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\*CLSA India Private Limited

18 January 2024

**India****Financial services**

**Reuters** HDBK.BO  
**Bloomberg** HDFCB IB  
**ADR** HDB.N

**Priced on 17 January 2024**

CNX Nifty @ 21,572.0

**12M hi/lo** Rs1,728.65/1,463.50

**12M price target** Rs2,025.00  
**±% potential** +32%

**Shares in issue** 7,592.5m  
**Free float (est.)** 84.7%

**Market cap** US\$140.4bn

**3M ADV** US\$302.2m

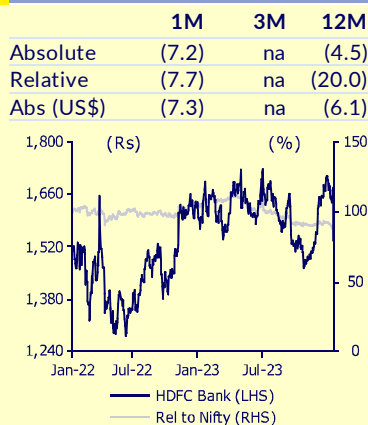
**Foreign s'holding** 72.3%

**Major shareholders**  
HDFC Group 15.3%

**Blended ESG Score (%)\***

**Overall** 63.9  
**Country average** 59.4  
**GEM sector average** 55.1

\*Click to visit company page on [clsa.com](https://clsa.com) for details

**Stock performance (%)**

Source: Bloomberg

**Client feedback****Key debate on how to balance deposit growth and NIM**

We interacted with over 20 clients since HDFC Bank's results on Tuesday. While most domestic clients were unhappy with the results, we felt that it was slightly different for the foreign investors, many of whom believe that we are near the end of the "EPS cuts" cycle. Key concerns were on deposits and NIM. On deposits, some clients believed that it was a macro problem and not intrinsic to HDFCB alone. We expect RBI to reduce the \$20bn liquidity deficit by a mix of FX purchases, possible 50bp CRR cut and OMOs. Note that Rs1 of durable liquidity injection tends to create Rs4.6 in deposits over 6-12 months.

**What are clients saying?**

Many domestic clients believe that EPS cuts are likely to continue as it would be nearly impossible for HDFCB to maintain 15-17% loan growth and also expand margins. This is because the ask rate on deposit accretion to deliver 15-17% loan growth is quite high (Rs4.5-5trn annually). Clients believe that the bank would need to play the deposit pricing game to garner such a high volume of deposits, thus shrinking its NIM. One client also argued that the impact of the increase in retail loans on NIMs will take longer-than-expected. Among the foreign investors, the ratio of "bears" to "bulls" seemed much lower than the domestic investors. Many of them believe that the worst is almost over, and we should see an improving trend across all important parameters. Moreover, some pointed out that the Street is missing out on the merger synergy benefits that are yet to play out.

**Can RBI help with the deposit accretion problem?**

On the concall, management attributed weaker deposit growth to an overall liquidity deficit in the banking system. The RBI has infused US\$17bn via FX intervention vs our estimate of US\$42bn; the balance is showing up as money market liquidity deficit. We believe that RBI would take a slew of measures to bring down the deficit – FX interventions, possible CRR cut and OMOs. We believe that FX intervention (US\$10bn in 4QFY24) is the easiest way for the RBI to bring down the liquidity deficit. This will also help it to recoup US\$22bn FYTD (including forwards) of FX reserves sold. In addition, a 50bp CRR cut, if done, would infuse US\$10bn of liquidity in the system. The last option is OMO, although we believe that this is unlikely as the GSec market may not be facing a very large deficit relative to the RBI OMO needed.

**We are c.5% below consensus on FY25/26 EPS estimates**

In our latest result note, we cut our EPS estimates by 3-5% driven by cuts in deposit and consequently loan growth. Our revised assumptions are 15% loan growth, 22% deposit growth and 20bp NIM improvement from exit-FY24 levels. However, when compared with consensus, we are c.5% lower on our FY25/26 estimates. Bulk of this divergence comes from lower operating profit.

**Financials**

Year to 31 March	22A	23A	24CL	25CL	26CL
Net profit (Rsm)	369,614	441,087	591,731	702,387	827,681
EPS (Rs)	66.7	79.1	77.9	92.5	109.0
CL/consensus (35) (EPS%)	-	-	95	94	95
EPS growth (% YoY)	18.1	18.6	(1.4)	18.7	17.8
PE (x)	23.1	19.4	19.7	16.6	14.1
PB (x)	3.5	3.1	2.7	2.4	2.1
ROE (%)	16.7	17.0	16.5	15.1	15.6

Source: www.clsa.com



## Financials at a glance

Year to 31 March	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
<b>Profit &amp; Loss (Rsm)</b>						
Interest income	1,277,531	1,615,856	2,605,583	61.3	3,265,806	3,772,564
Interest expense	(557,435)	(747,433)	(1,511,209)		(1,909,137)	(2,165,838)
<b>Net interest income</b>	<b>720,096</b>	<b>868,422</b>	<b>1,094,373</b>	<b>26</b>	<b>1,356,669</b>	<b>1,606,726</b>
Trading income	22,826	(11,312)	34,000		39,100	43,010
Fee income	195,366	238,440	247,978	4	285,175	327,951
Other operating income	76,907	85,019	129,941	52.8	141,482	154,755
<b>Non-interest income</b>	<b>295,099</b>	<b>312,148</b>	<b>411,919</b>	<b>32</b>	<b>465,757</b>	<b>525,716</b>
<b>Total op income</b>	<b>1,015,195</b>	<b>1,180,571</b>	<b>1,506,293</b>	<b>27.6</b>	<b>1,822,426</b>	<b>2,132,442</b>
Staff & related costs	(120,317)	(155,124)	(208,641)		(246,197)	(283,126)
Other operating expenses	(254,105)	(321,397)	(411,389)		(473,097)	(539,330)
<b>Total operating expenses</b>	<b>(374,422)</b>	<b>(476,521)</b>	<b>(620,030)</b>		<b>(719,293)</b>	<b>(822,457)</b>
<b>Preprovision OP</b>	<b>640,773</b>	<b>704,050</b>	<b>886,263</b>	<b>25.9</b>	<b>1,103,133</b>	<b>1,309,985</b>
Loan-loss provisions	(150,618)	(119,197)	(137,237)		(166,617)	(206,411)
<b>Operating profit</b>	<b>490,155</b>	<b>584,853</b>	<b>749,026</b>	<b>28.1</b>	<b>936,516</b>	<b>1,103,575</b>
Other income/expenses	-	0	-		0	-
<b>Profit before tax</b>	<b>490,155</b>	<b>584,853</b>	<b>749,026</b>	<b>28.1</b>	<b>936,516</b>	<b>1,103,575</b>
Taxation	(120,541)	(143,766)	(157,295)		(234,129)	(275,894)
Preference dividends	0	0	0		0	0
<b>Profit for period</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>34.2</b>	<b>702,387</b>	<b>827,681</b>
Minority interest	0	0	0		0	0
<b>Net profit</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>34.2</b>	<b>702,387</b>	<b>827,681</b>
<b>Adjusted profit</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>34.2</b>	<b>702,387</b>	<b>827,681</b>
<b>Balance sheet (Rsm)</b>						
<b>2022A</b>	<b>2023A</b>	<b>2024CL</b>	<b>(% YoY)</b>	<b>2025CL</b>	<b>2026CL</b>	
Net loans	13,688,209	16,005,859	25,641,386	60.2	29,487,594	33,910,733
Cash & equivalents	0	0	0		0	0
Placements with other banks	223,313	766,043	306,052	(60)	287,218	350,406
Other interest earning assets	4,376,846	5,009,783	6,404,332	27.8	7,788,898	9,475,072
<b>Total interest earning assets</b>	<b>18,288,368</b>	<b>21,781,685</b>	<b>32,351,769</b>	<b>48.5</b>	<b>37,563,709</b>	<b>43,736,211</b>
Net fixed assets	60,837	80,166	107,422	34	118,164	129,980
Intangible assets	0	0	0		0	0
Other assets	2,336,146	2,798,964	3,868,302	38.2	3,999,346	4,464,013
<b>Total non-interest earning assets</b>	<b>2,396,983</b>	<b>2,879,130</b>	<b>3,975,724</b>	<b>38.1</b>	<b>4,117,510</b>	<b>4,593,993</b>
<b>Total assets</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,327,493</b>	<b>47.3</b>	<b>41,681,219</b>	<b>48,330,204</b>
Customer deposits	15,592,174	18,833,946	23,542,433	25	28,721,768	35,040,557
Deposits from banks	-	-	-		-	-
Other int-bearing liabs	1,848,172	2,067,656	7,197,877	248.1	6,589,485	6,043,932
<b>Total int-bearing liabs</b>	<b>17,440,346</b>	<b>20,901,602</b>	<b>30,740,310</b>	<b>47.1</b>	<b>35,311,253</b>	<b>41,084,489</b>
Other non-int-bearing liabs	844,075	957,222	1,224,219	27.9	1,409,972	1,582,192
Shareholder funds	2,400,929	2,801,990	4,362,965	55.7	4,959,994	5,663,523
Other equity capital	0	0	0		0	0
<b>Total liabs &amp; equity</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,327,493</b>	<b>47.3</b>	<b>41,681,219</b>	<b>48,330,204</b>
Total tier 1 capital	2,422,785	2,713,146	4,274,121	57.5	4,871,150	5,574,679
<b>Total capital</b>	<b>2,445,388</b>	<b>2,770,392</b>	<b>4,369,909</b>	<b>57.7</b>	<b>5,002,323</b>	<b>5,741,332</b>
Risk weighted assets	13,535,110	15,866,350	24,099,043	51.9	28,484,238	33,994,646
<b>Average Risk weighted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Ratio analysis</b>						
<b>2022A</b>	<b>2023A</b>	<b>2024CL</b>	<b>(% YoY)</b>	<b>2025CL</b>	<b>2026CL</b>	
Net int inc growth (%)	11.0	20.6	26.0		24.0	18.4
Non-int inc growth (%)	17.1	5.8	32.0		13.1	12.9
Operating inc growth (%)	12.7	16.3	27.6		21.0	17.0
Net profit growth (%)	18.8	19.3	34.2		18.7	17.8
Net interest margin (%)	4.2	4.3	4.0		3.8	4.0
Cost/income (%)	36.9	40.4	41.2		39.5	38.6
Loans/deposits (%)	88.5	85.7	110.1		103.6	97.7
Gross NPLs/total loans (%)	1.2	1.1	1.4		1.3	1.3
Loan provisions/NPLs (%)	72.7	75.8	74.9		75.0	75.0
ROA (%)	1.9	1.9	1.9		1.8	1.8
ROE (%)	16.7	17.0	16.5		15.1	15.6
Tier 1 CAR (%)	17.9	17.1	17.7		17.1	16.4
CAR (%)	18.1	17.5	18.1		17.6	16.9

Source: www.clsa.com

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### Investment thesis

HDFC Bank is the best run bank with a track record of strong growth and profitability for over two decades. While return ratios are depressed due to the merger, we think it is temporary and the bank will revert to high-teens RoE in the medium term.

### Catalysts

Sustaining Rs1trn deposit accretion per quarter and improvement in NIM from current lows are key catalysts.

### Valuation details

We value the lending business using a long-term residual income model till FY40. We use a cost of equity of c.13% and an average RoE of 18% over the long term. In addition to the lending business, we value the subsidiaries based on our target prices (for the listed ones). We arrive at a TP of Rs2025.

### Investment risks

A slower-than-expected pickup in India's economic growth could hinder demand for retail loans, as well as margins and asset quality. HDFC Bank faces relatively low risk in its corporate exposure as it focuses on higher-rated companies and less on infrastructure loans. Inability to garner deposits at competitive costs may lead to an impact on growth and/or NIMs going forward.

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Great



Solid



Meh

## Detailed financials

### Profit & Loss (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Interest income	1,148,127	1,208,582	1,277,531	1,615,856	2,605,583	3,265,806	3,772,564
Interest expense	(586,264)	(559,787)	(557,435)	(747,433)	(1,511,209)	(1,909,137)	(2,165,838)
<b>Net interest income</b>	<b>561,863</b>	<b>648,796</b>	<b>720,096</b>	<b>868,422</b>	<b>1,094,373</b>	<b>1,356,669</b>	<b>1,606,726</b>
Trading income	19,344	38,670	22,826	(11,312)	34,000	39,100	43,010
FX gains/(losses)	21,547	24,384	39,079	40,819	46,941	53,982	62,080
Fee/Commission income	163,337	161,693	195,366	238,440	247,978	285,175	327,951
Other operating income	28,380	27,302	37,828	44,201	83,000	87,500	92,675
<b>Non-interest income</b>	<b>232,608</b>	<b>252,049</b>	<b>295,099</b>	<b>312,148</b>	<b>411,919</b>	<b>465,757</b>	<b>525,716</b>
<b>Total op income</b>	<b>794,471</b>	<b>900,845</b>	<b>1,015,195</b>	<b>1,180,571</b>	<b>1,506,293</b>	<b>1,822,426</b>	<b>2,132,442</b>
Staff related expenses	(95,257)	(103,648)	(120,317)	(155,124)	(208,641)	(246,197)	(283,126)
Property related expenses	-	-	-	-	-	-	-
Other operating expenses	(211,719)	(223,578)	(254,105)	(321,397)	(411,389)	(473,097)	(539,330)
<b>Total operating expenses</b>	<b>(306,975)</b>	<b>(327,226)</b>	<b>(374,422)</b>	<b>(476,521)</b>	<b>(620,030)</b>	<b>(719,293)</b>	<b>(822,457)</b>
<b>Preprovision OP</b>	<b>487,496</b>	<b>573,618</b>	<b>640,773</b>	<b>704,050</b>	<b>886,263</b>	<b>1,103,133</b>	<b>1,309,985</b>
Specific provision for loans	0	0	0	0	0	0	0
General provision for loans	(90,833)	(114,502)	(101,194)	(117,833)	(118,695)	(151,232)	(190,930)
Other provisions	(30,591)	(42,527)	(49,425)	(1,364)	(18,542)	(15,385)	(15,481)
<b>Loan-loss provisions</b>	<b>(121,424)</b>	<b>(157,029)</b>	<b>(150,618)</b>	<b>(119,197)</b>	<b>(137,237)</b>	<b>(166,617)</b>	<b>(206,411)</b>
<b>Operating profit</b>	<b>366,072</b>	<b>416,590</b>	<b>490,155</b>	<b>584,853</b>	<b>749,026</b>	<b>936,516</b>	<b>1,103,575</b>
Associate income	-	-	-	-	-	-	-
Other exceptional items	-	-	-	-	-	-	-
Other income/expense	0	0	0	0	0	0	0
<b>Profit before tax</b>	<b>366,072</b>	<b>416,590</b>	<b>490,155</b>	<b>584,853</b>	<b>749,026</b>	<b>936,516</b>	<b>1,103,575</b>
Taxation	(103,498)	(105,425)	(120,541)	(143,766)	(157,295)	(234,129)	(275,894)
<b>Profit after tax (before preference dividends)</b>	<b>262,573</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>702,387</b>	<b>827,681</b>
Preference dividends	0	0	0	0	0	0	0
<b>Profit for period</b>	<b>262,573</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>702,387</b>	<b>827,681</b>
Minority interest	0	0	0	0	0	0	0
<b>Net profit</b>	<b>262,573</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>702,387</b>	<b>827,681</b>
<b>Adjusted profit</b>	<b>262,573</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>591,731</b>	<b>702,387</b>	<b>827,681</b>
EPS (Rs)	47.9	56.4	66.7	79.1	77.9	92.5	109.0
Adjusted EPS (Rs)	47.9	56.4	66.7	79.1	77.9	92.5	109.0
DPS (Rs)	0.0	6.5	15.5	15.4	11.7	13.9	16.4

### Profit & loss ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Net int inc growth (%)	16.5	15.5	11.0	20.6	26.0	24.0	18.4
Non-int inc growth (%)	32.0	8.4	17.1	5.8	32.0	13.1	12.9
Operating inc growth (%)	20.6	13.4	12.7	16.3	27.6	21.0	17.0
Operating exp growth (%)	17.5	6.6	14.4	27.3	30.1	16.0	14.3
Loan provision expense growth	42.1	26.1	(11.6)	16.4	0.7	27.4	26.2
Net profit growth (%)	24.6	18.5	18.8	19.3	34.2	18.7	17.8
EPS growth (% YoY)	23.7	17.9	18.1	18.6	(1.4)	18.7	17.8
Adj EPS growth (% YoY)	23.7	17.9	18.1	18.6	(1.4)	18.7	17.8
DPS growth (% YoY)	(100.0)	-	138.5	(0.5)	(24.2)	18.7	17.8
<b>Margins (%)</b>							
Spread (%)	4.0	4.0	3.9	4.1	3.6	3.5	3.6
Net interest margin (%)	4.4	4.3	4.2	4.3	4.0	3.8	4.0
<b>Returns (%)</b>							
ROA (%)	1.9	1.9	1.9	1.9	1.9	1.8	1.8
ROE (%)	16.4	16.6	16.7	17.0	16.5	15.1	15.6
<b>Other key ratios (%)</b>							
Non-interest inc/op inc (x)	29.3	28.0	29.1	26.4	27.3	25.6	24.7
Cost/income (%)	38.6	36.3	36.9	40.4	41.2	39.5	38.6
Staff costs/op costs (%)	31.0	31.7	32.1	32.6	33.7	34.2	34.4
Provision exp/loans (%)	1.2	1.4	1.1	0.7	0.5	0.6	0.6
Earnings payout ratio (%)	0.0	11.5	23.3	19.5	15.0	15.0	15.0

Source: www.clsa.com

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## Balance sheet (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Gross loans	10,028,105	11,433,678	13,805,542	16,142,365	25,909,140	29,768,051	34,236,666
Loan loss reserve	(91,076)	(105,312)	(117,333)	(136,506)	(267,753)	(280,457)	(325,933)
<b>Net loans</b>	<b>9,937,029</b>	<b>11,328,366</b>	<b>13,688,209</b>	<b>16,005,859</b>	<b>25,641,386</b>	<b>29,487,594</b>	<b>33,910,733</b>
Cash & equivalents	0	0	0	0	0	0	0
Placements with other banks	144,136	221,297	223,313	766,043	306,052	287,218	350,406
Other interest earning assets	3,554,995	4,191,254	4,376,846	5,009,783	6,404,332	7,788,898	9,475,072
<b>Total interest earning assets</b>	<b>13,636,160</b>	<b>15,740,917</b>	<b>18,288,368</b>	<b>21,781,685</b>	<b>32,351,769</b>	<b>37,563,709</b>	<b>43,736,211</b>
Net fixed assets	44,319	49,093	60,837	80,166	107,422	118,164	129,980
Intangible assets	0	0	0	0	0	0	0
Other assets	1,624,633	1,678,695	2,336,146	2,798,964	3,868,302	3,999,346	4,464,013
<b>Total non-interest earning assets</b>	<b>1,668,953</b>	<b>1,727,789</b>	<b>2,396,983</b>	<b>2,879,130</b>	<b>3,975,724</b>	<b>4,117,510</b>	<b>4,593,993</b>
<b>Total assets</b>	<b>15,305,113</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,327,493</b>	<b>41,681,219</b>	<b>48,330,204</b>
Current deposits	1,742,479	2,121,821	2,393,106	2,734,961	2,734,961	3,336,653	4,070,717
Savings deposits	3,103,771	4,035,001	5,117,385	5,624,927	6,187,420	7,734,275	9,667,844
Other deposits	6,628,773	7,193,781	8,081,683	10,474,058	14,620,052	17,650,840	21,301,997
<b>Customer deposits</b>	<b>11,475,023</b>	<b>13,350,602</b>	<b>15,592,174</b>	<b>18,833,946</b>	<b>23,542,433</b>	<b>28,721,768</b>	<b>35,040,557</b>
Deposits from banks	-	-	-	-	-	-	-
Other int-bearing liabs	1,446,285	1,354,873	1,848,172	2,067,656	7,197,877	6,589,485	6,043,932
<b>Total int-bearing liabs</b>	<b>12,921,308</b>	<b>14,705,475</b>	<b>17,440,346</b>	<b>20,901,602</b>	<b>30,740,310</b>	<b>35,311,253</b>	<b>41,084,489</b>
Other non-int-bearing liabs	673,944	726,022	844,075	957,222	1,224,219	1,409,972	1,582,192
<b>Total liabilities</b>	<b>13,595,252</b>	<b>15,431,497</b>	<b>18,284,421</b>	<b>21,858,825</b>	<b>31,964,528</b>	<b>36,721,225</b>	<b>42,666,681</b>
Share capital	5,483	5,513	5,546	5,580	7,593	7,593	7,593
Retained earnings	1,704,377	2,031,696	2,395,384	2,796,410	4,355,372	4,952,402	5,655,930
Reserves	0	0	0	-	0	0	0
Treasury stock	-	-	-	-	-	-	-
<b>Shareholder funds</b>	<b>1,709,860</b>	<b>2,037,208</b>	<b>2,400,929</b>	<b>2,801,990</b>	<b>4,362,965</b>	<b>4,959,994</b>	<b>5,663,523</b>
Minorities/other equity	0	0	0	0	0	0	0
<b>Total equity</b>	<b>1,709,860</b>	<b>2,037,208</b>	<b>2,400,929</b>	<b>2,801,990</b>	<b>4,362,965</b>	<b>4,959,994</b>	<b>5,663,523</b>
<b>Total liabs &amp; equity</b>	<b>15,305,113</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,327,493</b>	<b>41,681,219</b>	<b>48,330,204</b>
Non-performing loans	126,500	150,860	161,410	180,190	357,552	373,943	434,577
Credit risk	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-
Market risk	-	-	-	-	-	-	-
<b>Risk weighted assets</b>	<b>9,947,157</b>	<b>11,311,439</b>	<b>13,535,110</b>	<b>15,866,350</b>	<b>24,099,043</b>	<b>28,484,238</b>	<b>33,994,646</b>
Average Risk weighted assets	-	-	-	-	-	-	-
Total tier 1 capital	1,714,144	1,985,874	2,422,785	2,713,146	4,274,121	4,871,150	5,574,679
<b>Total capital</b>	<b>1,842,579</b>	<b>2,125,463</b>	<b>2,445,388</b>	<b>2,770,392</b>	<b>4,369,909</b>	<b>5,002,323</b>	<b>5,741,332</b>
BVPS (Rs)	311.8	369.5	432.9	502.2	574.6	653.3	745.9

## Balance sheet ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Loan growth (%)	21.3	14.0	20.8	16.9	60.2	15.0	15.0
Deposits growth (%)	24.3	16.3	16.8	20.8	25.0	22.0	22.0
Loans/deposits (%)	87.4	85.6	88.5	85.7	110.1	103.6	97.7
Growth in total assets (% YoY)	23.0	14.1	18.4	19.2	47.3	14.7	16.0
Risk-wtd assets growth (%)	6.7	13.7	19.7	17.2	51.9	18.2	19.3
<b>Asset quality</b>							
Provision expense/loans (%)	1.2	1.4	1.1	0.7	0.5	0.6	0.6
Gross NPLs/total loans (%)	1.3	1.3	1.2	1.1	1.4	1.3	1.3
Loan provisions/NPLs (%)	72.0	69.8	72.7	75.8	74.9	75.0	75.0
NPL growth/loan growth	59.7	137.5	33.6	68.7	163.5	30.6	108.1
Loan provision growth/loan provision expense growth	32.6	60.0	(98.2)	99.4	13,140.8	17.3	61.8
<b>Capital Adequacy</b>							
Tier 1 CAR (%)	17.2	17.6	17.9	17.1	17.7	17.1	16.4
CAR (%)	18.5	18.8	18.1	17.5	18.1	17.6	16.9
RWA/total assets (%)	65.0	64.8	65.4	64.3	66.3	68.3	70.3
Equity/total assets (%)	11.2	11.7	11.6	11.4	12.0	11.9	11.7

Source: www.clsa.com

## DuPont analysis

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Net int income/assets (%)	4.0	4.0	3.8	3.8	3.6	3.5	3.6
Non-int income/assets (%)	1.7	1.5	1.5	1.4	1.4	1.2	1.2
Total op income/assets (%)	5.7	5.5	5.3	5.2	4.9	4.7	4.7
Op expenses/assets (%)	2.2	2.0	2.0	2.1	2.0	1.8	1.8
Op profit/assets (%)	7.9	7.5	7.3	7.3	7.0	6.5	6.6
Provision expenses/assets (%)	(0.9)	(1.0)	(0.8)	(0.5)	(0.5)	(0.4)	(0.5)
Other items/assets (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense/assets (%)	(2.0)	(1.7)	(1.6)	(1.7)	(1.4)	(1.5)	(1.5)
ROA (%)	1.9	1.9	1.9	1.9	1.9	1.8	1.8
ROA incl other items/assets (%)	5.1	4.9	4.9	5.1	5.2	4.6	4.6
Leverage (x)	8.7	8.7	8.6	8.7	8.5	8.4	8.5
ROE (%)	16.4	16.6	16.7	17.0	16.5	15.1	15.6

Source: www.clsa.com



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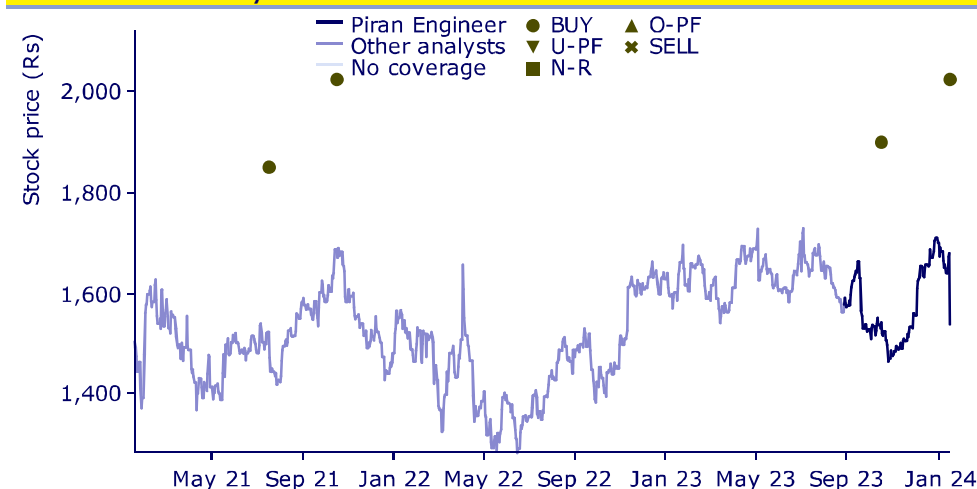
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Date	Rec	Target	Date	Rec	Target
17 Jan 2024	BUY	2,025.00	17 Oct 2021	BUY	2,025.00
17 Oct 2023	BUY	1,900.00	18 Jul 2021	BUY	1,850.00

Source: CLSA

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