

### 3QFY24: Slower Improvement in NIMs; Uptick in Retail Business Key

HDFCB's core PBT at Rs207bn, up 4% QoQ, was in line with est., but net profit at Rs164bn was ahead with lower tax rate & higher treasury that compensated for one-time provisions. Key miss was in QoQ flat NIMs even as impact of ICRR & surplus liquidity receded. Uptick in retail deposit mobilisation & lending will be key to lift NIMs. Asset quality was stable, Casa growth is better than peers & cross-sell is in focus. We trim est by 2-3% and PT to Rs2,000. Buy.

**Rise in funding costs and slower growth in retail loans drag NIMs.** HDFC Bank's NIMs stayed flat QoQ at 3.6% of IEA even as drag from ICRR receded (5-7bps in 2Q) and bank dug into surplus liquidity (LCR down from 121% in Sep-23 to 110% in Dec-23). The positives from these were consumed by fall in Casa ratio & higher cost of term deposits / borrowings. On QoQ basis, loans rose by 5%, deposits by 2% and bank accessed long-term bonds & trimmed investments. Going forward, improvement in retail deposit mobilisation and retail loan growth will be key to NIM expansion & top line.

**Profit on investments & lower tax rate aid profit, despite one-time provisions.** Net profit at Rs164bn was ahead of estimates, led by (1) higher profit on investments (stake in Bandhan Bank & G-Secs) & (2) tax refunds. This also helped to compensate for one-time provision of Rs12bn on exposures to AIF based on new norms. Core PBT (ex-one time provisions) was largely in line with estimates.

**Stronger asset quality, Casa growth & cross-sell efforts are positives.** Slippages at 1.1% of loans and credit costs (ex-one-time) at 0.5% of avg loans remain low. Mgt also indicated that quality of book in unsecured retail loans and NBFC exposures is strong, and it plans to push growth here. Casa growth of 10% YoY is better than peers, aided by branch openings & customer growth. Bank also rolled out cross-sell initiatives, like savings deposits / credit card / consumer durable loans for new mortgage clients. Nearly 65% of new to mortgage clients were offered savings deposits with balances up to 1-2 EMLs. Steady improvement in cross-sell pool should aid growth for bank, especially in low-cost Casa and higher-yielding retail loan segments.

**Slowing down on branch expansion to aid earnings.** Bank has added only 270 branches in 9MFY24 vs. ~840 in 9MFY23. There are plans to add 500-550 branches in coming qtrs; the network expansion is slower than earlier plans of 1,300-1,500 per annum. This could compensate for slower top-line growth and aid earnings. We don't see material impact on deposit mobilisation, as it works with a lag.

**Trim earnings & TP.** We trim earnings for FY25-26 by 2-3% as we factor in lower NIMs, but slower opex. While we have factored in some rise in NIMs from 1QFY25, actual delivery will be key to address concerns. We trim target price to Rs2,000 (from Rs2,100) based on 2.4x Mar-26 PB, and consequently TP on ADR also moves down, to US\$79 (from US\$88). We stay with BUY call, and improvement in core trends will be key to re-rating.

(FY Mar)	2023A	2024E	2025E	2026E
Operating Profit (B)	704.0	895.2	1,067.5	1,364.9
Net Profit (B)	441.1	608.2	718.8	890.4
ROAA	1.95%	1.67%	1.73%	1.82%
ROAE	17.2%	14.3%	15.5%	16.7%

#### TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	INR1,671.85*
PRICE TARGET   % TO PT	↓ INR2,000 (INR2,100)   +20%
52W HIGH-LOW	INR1,757.80 - INR1,460.55
FLOAT (%)   ADV MM (USD)	134.8%   346.03
MARKET CAP	INR9.2T   \$111.2B
TICKER	HDFCB IN
*Prior trading day's closing price unless otherwise noted.	
TICKER	HDB
PRICE	\$65.57*
PRICE TARGET   % TO PT	↓ \$79.00 (\$88.00)   +20%

	CHANGE TO JEFFe		JEF vs CONS	
	2024	2025	2024	2025
REV	NA	NA	NA	NA
EPS	<1%	-2%	NA	NA
2024 (INR)	Q1	Q2	Q3	Q4
EPS	-	-	-	↑85.97
PREV				85.15

#### Exhibit 1 - Key Metrics

Key metrics	FY22	FY23	FY24E	FY25E	FY26E
Net profit (Rsbn)	370	441	608	719	860
EPS (Rs)	67	79	86	95	114
ROA (%)	1.9%	1.9%	1.7%	1.7%	1.8%
ROE (%)	16.9%	17.2%	14.3%	15.5%	16.2%
P/E	24	20	17	15	12
P/ABV	3.7	3.1	2.7	2.3	2.0

Source: Company data, Jefferies estimates

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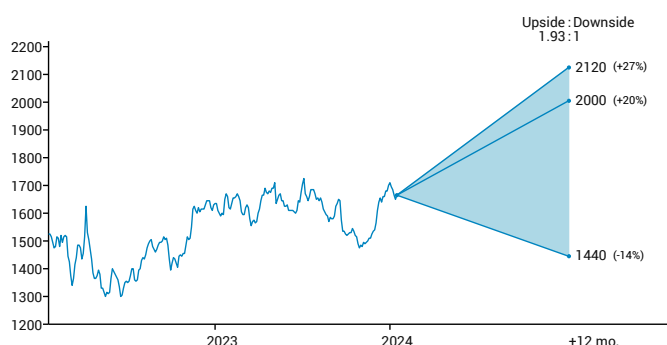
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## The Long View: HDFC Bank

### Investment Thesis / Where We Differ

- Strong retail asset portfolio and improving deposit franchise will aid growth
- Synergies from merger with HDFC Limited will arise from opportunities to cross-sell products, improve service & operational efficiencies
- Branch expansion to support deposit growth that is key to aid loan growth
- Near-term headwinds from any friction in integration of teams and IT systems or slower ramp-up in deposits and priority sector loans

### Risk/Reward - 12 Month View



### Base Case, INR2000, +20%

- Loan CAGR at 16% (FY23-26E)
- NIMs around 3.8% (avg. FY23-26E)
- GNPA of 1.2% and NNPA of 0.3% in FY25E
- SOTP valuation with core bank valued at P/ABV 2.4x Mar-26E; Price Target Rs2,000, ADR US\$79

### Upside Scenario, INR2120, +27%

- Loan CAGR at 18% (FY23-26E)
- NIMs around 4% (avg. FY23-26E)
- GNPA of 1.1% and NNPA of 0.2% in FY25E
- SOTP valuation with core bank at 2.6x Mar-26E P/ABV; Price Target Rs2,120, ADR US\$83

### Downside Scenario, INR1440, -14%

- Loan CAGR at 14% (FY23-26E)
- NIMs around 3.6% (avg. FY23-26E)
- GNPA of 1.4% and NNPA of 0.4% in FY25E
- SOTP valuation with core bank at P/ABV of 1.8x (Mar-26E); Price Target Rs1,440, ADR US\$56

### Sustainability Matters

**Top Material Issue(s):** Incorporation of ESG into credit analysis **1)** Responsible Finance **2)** Lending / Selling Practices **3)** Customer Privacy & Data Security

**Company Target(s):** **1)** Bank is aiming carbon neutrality by 2032 covering its own emissions, energy, and water consumption. **2)** Increased sustainable financing including green bonds & loans in the renewable energy space. **3)** Integration of climate change related risks into the Bank's risk assessment processes.

**Qs to Mgmt:** **1)** How do you plan to participate in the +US\$12tn green funding gap in India? What is the share of company's revenues from sectors promoting socio-economic causes, and from rural/ semi-urban locations? **2)** What steps is the company taking to ensure strong data security and customer privacy?

### Catalysts

- Stronger than expected growth in deposits and fall in interest rates will benefit HDFC Bank
- Stronger cross-sell success will aid group earnings and valuations.

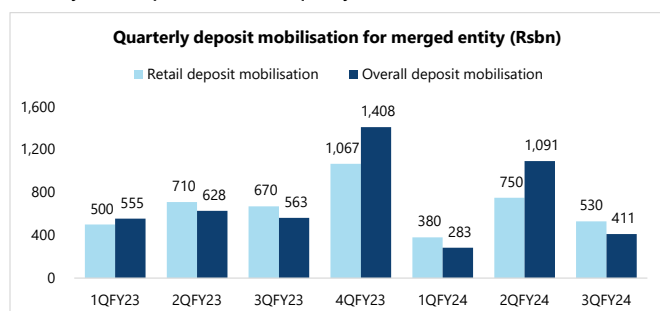
## Exhibit 2 - Summary of 3QFY24 Results

Particular, Rsm	3QFY23	2QFY24	3QFY24	% YoY	% QoQ
<b>Income statement</b>	Pre-Merger	Post-Merger	Post-Merger		
<b>Interest earned</b>	<b>427,078</b>	<b>676,984</b>	<b>705,826</b>	<b>65%</b>	<b>4%</b>
- on Advances / Bills	336,414	542,945	567,726	69%	5%
- Income on investments	80,392	116,395	122,158	52%	5%
- on bal with RBI and other banks	2,317	4,129	3,761	62%	-9%
- Others	7,955	13,515	12,182	53%	-10%
<b>Interest Expended</b>	<b>197,199</b>	<b>403,132</b>	<b>421,113</b>	<b>114%</b>	<b>4%</b>
<b>Net Interest Income</b>	<b>229,878</b>	<b>273,852</b>	<b>284,713</b>	<b>24%</b>	<b>4%</b>
<b>Other income</b>	<b>84,998</b>	<b>107,078</b>	<b>111,370</b>	<b>31%</b>	<b>4%</b>
- Fees and commissions	60,526	69,360	69,400	15%	0%
- FE and derivatives revenue	10,741	12,210	12,100	13%	-1%
- Profit on sale of investments	2,614	10,410	14,700	462%	41%
- Others	11,118	15,100	15,200	37%	1%
<b>Operating income</b>	<b>314,877</b>	<b>380,931</b>	<b>396,084</b>	<b>26%</b>	<b>4%</b>
<b>Total Operating expenses</b>	<b>124,636</b>	<b>153,992</b>	<b>159,611</b>	<b>28%</b>	<b>4%</b>
Employee costs	41,262	51,702	53,518	30%	4%
Other operating costs	83,374	102,290	106,093	27%	4%
<b>Operating profit</b>	<b>190,241</b>	<b>226,939</b>	<b>236,473</b>	<b>24%</b>	<b>4%</b>
Provisions and contingencies	28,064	29,038	42,166	50%	45%
<b>PBT</b>	<b>162,176</b>	<b>197,901</b>	<b>194,307</b>	<b>20%</b>	<b>-2%</b>
Provision for Tax	39,581	38,139	30,581	-23%	-20%
<b>PAT</b>	<b>122,595</b>	<b>159,761</b>	<b>163,725</b>	<b>34%</b>	<b>2%</b>
Op. profit (ex-treasury)	187,627	216,529	221,773	18%	2%
<b>Balance sheet (Rsbn)</b>					
Loans	15,068	23,312	24,461	62%	5%
Total Assets	22,953	34,163	34,926	52%	2%
Deposits	17,332	21,729	22,140	28%	2%
Casa	7,630	8,177	8,357	10%	2%
<b>Loan quality</b>					
Gross NPLs (Rs bn)	188	316	310	65%	-2%
Net NPLs (Rsbn)	50	81	77	53%	-5%
Gross NPL (% of loans)	1.2%	1.3%	1.3%	3 bps	-8 bps
Net NPL (% of loans)	0.3%	0.4%	0.3%	-2 bps	-4 bps
Coverage ratio (%)	73%	74%	75%	206 bps	85 bps
<b>Ratios</b>					
NIMs (on avg interest earning assets)	4.3%	3.6%	3.6%	-70 bps	0 bps
ROA	2.2%	2.0%	2.0%	-28 bps	-4 bps
Credit costs (% of avg. loans)	0.8%	0.6%	0.7%	-5 bps	12 bps
Casa ratio (% of deposits)	44%	38%	38%	-632 bps	7 bps
Total Capital adequacy (%)	18%	20%	18%	73 bps	-115 bps
of which Tier I CAR	17%	18%	17%	-40 bps	-100 bps

Source: Company Data, Jefferies

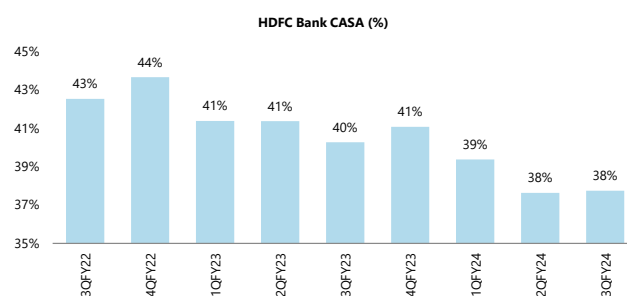
Ex. of one time provision of Rs12bn, credit cost for 3QFY24 is 0.5%

### Exhibit 3 - Slower deposit mobilisation momentum in 3Q, part of it may be driven by consumption of excess liquidity



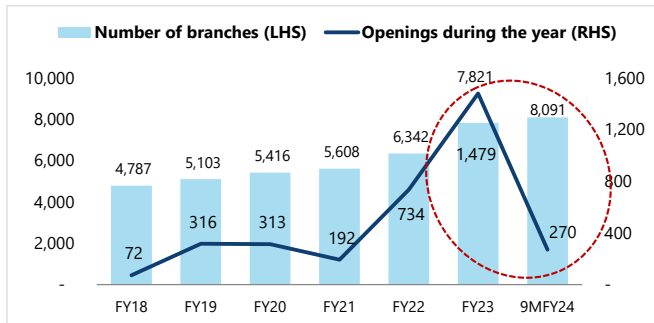
Source: Company Data, Jefferies

### Exhibit 4 - Casa growth of 10% YoY is better than peers aided by branch openings & customer growth



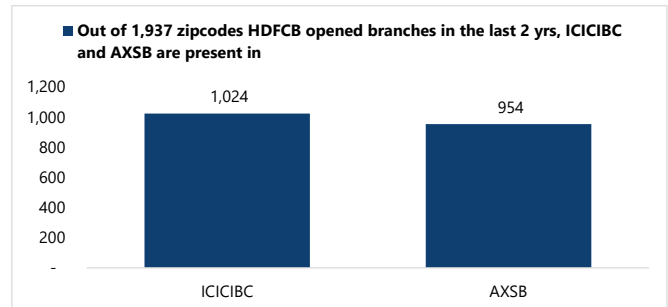
Source: Company data, Jefferies

**Exhibit 5 - Branch expansion has slowed down with only 270 branches added in 9MFY24 vs. ~840 in 9MFY23**



Source: Company Data, Jefferies

**Exhibit 6 - Out of 1,900+ zipcodes where HDFC Bank added branches in the past 2 years, 45-50% markets are not covered by ICICI Bank & Axis**



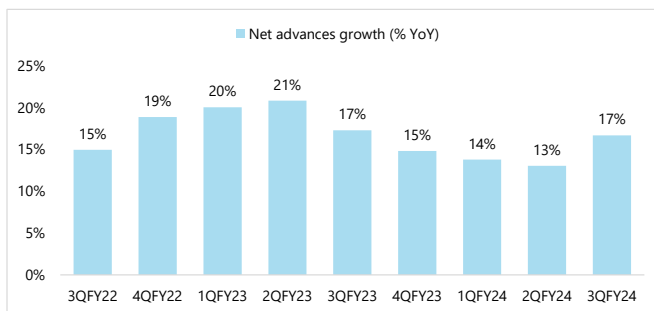
Source: RBI, Jefferies

**Exhibit 7 - 3QFY24 key data for merged entity: Tad softer deposit growth but loan momentum is healthy**

HDFC Bank (merged entity) (Rsbn)	3QFY23 (Standalone)	2QFY24 (Merged)	3QFY24 (Merged)	YoY	QoQ
<b>Deposit trends</b>					
Deposits	17,332	21,729	22,140	28%	2%
Deposit mobilisation (overall)	563	1,091	411		
of which, retail deposit mobilisation	670	750	530		
Retail deposits	14,559	18,035	18,597	28%	3%
Wholesale deposits	2,773	3,694	3,543	24%	-3%
CASA deposits	7,630	8,177	8,357	10%	2%
Casa ratio (% of deposits)	44%	38%	38%	-630bps	10bps
<b>Loan book trends</b>					
Total advances (net)	15,205	23,546	24,692	62%	5%
Retail loans	6,066	11,802	12,188	101%	3%
CRB (inc. rural)	5,733	7,244	7,730	35%	7%
Corporate/ Wholesale loans	3,923	5,309	5,352	36%	1%

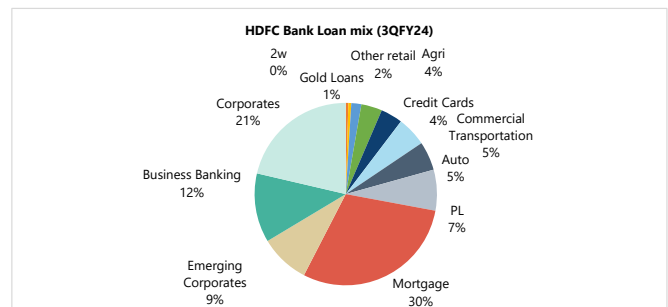
Source: Company Data, Jefferies; Excludes grossing up for transfers through inter-bank participation certificates and bills rediscounted

**Exhibit 8 - Loan growth momentum improved, led by CRB segment while growth in corporate lags**



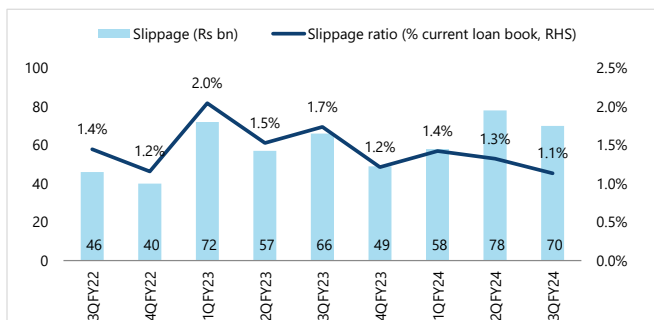
Source: Company Data, Jefferies; Prior quarter data adjusted for merger of HDFC Bank with HDFC Ltd.

**Exhibit 9 - Mortgage now forms c.30% of book while CRB forms 28%**



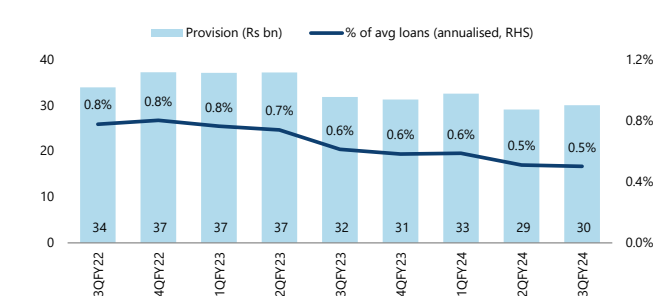
Source: Company Data, Jefferies; Corporate includes non-individual loans of eHDFC Ltd.

**Exhibit 10 - Slippages at 1.1% of loans and credit costs (ex-one-time) at 0.5% of avg loans...**



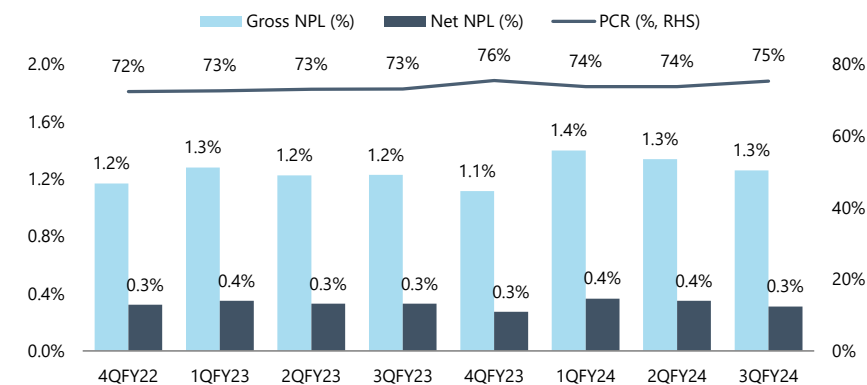
Source: Company data, Jefferies

**Exhibit 11 - ...remain low and under control**



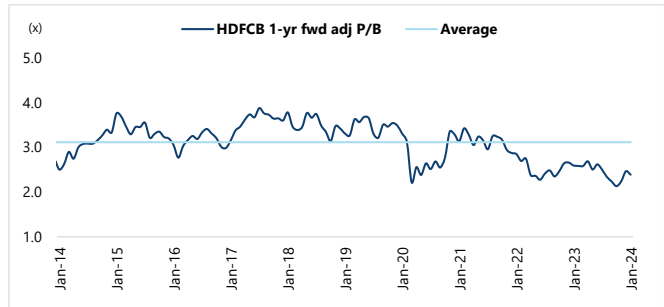
Source: Company data, Jefferies; Prior quarter data adjusted for merger of HDFC Bank with HDFC Ltd; Reported credit cost at 0.7% due to one-time provision towards AIF

Exhibit 12 - Asset quality remains strong with marginal improvement QoQ



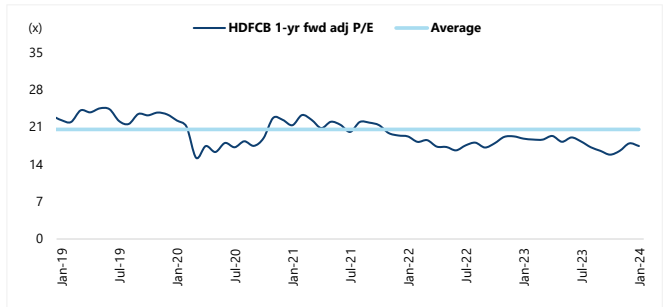
Source: Company data, Jefferies; Prior quarter data adjusted for merger of HDFC Bank with HDFC Ltd.

Exhibit 13 - HDFC Bank trades at discount to LT average PB...



Source: Bloomberg, Jefferies

Exhibit 14 - ... as well as PE



Source: Company Data, Jefferies

## Exhibit 15 - HDFC Bank: Post- Merger Summary Income Statement

Rs mn	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	1,277,531	1,615,855	2,394,215	2,930,010	3,355,217
Interest expense	557,435	747,433	1,306,556	1,638,657	1,822,231
<b>Net interest income</b>	<b>720,096</b>	<b>868,422</b>	<b>1,087,659</b>	<b>1,291,353</b>	<b>1,532,986</b>
<b>Other income</b>	<b>295,099</b>	<b>312,148</b>	<b>428,711</b>	<b>490,464</b>	<b>582,082</b>
Fees	234,445	279,259	326,803	397,618	472,578
Treasury income	22,826	(11,312)	45,271	24,387	28,723
Other income	37,828	44,201	56,637	68,459	80,782
<b>Total income</b>	<b>1,015,195</b>	<b>1,180,570</b>	<b>1,516,370</b>	<b>1,781,817</b>	<b>2,115,068</b>
<b>Operating expenses</b>	<b>374,422</b>	<b>476,521</b>	<b>621,180</b>	<b>714,311</b>	<b>813,682</b>
Employee costs	120,317	155,124	208,939	240,933	274,664
Other costs	254,105	321,397	412,241	473,378	539,018
<b>Pre-provision Profit</b>	<b>640,773</b>	<b>704,050</b>	<b>895,191</b>	<b>1,067,506</b>	<b>1,301,386</b>
Total Provision	150,618	119,197	126,289	121,719	162,658
Loan loss provisions	113,772	122,060	114,089	121,719	162,658
<b>Pre-tax profit</b>	<b>490,155</b>	<b>584,853</b>	<b>768,902</b>	<b>945,787</b>	<b>1,138,729</b>
Provision for Tax	120,541	143,766	160,700	226,989	278,989
<b>Net profit</b>	<b>369,614</b>	<b>441,087</b>	<b>608,201</b>	<b>718,798</b>	<b>859,740</b>

Source: Company data, Jefferies Estimates

## Exhibit 16 - HDFC Bank: Post- Merger Summary Balance Sheet

Rs mn	FY22	FY23	FY24E	FY25E	FY26E
Equity Capital	5,546	5,580	7,538	7,538	7,538
Reserves & Surplus	2,395,384	2,796,410	4,193,242	4,766,071	5,453,300
Shareholders' funds	2,400,929	2,801,990	4,200,779	4,773,609	5,460,838
Deposits	15,592,174	18,833,946	23,283,033	27,321,992	32,858,650
Casa deposits	7,510,491	8,359,889	8,888,832	10,192,892	12,303,730
Term deposits	8,081,683	10,474,058	14,394,201	17,129,099	20,554,919
Borrowings	1,848,172	2,067,656	7,661,382	8,044,451	8,446,673
Other liabilities	844,075	957,222	1,372,236	1,509,460	1,660,406
<b>Total Liabilities</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,517,430</b>	<b>41,649,511</b>	<b>48,426,566</b>
Cash & bank balance	1,523,269	1,937,651	2,080,663	2,193,032	2,507,402
Investments	4,555,357	5,170,014	6,892,178	7,530,454	8,604,581
G-Secs	3,665,273	4,373,698	5,831,853	6,361,631	7,315,875
Loans	13,688,209	16,005,859	25,583,444	29,736,325	34,868,221
Fixed assets	60,837	80,165	96,880	101,724	107,827
Current assets	857,678	1,467,125	1,864,265	2,087,977	2,338,535
<b>Total Assets</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,517,430</b>	<b>41,649,511</b>	<b>48,426,566</b>

Source: Company data, Jefferies Estimates

## Exhibit 17 - HDFC Bank: Post- Merger Key Metrics

	FY22	FY23	FY24E	FY25E	FY26E
EPS (Rs)	67	79	86	95	114
EPS growth (% YoY)	18%	19%	8%	11%	20%
Profit growth (% YoY)	19%	19%	38%	18%	20%
BV/share (Rs)	433	502	557	633	724
Adjusted BV / share (Rs)	435	504	546	619	706
ROAA (%)	1.9%	1.9%	1.7%	1.7%	1.8%
ROE (%)	17%	17%	14%	15%	16%
RORWA (%)	3.0%	3.0%	3.2%	3.0%	3.0%
NIM (%)	4.2%	4.3%	3.5%	3.6%	3.8%
Gross NPAs (% of loans)	1.2%	1.1%	1.4%	1.2%	1.1%
Net NPAs (% of loans)	0.3%	0.3%	0.3%	0.3%	0.3%
Coverage (% of gross NPA)	73%	76%	75%	75%	72%
Capital Adequacy Ratio (% of RWA)	19%	19%	18.0%	17.7%	16.9%
Tier I CAR (% of RWA)	18%	17%	16.3%	16.1%	15.4%
Fee growth (% YoY)	26%	19%	17%	22%	19%
Fee/ asset (% of avg assets)	1.2%	1.2%	1.1%	1.0%	1.0%
Fee (% total revenue)	23%	24%	22%	22%	22%
Cost-Income ratio (Excl Treasury) (%)	38%	40%	42%	41%	39%
Cost/ asset ratio (%)	2.0%	2.1%	2.0%	1.8%	1.8%
Loan growth (% YoY)	21%	17%	60%	16%	17%
Equity / assets (%)	12%	11%	12%	11%	11%
Equity / loans (%)	18%	18%	16%	16%	16%
Loan/deposit ratio (%)	88%	85%	110%	109%	106%
Provision/ avg. loans (%)	1.20%	0.80%	0.61%	0.44%	0.50%
CASA (% of deposits)	48%	44%	38%	37%	37%
CASA (% funds)	43%	40%	29%	29%	30%
Tax rates (% of PBT)	25%	25%	21%	24%	25%
Yield on loans (%)	7.9%	8.6%	8.7%	8.7%	8.6%
Yield on Investments (%)	5.8%	6.5%	6.7%	6.5%	6.4%
Cost of funds (%)	3.5%	3.9%	4.5%	4.9%	4.8%
PPP / share (Rs)	116	127	127	142	173
Dividend per share (Rs)	16	19	21	23	27
Dividend payout (% of PAT)	23%	24%	24%	24%	24%
Dividend yield (%)	0.9%	1.1%	1.2%	1.4%	1.6%
P/E (x)	24	20	17	15	12
P/ PPP (x)	14	12	12	10	8
P/ABV (x)	3.7	3.1	2.7	2.3	2.0
P/BV (x)	3.9	3.3	3.0	2.6	2.3

Source: Company data, Jefferies Estimates

## Exhibit 18 - HDFC Bank: Post- Merger Dupont Analysis

HDFC Bank Dupont	FY22	FY23	FY24E	FY25E	FY26E
Interest income	6.7%	7.1%	7.0%	7.5%	7.4%
Interest expense	2.9%	3.3%	3.8%	4.2%	4.0%
<b>Net interest income</b>	<b>3.8%</b>	<b>3.8%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.4%</b>
<b>Other income</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>
of which treasury	0.1%	0.0%	0.1%	0.1%	0.1%
Total income (net)	5.3%	5.2%	4.4%	4.6%	4.7%
Operating expenses	2.1%	2.1%	1.8%	1.8%	1.8%
<b>Operating profit</b>	<b>3.0%</b>	<b>3.1%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.9%</b>
<b>Provisions</b>	<b>0.8%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.4%</b>
of which NPLs and loans	0.6%	0.5%	0.3%	0.3%	0.4%
Pre-tax profit	2.6%	2.6%	2.3%	2.4%	2.5%
Tax	0.6%	0.6%	0.5%	0.6%	0.6%
<b>Net profit/ ROA</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>Leverage (avg asset/ equity) (x)</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>ROE</b>	<b>17%</b>	<b>17%</b>	<b>14%</b>	<b>15%</b>	<b>16%</b>
<b>RORWA</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.0%</b>

Source: Company data , Jefferies Estimates

## Exhibit 19 - HDFC Bank : SOTP Valuation

Sum of the parts valuation, Mar-26	Rsbn	Rs/ share	Comment
HDFC Life Insurance (50.3% stake)	864	115	Target price, Rs800
HDB Financial (95% stake)	742	98	3.0x adjusted PB
HDFC AMC (52.5% stake)	450	60	Target price, Rs 4,010
HDFC Ergo General Insurance (50% stake)	213	28	30x PE
HDFC Securities (96% stake)	220	29	18x PE
HDFC Credila (10% stake)	10	1	Recent deal value
<b>Total value of subsidiaries</b>	<b>2,499</b>	<b>331</b>	
Holdco disc. on listed companies (20%)	263	35	
<b>Value of group companies</b>	<b>2,236</b>	<b>297</b>	
HDFC Bank	12,828	1,702	2.4x adjusted PB
Total	15,064	1,999	
<b>Total (rounded-off)</b>		<b>2,000</b>	

Source: Company Data, Jefferies

## Exhibit 20 - HDFC Bank: ADR Price Target

	Value
Target price (local, Rs)	2,000
Shares per ADR (nos)	3
ADR premium to local (avg. %)	10%
Forex (Rs/ US\$)	83
<b>Target price (ADR, US\$)</b>	<b>79</b>

Source: Company Data, Jefferies



## Company Description

### HDFC Bank

Promoted by HDFC LTD., HDFC Bank was incorporated in August 1994 and commenced operations as a Scheduled Commercial Bank in January 1995. HDFC Bank's mission is to be a World-Class Indian Bank. The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite. Effective 1-Jul-23, HDFC Ltd. was merged with HDFC Bank.

## Company Valuation/Risks

### HDFC Bank

We value HDFC Bank at Rs2,000 - core bank at 2.4x Mar-26 adj book, HDFC Life and HDFC AMC at price target, HDB Financial at 3x adj book, HDFC Ergo at 30x PE and HDFC Securities at 18x PE. Our price target for the ADR is \$79 adjusted for share swap & forex.

Risk is from spike in rates as HDFC Bank now has a higher share of non-retail funds and its cost of funding will be more linked to market rates, than in the past. Also a slower than expected ramp-up of priority sector loans through the Commercial and Rural Banking Division would drag margins & ROA as it would lead to higher cost of compliance towards priority sector loans.

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## Investment Recommendation Record

### (Article 3(1)e and Article 7 of MAR)

Recommendation Published	January 16, 2024 , 17:07 ET.
Recommendation Distributed	January 16, 2024 , 17:07 ET.

## Company Specific Disclosures

Ankur Pant holds a long position in HDFC Bank (HDFCB IN)

Steven DeSanctis owns shares of Bank of America common shares.

Steven DeSanctis owns shares of JPMorgan Chase common stock.

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Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.

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- Al Rajhi Bank (RJHI AB: SAR88.00, HOLD)
- Aptus Value Housing Finance Limited (APTUS IN: INR347.40, BUY)
- Axis Bank (AXSB IN: INR1,119.75, BUY)
- Bajaj Finance Limited (BAF IN: INR7,476.50, BUY)
- Bandhan Bank Ltd (BANDHAN IN: INR231.05, BUY)
- Bank of America Corp. (BAC: \$32.80, HOLD)
- Bank of China Limited (3988 HK: HK\$2.93, HOLD)
- BNP Paribas SA (BNP FP: €61.12, BUY)
- Can Fin Homes Limited (CANF IN: INR763.30, BUY)
- China Construction Bank Corporation (939 HK: HK\$4.53, BUY)
- China Merchants Bank Co., Ltd. (3968 HK: HK\$26.40, HOLD)
- Cholamandalam Investment and Finance Company (CIFIC IN: INR1,277.65, BUY)

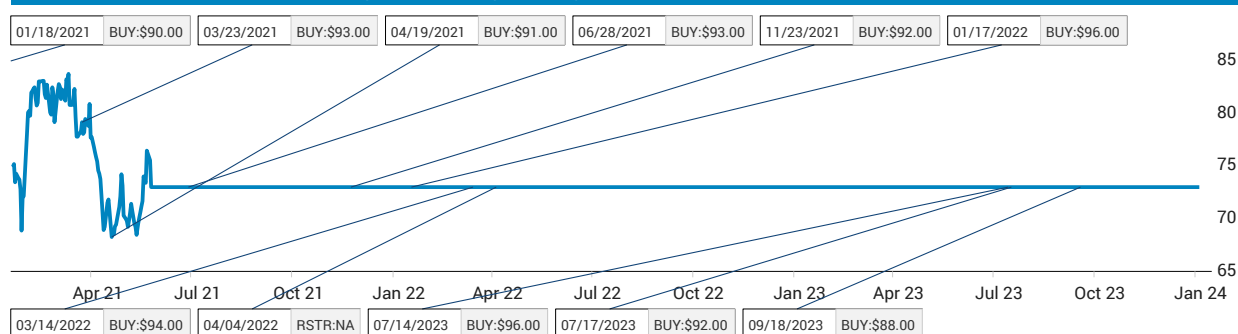
- Citigroup Inc. (C: \$52.62, HOLD)
- CMS Info Systems Limited (CMSINFO IN: INR376.80, BUY)
- Commonwealth Bank (CBA AU: AUD113.66, UNDERPERFORM)
- HDFC Bank (HDFCB IN: INR1,671.85, BUY)
- HDFC Bank (HDB: \$65.57, BUY)
- Home First Finance Company India Limited (HOMEFIRS IN: INR965.20, BUY)
- HSBC Holdings PLC (HSBA LN: p596.40, BUY)
- ICICI Bank (IBN: \$24.07, BUY)
- ICICI Bank (ICICIBC IN: INR1,009.60, BUY)
- IndusInd Bank Limited (IIB IN: INR1,688.80, BUY)
- Industrial and Commercial Bank of China Limited (601398 CH: CNY4.86, BUY)
- JPMorgan Chase & Co. (JPM: \$169.05, BUY)
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- LIC Housing Finance Limited (LICHF IN: INR578.55, BUY)
- Mahindra and Mahindra Financial Services Limited (MMFS IN: INR282.60, HOLD)
- Piramal Enterprises Limited (PIEL IN: INR932.80, UNDERPERFORM)
- Postal Savings Bank of China Co., Ltd. (1658 HK: HK\$3.52, HOLD)
- Punjab National Bank (PNB IN: INR98.20, HOLD)
- SBI Cards and Payment Services Limited (SBICARD IN: INR767.80, BUY)
- Shriram Finance (SHFL IN: INR2,319.30, BUY)
- State Bank of India (SBIN IN: INR640.15, BUY)
- Wells Fargo & Company (WFC: \$47.40, HOLD)

## Rating and Price Target History for: HDFC Bank (HDFCB IN) as of 01-15-2024



Ankur Pant holds a long position in HDFC Bank (HDFCB IN)

## Rating and Price Target History for: HDFC Bank (HDB) as of 01-04-2024



Ankur Pant holds a long position in HDFC Bank (HDFCB IN)

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	1943	58.24%	336	17.29%	112	5.76%
HOLD	1227	36.78%	117	9.54%	19	1.55%
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