% CAGR in net earnings over FY24-26, while RoA/RoE would expand to 2%/17%.
  - We thus revise our TP to INR1,950 (premised on 2.7x FY25E ABV + INR206 from subs) and believe that a gradual recovery in growth and margins will enable improved stock performance. Retain BUY.

Exhibit 5: SOTP-based pricing

	Value INR b	Value USD b	Per Share INR	% of Total Value	Rationale
HDFC Bank	**13,125.7**	**159.1**	**1,744**	**89.4**	❖ **2.7x FY25E ABV**
HDB Financial Services	534.4	6.5	71	3.6	❖ 3.5x FY25E Net worth
HDFC Securities	203.4	2.5	27	1.4	❖ 18x FY25E PAT
HDFC Life Insurance	792.9	9.6	105	5.4	❖ 2.8x FY25E EV
HDFC Ergo General Insurance	130.1	1.6	17	0.9	❖ 25x FY25E PAT
HDFC AMC	244.0	3.0	32	1.7	❖ 26x FY25E PAT
HDFC Credalia	10.1	0.1	1	0.1	❖ 3.5x FY25E BV
Bandhan Bank	20.7	0.3	3	0.1	❖ 1.6x FY25E BV
Total Value of Subs	**1,935.5**	**23.5**	**257**	**13.2**	
Less: 20% holding Disc	387.1	4.7	51	2.6	
Value of Subs (Post Holding Disc)	**1,548.4**	**18.8**	**206**	**10.6**	
Target Price	**14,674.1**	**177.9**	**1,950**		

Exhibit 6: DuPont Analysis: Return ratios to remain healthy

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	8.57	8.27	7.38	6.70	7.13	7.56	7.71	7.67
Interest Expense	4.40	4.23	3.42	2.92	3.30	4.12	4.18	4.06
Net Interest Income	**4.18**	**4.05**	**3.96**	**3.77**	**3.83**	**3.44**	**3.53**	**3.61**
Core Fee Income	1.34	1.38	1.15	1.22	1.06	0.89	0.91	0.93
Trading and others	0.19	0.30	0.39	0.33	0.31	0.25	0.27	0.27
Non-Interest income	**1.53**	**1.68**	**1.54**	**1.55**	**1.38**	**1.14**	**1.18**	**1.20**
Total Income	**5.71**	**5.73**	**5.50**	**5.32**	**5.21**	**4.58**	**4.71**	**4.81**
Operating Expenses	**2.26**	**2.21**	**2.00**	**1.96**	**2.10**	**1.85**	**1.85**	**1.84**
Employee cost	0.67	0.69	0.63	0.63	0.68	0.59	0.59	0.59
Others	1.59	1.53	1.36	1.33	1.42	1.26	1.26	1.25
Operating Profits	**3.44**	**3.51**	**3.50**	**3.36**	**3.11**	**2.74**	**2.86**	**2.97**
Core operating Profits	**3.26**	**3.22**	**3.11**	**3.03**	**2.79**	**2.48**	**2.59**	**2.70**
Provisions	**0.65**	**0.88**	**0.96**	**0.79**	**0.53**	**0.35**	**0.35**	**0.36**
PBT	**2.79**	**2.64**	**2.54**	**2.57**	**2.58**	**2.38**	**2.50**	**2.60**
Tax	0.96	0.75	0.64	0.63	0.63	0.59	0.62	0.64
RoA	**1.83**	**1.89**	**1.90**	**1.94**	**1.95**	**1.80**	**1.89**	**1.96**
Leverage (x)	9.0	8.7	8.7	8.6	8.7	8.2	8.5	8.6
RoE	**16.5**	**16.4**	**16.6**	**16.7**	**17.0**	**14.8**	**16.0**	**17.0**

Financials and valuations

Income Statement (INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	989.7	1,148.1	1,208.6	1,277.5	1,615.9	2,583.8	3,036.3	3,516.2
Interest Expense	507.3	586.3	559.8	557.4	747.4	1,408.1	1,646.5	1,861.9
Net Interest Income	**482.4**	**561.9**	**648.8**	**720.1**	**868.4**	**1,175.7**	**1,389.8**	**1,654.4**
Growth (%)	20.3	16.5	15.5	11.0	20.6	35.4	18.2	19.0
Non-Interest Income	176.3	232.6	252.0	295.1	312.1	390.2	464.3	547.9
Total Income	**658.7**	**794.5**	**900.8**	**1,015.2**	**1,180.6**	**1,565.9**	**1,854.1**	**2,202.3**
Growth (%)	19.1	20.6	13.4	12.7	16.3	32.6	18.4	18.8
Operating Expenses	261.2	307.0	327.2	374.4	476.5	631.0	729.4	843.6
Pre Provision Profits	**397.5**	**487.5**	**573.6**	**640.8**	**704.0**	**934.9**	**1,124.7**	**1,358.7**
Growth (%)	21.8	22.6	17.7	11.7	9.9	32.8	20.3	20.8
Core PPP	**380.3**	**465.9**	**549.2**	**601.7**	**659.2**	**876.2**	**1,050.1**	**1,270.7**
Growth (%)	22.3	22.5	17.9	9.6	9.6	32.9	19.8	21.0
Provisions (exc. tax)	75.5	121.4	157.0	150.6	119.2	120.3	138.6	165.6
PBT	**322.0**	**366.1**	**416.6**	**490.2**	**584.9**	**814.5**	**986.1**	**1,193.1**
Tax	111.2	103.5	105.4	120.5	143.8	200.4	242.6	293.5
Tax Rate (%)	34.5	28.3	25.3	24.6	24.6	24.6	24.6	24.6
PAT	**210.8**	**262.6**	**311.2**	**369.6**	**441.1**	**614.2**	**743.6**	**899.6**
Growth (%)	20.5	24.6	18.5	18.8	19.3	39.2	21.1	21.0

Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	5.4	5.5	5.5	5.5	5.6	7.5	7.5	7.5
Reserves & Surplus	1,486.6	1,704.4	2,031.7	2,395.4	2,796.4	4,333.6	4,926.6	5,668.2
Net Worth	**1,492.1**	**1,709.9**	**2,037.2**	**2,400.9**	**2,802.0**	**4,341.1**	**4,934.2**	**5,675.7**
Deposits	9,231.4	11,475.0	13,350.6	15,592.2	18,833.9	23,933.5	28,480.9	33,749.8
Growth (%)	17.0	24.3	16.3	16.8	20.8	27.1	19.0	18.5
of which CASA Deposits	3,912.0	4,846.3	6,156.8	7,510.5	8,359.9	8,951.1	10,851.2	13,364.9
Growth (%)	14.0	23.9	27.0	22.0	11.3	7.1	21.2	23.2
Borrowings	1,170.9	1,446.3	1,354.9	1,848.2	2,067.7	6,851.4	7,503.4	8,220.0
Other Liabilities & Prov.	551.1	673.9	726.0	844.1	957.2	1,273.8	1,439.4	1,640.9
Total Liabilities	**12,445.4**	**15,305.1**	**17,468.7**	**20,685.4**	**24,660.8**	**36,399.8**	**42,357.8**	**49,286.5**
Current Assets	813.5	866.2	1,194.7	1,523.3	1,937.7	2,044.0	2,231.0	2,497.2
Investments	2,931.2	3,918.3	4,437.3	4,555.4	5,170.0	7,362.1	8,613.7	9,991.9
Growth (%)	21.0	33.7	13.2	2.7	13.5	42.4	17.0	16.0
Loans	8,194.0	9,937.0	11,328.4	13,688.2	16,005.9	24,970.5	29,215.5	34,182.2
Growth (%)	24.5	21.3	14.0	20.8	16.9	56.0	17.0	17.0
Fixed Assets	40.3	44.3	49.1	60.8	80.2	136.7	147.3	172.3
Other Assets	466.5	539.3	459.3	857.7	1,467.1	1,886.5	2,150.3	2,442.9
Total Assets	**12,445.4**	**15,305.1**	**17,468.7**	**20,685.4**	**24,660.8**	**36,399.8**	**42,357.8**	**49,286.5**

Asset Quality

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
GNPA	112.2	126.5	150.9	161.4	180.2	319.7	326.5	378.0
NNPA	32.1	35.4	45.5	44.1	43.7	84.9	88.1	97.6
GNPA Ratio	1.4	1.3	1.3	1.2	1.1	1.3	1.1	1.1
NNPA Ratio	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Slippage Ratio	1.9	1.9	1.5	2.1	1.7	1.6	1.5	1.5
Credit Cost	0.9	1.3	1.5	1.2	0.8	0.5	0.5	0.5
PCR (Exc. Tech. write off)	71.4	72.0	69.8	72.7	75.8	73.5	73.0	74.2

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	**9.6**	**9.0**	**8.1**	**7.4**	**8.0**	**8.3**	**8.5**	**8.4**
Avg. Yield on loans	10.5	10.1	8.9	7.9	8.6	8.9	9.0	8.9
Avg. Yield on Inv.	7.6	6.1	5.6	5.8	6.5	6.8	6.9	6.9
Avg. Cost-Int. Bear. Liabilities	**5.2**	**5.0**	**4.1**	**3.5**	**3.9**	**4.9**	**4.9**	**4.8**
Avg. Cost of Deposits	4.8	4.9	4.0	3.4	3.9	4.4	4.5	4.4
Interest Spread	**4.4**	**4.0**	**4.0**	**3.9**	**4.1**	**3.4**	**3.6**	**3.6**
Net Interest Margin	**4.4**	**4.2**	**4.1**	**3.9**	**4.1**	**3.6**	**3.7**	**3.8**
Capitalisation Ratios (%)								
CAR	17.1	18.3	18.5	18.7	19.3	19.3	18.5	17.9
Tier I	15.8	17.0	17.3	17.7	17.1	17.7	17.1	16.8
Tier II	1.3	1.2	1.2	1.0	2.2	1.5	1.3	1.1
Business and Efficiency Ratios (%)								
Loans/Deposit	88.8	86.6	84.9	87.8	85.0	104.3	102.6	101.3
CASA Ratio	42.4	42.2	46.1	48.2	44.4	37.4	38.1	39.6
Cost/Assets	2.1	2.0	1.9	1.8	1.9	1.7	1.7	1.7
Cost/Total Income	39.7	38.6	36.3	36.9	40.4	40.3	39.3	38.3
Cost/Core Income	40.7	39.7	37.3	38.4	42.0	41.9	41.0	39.9
Int. Expense/Int. Income	51.3	51.1	46.3	43.6	46.3	54.5	54.2	53.0
Fee Income/Total Income	23.5	24.1	20.9	22.9	20.4	19.4	19.3	19.3
Non Int. Inc./Total Income	26.8	29.3	28.0	29.1	26.4	24.9	25.0	24.9
Emp. Cost/Total Expense	29.7	31.0	31.7	32.1	32.6	32.0	32.1	32.2
Investment/Deposit	31.8	34.1	33.2	29.2	27.5	30.8	30.2	29.6
Valuation								
RoE	16.5	16.4	16.6	16.7	17.0	14.8	16.0	17.0
RoA	1.8	1.9	1.9	1.9	1.9	1.8	1.9	2.0
RoRWA	2.4	2.6	2.8	2.8	2.9	2.8	2.9	2.9
Book Value (INR)	274	312	370	433	502	577	656	754
Growth (%)	33.8	13.8	18.5	17.2	16.0	14.9	13.7	15.0
Price-BV (x)	**5.9**	**5.2**	**4.4**	**3.8**	**3.2**	**2.8**	**2.5**	**2.2**
Adjusted BV (INR)	263	300	357	420	489	561	638	734
Price-ABV (x)	**6.2**	**5.4**	**4.6**	**3.9**	**3.3**	**2.9**	**2.6**	**2.2**
EPS (INR)	39.6	48.0	56.6	66.8	79.3	81.6	98.8	119.5
Growth (%)	16.9	21.2	17.8	18.1	18.6	2.9	21.1	21.0
Price-Earnings (x)	**41.1**	**33.9**	**28.8**	**24.4**	**20.5**	**20.0**	**16.5**	**13.6**

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