BUY

TP: Rs 1,181 | ⮝ 18%

HDFC BANK | Banking | 19 October 2025

Asset quality remains pristine; eyes set on growth

- **Asset quality remains pristine with healthy provision buffer (FP+CP) of Rs 381bn or 1.4% of net loans**
- **Credit growth improves, resulting in a rise in CD ratio; NIMs declined, but largely in line with our estimates**
- **Maintain BUY. Raise SOTP-based TP to Rs 1,181 (from Rs 1,149) and roll over valuation to 2.5x Sep'27E ABV**

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Asset quality remains pristine: Asset quality improved with GNPA ratio falling to 1.2% (-16bps QoQ), mainly driven by lower slippages of Rs 74bn (-18% QoQ) or slippage ratio of 1.1% (-25bps QoQ) and higher upgrades of Rs 68bn (+62% QoQ). Upgrades included a lumpy account of erstwhile HDFC portfolio of 10bps of loans. The provision released due to account upgrade was utilised to create contingency buffer of Rs 16bn. Hence, the bank reported healthy provision buffer (FP+CP) of Rs 381bn or 1.4% of net loans, as of Q2FY26.

Credit growth improves, resulting in a rise in CD ratio: HDFCB reported healthy net advance growth of 10.1% YoY vs the last 4 quarters of mid-single digit growth. The growth was mainly driven by healthy growth in gold loans (+26% YoY), small and mid-market (+17% YoY), agri (+14% YoY) and auto (+10% YoY), among others. Credit growth was healthy due to credit demand, which resulted in a rise in CD ratio to 98% (-178bps YoY; +293bps QoQ). Management stated that CD ratio can vary quarter to quarter based on seasonality but reiterated that the strategic plan is to reduce it below 90% in the medium term. Further, credit growth is expected to gradually pick up and report a CAGR of 13% in FY25-28E. We expect CD ratio to improve to ~94%/91% in FY26/FY27E.

NIMs declined, but largely in line with estimates: NIMs declined to 3.27% (-19bps YoY; -8bps QoQ) largely in line with our estimates. As a result, NII at Rs 315.5bn (+5% YoY) was only 0.3% above estimate. NIMs declined mainly due to a higher fall in yield on loans at 8.8% (-35bps QoQ) which was partially offset by improvement in CoF to 5.5% (-15bps QoQ). CoF improvement was slower given the longer maturity profile of TDs. PAT grew to Rs 186.4bn (+11% YoY) in Q2FY26, translating into RoA of 1.9%. Management indicated that RoA lever will be CoF as the high-cost borrowings will be replaced through term deposits and low-cost CASA.

Maintain BUY: We believe HDFCB has managed to outperform large private sector peers previously by effectively navigating business cycles, delivering stronger profitability and margins, coupled with better AQ. We maintain BUY with revised SOTP-based TP of Rs 1,181 (from Rs 1,149), set at 2.5x Sep'27E ABV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HDFCB IN/Rs 1,003
Market cap	US$ 174.4bn
Free float	100%
3M ADV	US$ 161.9mn
52wk high/low	Rs 1,019/Rs 812
Promoter/FPI/DII	0%/48%/36%

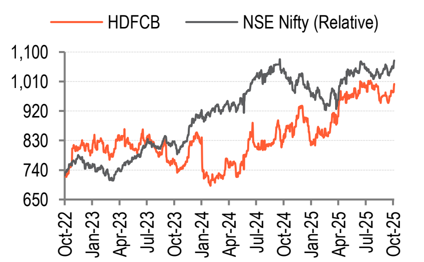
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	12,26,701	13,23,084	15,30,190
NII growth (%)	13.0	7.9	15.7
Adj. net profit (Rs mn)	6,73,474	7,31,900	8,65,348
EPS (Rs)	44.2	47.7	56.4
Consensus EPS (Rs)	44.2	46.9	54.5
P/E (x)	22.7	21.0	17.8
P/BV (x)	3.1	2.8	2.5
ROA (%)	1.8	1.8	1.9
ROE (%)	14.3	13.8	14.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	2QFY25	3QFY25	4QFY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	5,93,898	5,99,240	6,04,158	6,01,926	5,92,648	(0.2)	(1.5)
Income on investments	1,26,316	1,37,171	1,44,272	1,50,701	1,52,855	21.0	1.4
Int. on bal. with RBI & inter-bank funds & Others	19,955	23,658	26,172	22,075	21,404	7.3	(3.0)
Interest income	**7,40,169**	**7,60,069**	**7,74,601**	**7,74,702**	**7,66,907**	**3.6**	**(1.0)**
Interest expense	4,39,030	4,53,536	4,53,943	4,60,322	4,51,392	2.8	(1.9)
Net interest income	**3,01,139**	**3,06,533**	**3,20,658**	**3,14,380**	**3,15,515**	**4.8**	**0.4**
Growth YoY (%)	10.0	7.7	10.3	5.4	4.8		
Fee Income	81,400	81,800	85,300	76,000	88,000	8.1	15.8
Trading gains/(losses)	2,900	700	3,900	1,01,000	24,000	727.6	(76.2)
Forex Income	14,600	14,000	14,400	16,000	16,000	9.6	0.0
Others	15,927	18,036	16,679	24,298	15,500	(2.7)	(36.2)
Non-interest income	**1,14,827**	**1,14,536**	**1,20,279**	**2,17,298**	**1,43,500**	**25.0**	**(34.0)**
Growth YoY (%)	7.2	2.8	(33.8)	103.7	25.0		
Total Income	**4,15,966**	**4,21,068**	**4,40,937**	**5,31,678**	**4,59,015**	**10.3**	**(13.7)**
Growth YoY (%)	9.2	6.3	(6.7)	31.3	10.3		
Staff expenses	59,853	59,504	61,159	61,580	64,613	8.0	4.9
Other operating expenses	1,09,056	1,11,560	1,14,410	1,12,759	1,15,166	5.6	2.1
Operating expenses	**1,68,909**	**1,71,064**	**1,75,570**	**1,74,338**	**1,79,779**	**6.4**	**3.1**
Pre-Provisioning Profit (PPoP)	**2,47,057**	**2,50,004**	**2,65,367**	**3,57,340**	**2,79,236**	**13.0**	**(21.9)**
Growth YoY (%)	8.9	5.7	(9.4)	49.6	13.0		
Provisions	27,005	31,539	31,931	1,44,416	35,005	29.6	(75.8)
Growth YoY (%)	(7.0)	(25.2)	(76.4)	455.0	29.6		
PBT	2,20,053	2,18,466	2,33,437	2,12,923	2,44,231	11.0	14.7
Tax	51,843	51,111	57,275	31,371	57,818	11.5	84.3
PAT	**1,68,210**	**1,67,355**	**1,76,161**	**1,81,552**	**1,86,413**	**10.8**	**2.7**
Growth YoY (%)	5.3	2.2	6.7	12.2	10.8		
Per Share							
FV (Rs)	1	1	1	1	1	0.0	0.0
EPS (Rs)	11	11	12	12	12	10.1	2.5
Book Value (Rs)	304	316	328	342	341	12.3	(0.2)

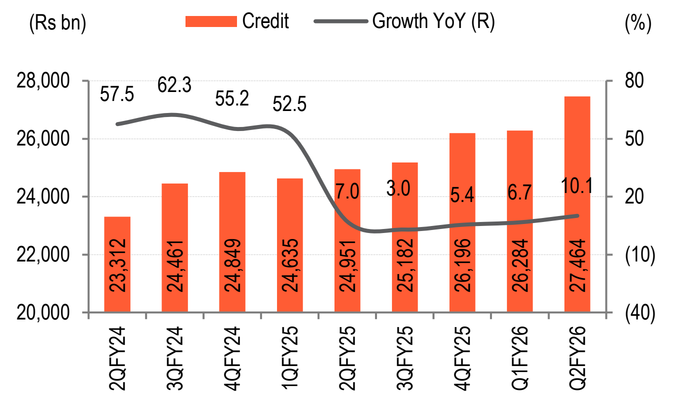
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other key metrics

(Rs mn)	2QFY25	3QFY25	4QFY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Deposits	**2,50,00,882**	**2,56,37,950**	**2,71,47,149**	**2,76,40,890**	**2,80,17,888**	**12.1**	**1.4**
Growth YoY (%)	15.1	15.8	14.1	16.2	12.1		
Advances	**2,49,51,203**	**2,51,82,482**	**2,61,96,086**	**2,62,84,342**	**2,74,63,598**	**10.1**	**4.5**
Growth YoY (%)	7.0	3.0	5.4	6.7	10.1		
Investment	72,40,151	81,18,535	83,63,597	89,66,635	87,43,213	20.8	(2.5)
Equity	46,34,708	48,30,209	50,14,246	52,41,737	52,39,450	13.0	(0.0)
Assets	3,68,80,654	3,75,89,645	3,91,01,989	3,95,40,767	4,00,30,084	8.5	1.2
Growth YoY (%)	8.0	7.6	8.1	10.8	8.5		
Yield (%)							
Yield on Funds	8.67	8.65	8.55	8.35	8.17	(50bps)	(18bps)
Cost of Funds	5.79	5.83	5.68	5.63	5.48	(31bps)	(15bps)
Spread	2.88	2.82	2.88	2.72	2.68	(20bps)	(3bps)
Net Interest Margin	**3.46**	**3.43**	**3.46**	**3.35**	**3.27**	**(19bps)**	**(8bps)**
Ratios (%)							
Other Income / Net Income	27.6	27.2	27.3	40.9	31.3	366bps	(961bps)
Cost to Income ratio	40.6	40.6	39.8	32.8	39.2	(144bps)	638bps
CASA ratio	35.3	34.0	34.8	33.9	33.9	(147bps)	(2bps)
C/D ratio	99.8	98.2	96.5	95.1	98.0	(178bps)	293bps
Investment to Assets	19.6	21.6	21.4	22.7	21.8	221bps	(84bps)
Assets Quality							
GNPA	3,42,506	3,60,186	3,52,226	3,70,408	3,42,895	0.1	(7.4)
NNPA	1,03,085	1,15,875	1,13,204	1,22,760	1,14,473	11.0	(6.8)
Provision	2,39,421	2,44,310	2,39,022	2,47,648	2,28,422	(4.6)	(7.8)
GNPA (%)	1.36	1.42	1.33	1.40	1.24	(12bps)	(16bps)
NNPA (%)	0.41	0.46	0.43	0.47	0.42	1bps	(5bps)
PCR (%)	69.90	67.83	67.86	66.86	66.62	(329bps)	(24bps)
Others (Nos.)							
Branches	9,092	9,143	9,455	9,499	9,545	5.0	0.5
ATMs	20,993	21,049	21,139	21,251	21,417	2.0	0.8
Employees	2,06,758	2,10,219	2,14,521	2,18,822	2,20,339	13,581	1,517

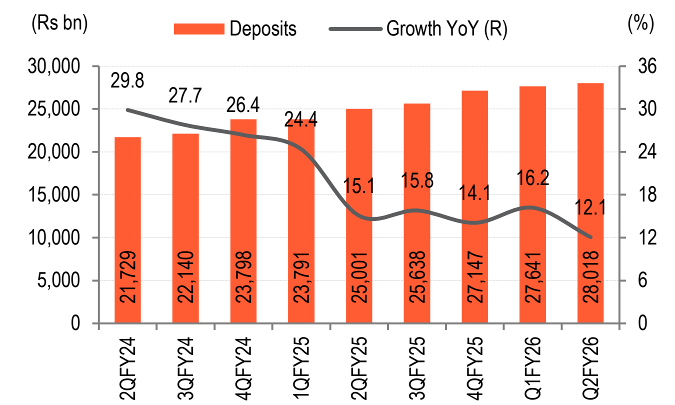
Source: Company, BOBCAPS Research

Fig 3 – Credit growth improves to double digit



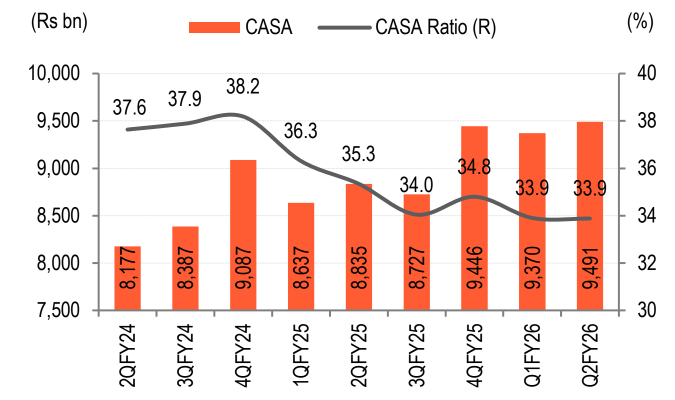
Source: Company, BOBCAPS Research

Fig 4 – Deposits growth remains higher than system



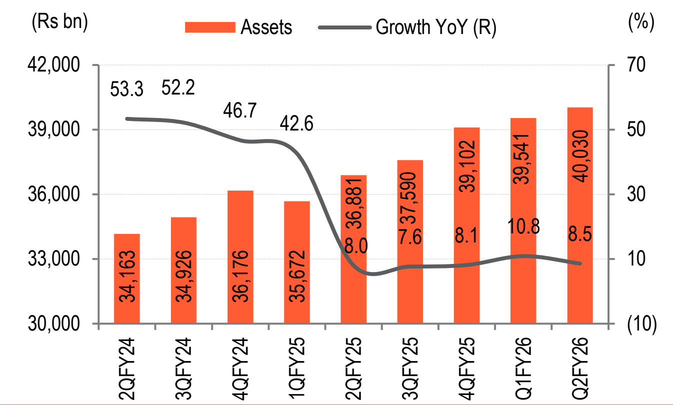
Source: Company, BOBCAPS Research

Fig 5 – CASA at Rs 9.49trn; ratio stable at 33.9%



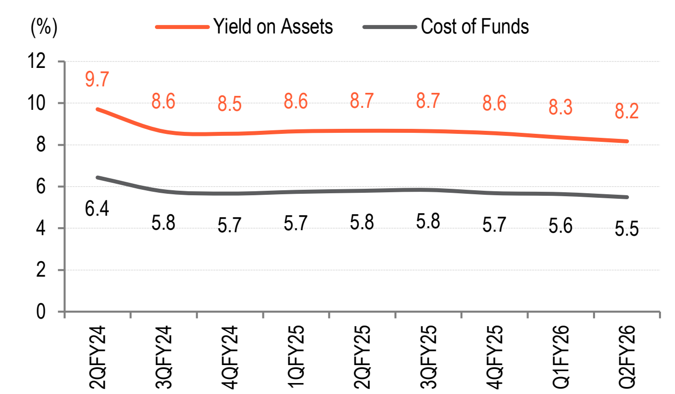
Source: Company, BOBCAPS Research

Fig 6 – Asset growth remained moderate



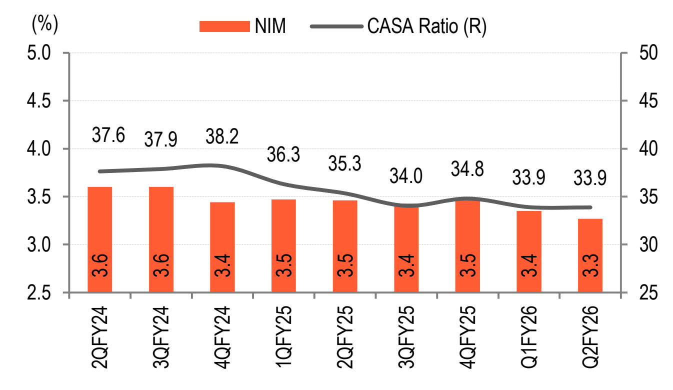
Source: Company, BOBCAPS Research

Fig 7 – Yields declined due to repricing



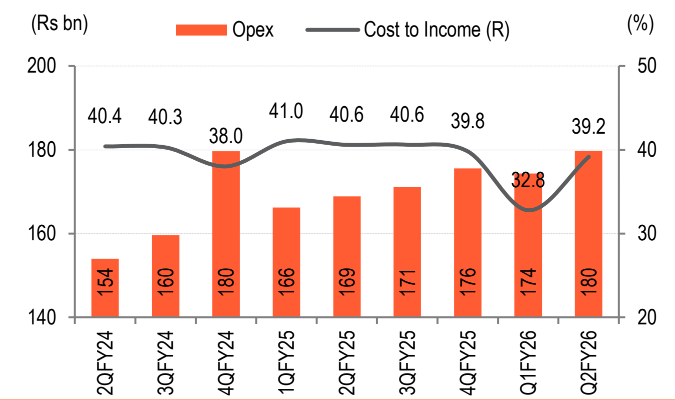
Source: Company, BOBCAPS Research

Fig 8 – Faster loan repricing mainly led to a fall in NIMs



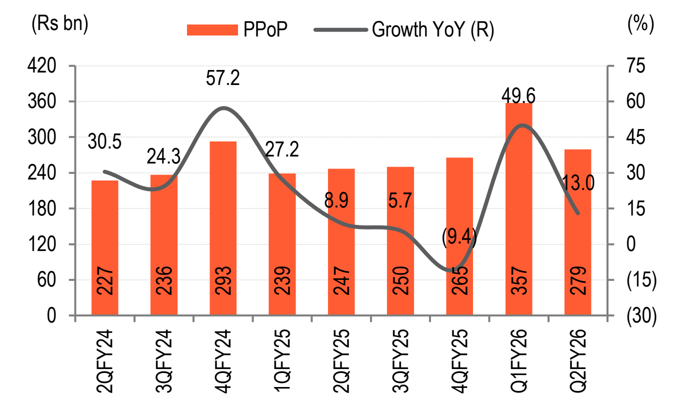
Source: Company, BOBCAPS Research

Fig 9 – C/I ratio normalises close to its long-term trend



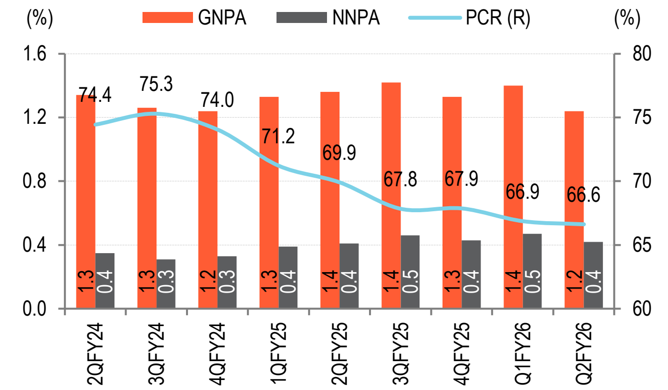
Source: Company, BOBCAPS Research

Fig 10 – PPoP growth increases on YoY basis



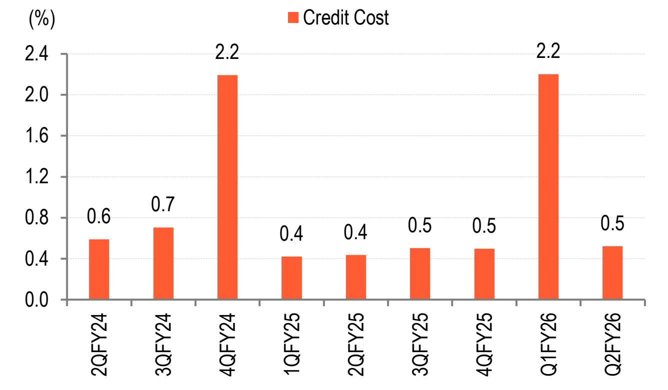
Source: Company, BOBCAPS Research

Fig 11 – Asset quality remains resilient



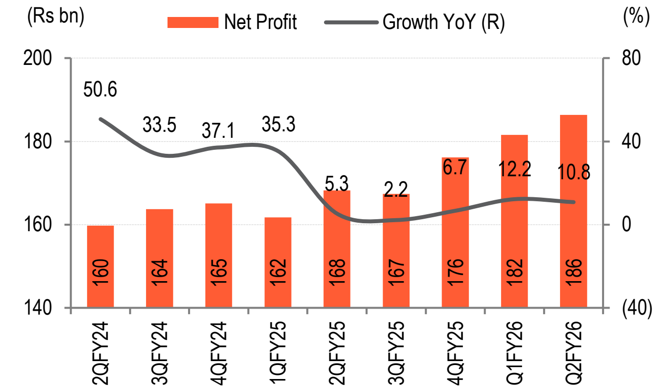
Source: Company, BOBCAPS Research

Fig 12 – Credit cost normalised



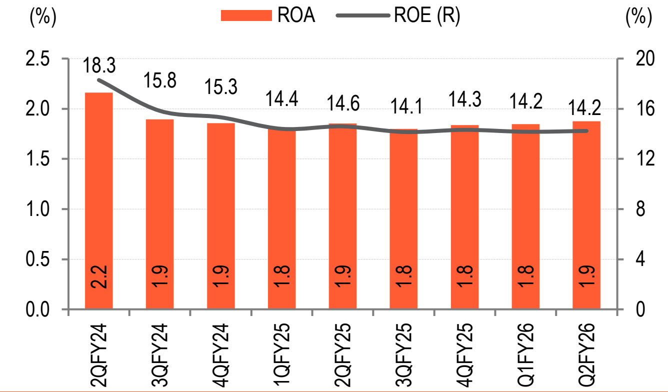
Source: Company, BOBCAPS Research

Fig 13 – Profit supported by higher other income and contained operating costs



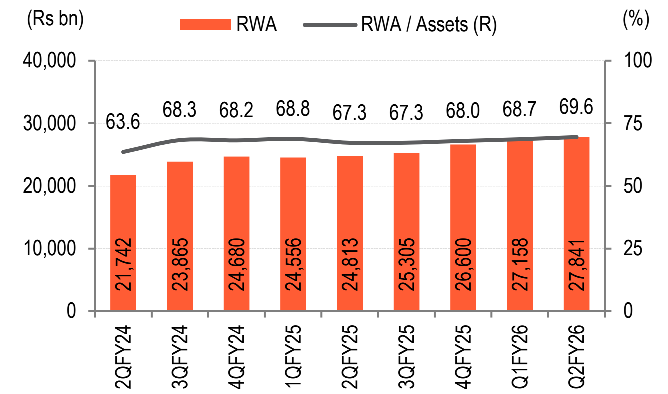
Source: Company, BOBCAPS Research

Fig 14 – Return ratios continue to be healthy



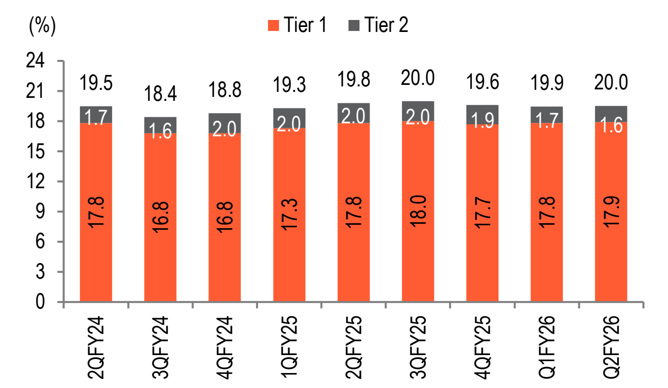
Source: Company, BOBCAPS Research

Fig 15 – RWA/Assets marginally increases



Source: Company, BOBCAPS Research | RWA: Risk-Weighted Asset

Fig 16 – Well capitalised with CAR of 20%



Source: Company, BOBCAPS Research

Earnings Call Takeaways

Business performance

- Recent trade tariff-related measures resulted in uncertainty in the global macroeconomic outlook. Conversely, domestic economy is resilient with low headline inflation, GST rate cuts, interest rates cuts and strong economic activity, supported by fiscal and monetary measures. As liquidity and growth improve, the bank is well poised to grow in both assets and deposits.
- Loan growth accelerated across segments with continued market share gains in deposits; disciplined pricing is maintained.
- Profit After Tax (PAT) stood at Rs 186 bn, up 10.8% YoY and 2.7% QoQ, driven by healthy loan growth and contained operating costs.
- Return on Assets (RoA) remained strong at 1.9%, reflecting sustained operating efficiency. Return on Equity (RoE) stood at 14.4%, broadly stable YoY despite NIM compression.
- The festive season seasonally boosts transactional volumes, especially in credit cards, while the bank remains focused on disciplined growth.
- Net Interest Margin (NIM) contracted by 8bps due to front-loaded interest rate cuts on assets; deposit repricing is expected to provide tailwinds over the next 6-12 months.
- During the quarter, HDFCB added 46 branches to total 9,545.

Loan Growth

- Gross advances growth was 9.9% YoY; Advances Under Management (AUM) growth was 8.9% YoY.
- Management aims to grow at system level this year and higher than system in FY27.
- Retail loans grew 7.4% YoY; mortgages up 6.7%, personal loans 8.8%, auto loans 10.2%, and gold loans 26% YoY.
- Management sees RBI's new guidelines on M&A transactions as an opportunity, which opens avenue for large banks to participate, and will wait for the final guidelines to come in.
- Small and mid-market segments grew 17% YoY and 3.5% QoQ. Corporate loans growth was moderate at 6.4% YoY because of strategic pricing discipline.

Deposits

- Overall deposit growth was 12% YoY; term deposits grew 15% YoY; CASA deposits grew 7%. CASA ratio stood at 33.9%, stable QoQ.
- Bank aims to keep pace with system; focus on retail & granular liabilities. Deposit mix is increasingly retail-focused (~83% retail deposits).
- Borrowings remained around 13% of total liabilities.

Asset Quality:

- Gross NPA ratio stood at 1.24%, improving from 1.40% in the previous quarter; net NPA ratio was 0.42%.
- Annualised slippages ratio was ~1.1% for the quarter (~Rs 74bn).
- Recoveries and upgrades were Rs 68bn, with a lumpy upgrade contributing ~10 bps of loans. Write-offs were Rs 33 bn.
- We note that the bank made a) floating provision (FP) of Rs 90bn by using one-off gains from HDBFS partial divestment in Q1FY26 and b) created Rs 17bn of contingent provision (CP) in Q1FY26.
- Provision coverage ratio remained stable at 67%.
- Credit cost for the quarter was 51 bps (annualized). Credit cost (net of recoveries) stood at 37 bps. Asset quality was stable across segments.

Subsidiary Performance

HDB Financials

- HDFC Bank continues to hold a 74.19% stake in HDB Financial Services, as of September 30, 2025.
- Loan book expanded to Rs 1,114 bn, marking 13.0% YoY and 1.9% QoQ growth.
- Asset quality moderated slightly, with Gross Stage 3 assets at 2.81% vs 2.56% in the previous quarter.
- NIM improved to 7.9%, reflecting disciplined pricing and efficient liability management.
- Net profit came in at Rs 5.8 bn (vs Rs 5.7bn last quarter), with EPS of Rs 7.0.
- Return ratios remained stable – RoA at 1.9% and RoE at 12.2%.
- Capital adequacy ratio stood at a healthy 21.8%, providing ample growth headroom

HDFC Life

- HDFC Bank holds a 50.25% stake in HDFC Life Insurance.
- Sold 322 k individual policies, covering 11.1 mn lives during the quarter.
- Individual WRP market share stood at 17% for H1FY26.
- Net premium income grew 13% YoY to Rs 188 bn; AUM increased to Rs 3.6 tn (+11% YoY)
- New business premium was Rs 89 bn, with VNB of Rs 10.1 bn and a VNB margin of 24%.
- PAT rose to Rs 4.5 bn (+3% YoY)
- Solvency ratio remained strong at 175%; embedded value stood at Rs 595 bn, up 14% YoY.

HDFC AMC

- HDFC Bank holds a 52.42% stake in HDFC AMC.
- Quarterly average AUM stood at Rs 8.8 trn, sustaining an 11.4% market share.
- 65% of AUM was equity-oriented, with 61% in actively managed equity funds.
- Served 14.5 mn unique investors, representing ~25% penetration in MF industry.
- Total income came in at Rs 11.2 bn (+6% YoY); net profit at Rs 7.2 bn (+24% YoY). EPS was Rs 33.6, highlighting robust operational efficiency.

HDFC ERGO

- HDFC Bank holds a 50.33% stake in HDFC ERGO.
- Gross Written Premium stood at Rs 40.1 bn, down 22% YoY.
- Retail mix increased to 51%, reflecting focus on individual insurance penetration.
- Market share: 4.5% overall, 7.0% among private sector insurers.
- PAT was Rs 1.8 bn (vs Rs 2.0 bn YoY), with EPS of Rs 2.5.
- Solvency ratio remained robust at 210%, ensuring sufficient underwriting capacity.

HDFC Securities

- HDFC Bank holds a 94.11% stake in HDFC Securities.
- Net revenue came in at Rs 7.0 bn (-23% YoY), and net profit at Rs 2.1 bn (-33% YoY).
- Serviced 7.4 mn clients across 130 branches in 104 cities.
- 96% of active clients used digital platforms for transactions.
- EPS stood at Rs 118, and book value per share at Rs 1,971 as of September 2025.

Valuation Methodology

We estimate deposits growth to be in the 15.0-16.5% range in FY26-FY28E. Advances growth is likely to improve gradually to be in the 12-14% range during FY26-FY28E. This would result in a lower CD ratio.

Management continues to follow a risk-based pricing approach on the asset side, ensuring yield discipline rather than chasing volume. On the liability side, HDFCB plans to optimise its funding profile by repaying high-cost legacy borrowings and increasingly tapping cost-effective instruments such as infrastructure, affordable housing bonds and CASA deposits. These measures will likely ease pressure on funding costs and support margins in the coming quarters.

We believe HDFCB has managed to outperform large private sector peers previously by effectively navigating business cycles, delivering stronger profitability and margins, coupled with better asset quality. Return ratios to stay healthy with ROA of 1.8-2.0% and ROE of 13.8-15.8% in FY26-FY28E. Hence, we maintain BUY with revised SOTP-based TP of 1,181 (from Rs 1,149) and roll over valuation to 2.5x Sep'27E ABV.

Fig 17 – Key operational assumptions

(%)	FY25	FY26E	FY27E	FY28E
Advances growth	5.4	12.0	13.0	14.0
NII growth	13.0	7.9	15.7	19.4
PPoP growth	6.1	21.3	10.9	20.2
PAT growth	10.7	8.7	18.2	20.7
NIM	3.5	3.4	3.5	3.7
GNPA	1.3	1.3	1.3	1.2
CAR	19.6	19.4	19.2	18.9

Source: Company, BOBCAPS Research

Fig 18 – Revised estimates

Estimates	New			Old			Change (%)		
Key Parameters (Rs mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	2,93,39,617	3,31,53,767	3,77,95,294	2,90,77,656	3,28,57,751	3,74,57,836	0.9	0.9	0.9
Deposits	3,12,19,221	3,63,70,393	4,21,89,656	3,13,54,957	3,65,28,525	4,23,73,089	(0.4)	(0.4)	(0.4)
Assets	4,33,34,631	4,93,97,697	5,65,28,283	4,30,87,513	4,91,36,068	5,62,31,867	0.6	0.5	0.5
NII	13,23,084	15,30,190	18,27,240	13,03,000	15,30,799	18,28,336	1.5	(0.0)	(0.1)
PPOP	12,14,515	13,46,484	16,18,968	11,07,066	13,35,763	16,04,663	9.7	0.8	0.9
Provision	2,36,039	1,89,602	2,22,674	1,62,232	1,88,064	2,20,875	45.5	0.8	0.8
PAT	7,31,900	8,65,348	10,44,428	7,06,736	8,58,478	10,35,073	3.6	0.8	0.9

Source: Company, BOBCAPS Research

Fig 19 – Actual vs Estimates

Key Parameters (Rs mn)	Q2FY26A	Q2FY26E	Change (%)
Loan	2,74,63,598	2,74,13,100	0.2
Deposits	2,80,17,888	2,80,15,000	0.0
Assets	4,00,30,084	4,08,45,610	(2.0)
NII	3,15,515	3,14,539	0.3
PPOP	2,79,236	2,55,435	9.3
Provision	35,005	30,205	15.9
PAT	1,86,413	1,69,824	9.8

Source: Company, BOBCAPS Research

Fig 20 – Valuation assumptions

Gordon growth model	Assumptions
Risk-free rate (%)	6.8
Equity risk premium (%)	4.9
Beta	1.0
Cost of equity (%)	11.7
Blended ROE (%)	14.4
Initial high growth period (yrs)	15.0
Payout ratio of high-growth phase (%)	12.0
Long-term growth (%)	8.5
Long term dividend payout ratio (%)	41.0
Justified P/BV Multiple (x)	2.5

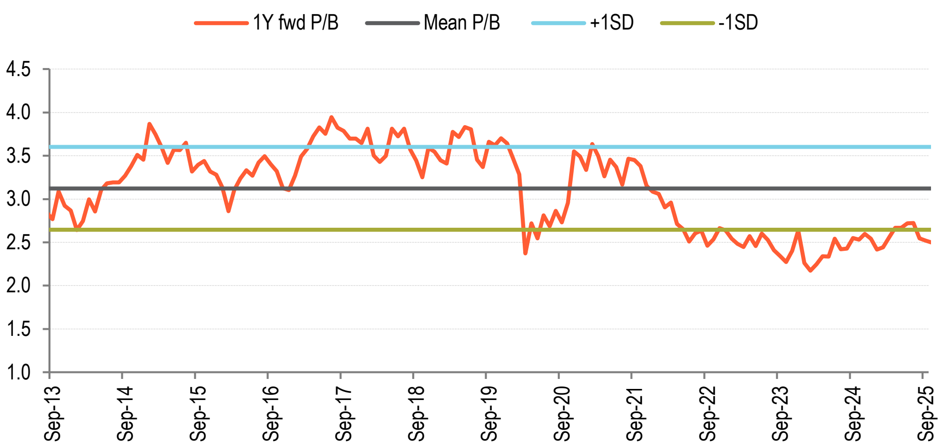
Source: Company, BOBCAPS Research

Fig 21 – Valuation summary

Business	Valuation	Holdings	Rs/Share
HDFC Bank	2.5x Sep'27 ABV	100	1,055
HDFC Life	Mcap	50.3	45
HDFC AMC	Mcap	52.42	35
HDFC Ergo	33x FY27E EPS	50.33	8
HDB Financials	Mcap	74.2	25
HDFC Securities	20x FY27E EPS	94.11	13
Total			**1,181**

Source: BOBCAPS Research

Fig 22 – PB band chart



Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates:

- Unexpected asset quality shocks leading to higher credit cost.
- Higher than estimated cost to income ratio.

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	**LCR**	Liquidity Coverage Ratio
AIF	Alternative Investment Fund	**MCLR**	Marginal Cost of Funds-based Lending Rate
ARC	Asset Reconstruction Company	**MTM**	Mark to Market
BRDS	Bills Rediscounting Scheme	**NII**	Net Interest Income
CASA	Current Account and Savings Account	**NIM**	Net Interest Margin
CAR	Capital Adequacy Ratio	**NNPA**	Net Non-Performing Assets
CET1	Common Equity Tier 1	**PCR**	Provision Coverage Ratio
CD	Credit-Deposit Ratio	**PPOP**	Pre-Provision Operating Profit
C/I	Cost-Income Ratio	**PSU**	Public Sector Unit
CRB	Commercial and Rural Banking	**RWA**	Risk-weighted Assets
EBLR	External Benchmark-based Lending Rate	**TD**	Term Deposits
ECL	Expected Credit Loss	**SLR**	Statutory Liquidity Ratio
GNPA	Gross Non-Performing Assets	**SMA**	Special Mention Account
IBPC	Interbank Participation Certificate	**SME**	Small and Medium-sized Enterprises

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	**10,85,325**	**12,26,701**	**13,23,084**	**15,30,190**	**18,27,240**
NII growth (%)	25.0	13.0	7.9	15.7	19.4
Non-interest income	4,92,410	4,56,323	6,26,518	6,02,760	6,35,556
Total income	15,77,735	16,83,024	19,49,603	21,32,950	24,62,796
Operating expenses	6,33,860	6,81,749	7,35,087	7,86,467	8,43,829
PPOP	9,43,875	10,01,275	12,14,515	13,46,484	16,18,968
PPOP growth (%)	34.1	6.1	21.3	10.9	20.2
Provisions	2,34,922	1,16,494	2,36,039	1,89,602	2,22,674
PBT	7,08,953	8,84,781	9,78,476	11,56,882	13,96,294
Tax	1,00,830	2,11,307	2,46,576	2,91,534	3,51,866
Reported net profit	**6,08,123**	**6,73,474**	**7,31,900**	**8,65,348**	**10,44,428**
Adjustments	0	0	0	0	0
Adjusted net profit	**6,08,123**	**6,73,474**	**7,31,900**	**8,65,348**	**10,44,428**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	15,194	15,304	15,354	15,354	15,354
Reserves & surplus	43,87,264	49,98,942	55,55,186	62,12,850	70,06,615
Net worth	44,02,458	50,14,246	55,70,540	62,28,204	70,21,969
Deposits	2,37,97,863	2,71,47,149	3,12,19,221	3,63,70,393	4,21,89,656
Borrowings	66,21,531	54,79,309	44,93,033	39,53,869	44,67,872
Other liab. & provisions	13,54,379	14,61,285	20,51,837	28,45,230	28,48,786
Total liab. & equities	**3,61,76,231**	**3,91,01,989**	**4,33,34,631**	**4,93,97,697**	**5,65,28,283**
Cash & bank balance	21,91,474	23,95,707	26,26,487	28,04,969	33,78,082
Investments	70,24,150	83,63,597	92,25,726	1,10,25,295	1,26,12,360
Advances	2,48,48,615	2,61,96,086	2,93,39,617	3,31,53,767	3,77,95,294
Fixed & Other assets	21,11,992	21,46,600	21,42,802	24,13,666	27,42,548
Total assets	**3,61,76,231**	**3,91,01,989**	**4,33,34,631**	**4,93,97,697**	**5,65,28,283**
Deposit growth (%)	26.4	14.1	15.0	16.5	16.0
Advances growth (%)	55.2	5.4	12.0	13.0	14.0

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	46.2	44.2	47.7	56.4	68.0
Dividend per share	19.5	19.5	11.4	13.5	16.3
Book value per share	289.8	327.6	362.8	405.6	457.3

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	21.7	22.7	21.0	17.8	14.7
P/BV	3.5	3.1	2.8	2.5	2.2
Dividend yield (%)	1.9	1.9	1.1	1.3	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	3.6	3.3	3.2	3.3	3.5
Non-interest income	1.6	1.2	1.5	1.3	1.2
Operating expenses	2.1	1.8	1.8	1.7	1.6
Pre-provisioning profit	3.1	2.7	2.9	2.9	3.1
Provisions	0.8	0.3	0.6	0.4	0.4
PBT	2.3	2.4	2.4	2.5	2.6
Tax	0.3	0.6	0.6	0.6	0.7
ROA	2.0	1.8	1.8	1.9	2.0
Leverage (x)	8.4	8.0	7.8	7.9	8.0
ROE	16.9	14.3	13.8	14.7	15.8

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	25.0	13.0	7.9	15.7	19.4
Pre-provisioning profit	34.1	6.1	21.3	10.9	20.2
EPS	16.4	(4.3)	8.1	18.0	20.7
Profitability & Return ratios (%)					
Net interest margin	3.5	3.5	3.4	3.5	3.7
Fees / Avg. assets	0.9	0.8	1.0	1.0	1.0
Cost-Income	40.2	40.5	37.7	36.9	34.3
ROE	16.9	14.3	13.8	14.7	15.8
ROA	2.0	1.8	1.8	1.9	2.0
Asset quality (%)					
GNPA	1.2	1.3	1.3	1.3	1.2
NNPA	0.3	0.4	0.4	0.3	0.3
Slippage ratio	2.5	1.3	1.3	1.4	1.4
Credit cost	1.2	0.5	0.9	0.6	0.6
Provision coverage	74.0	67.9	72.0	73.0	73.0
Ratios (%)					
Credit-Deposit	104.4	96.5	94.0	91.2	89.6
Investment-Deposit	29.5	30.8	29.6	30.3	29.9
CAR	18.8	19.6	19.4	19.2	18.9
Tier-1	16.8	17.7	18.0	17.6	17.3

Source: Company, BOBCAPS Research

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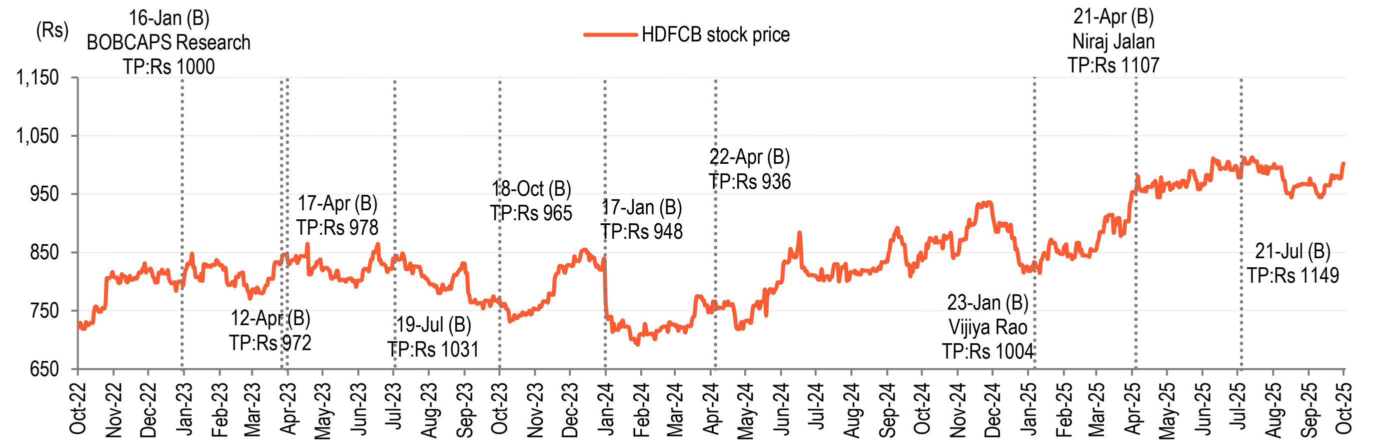
Ratings and Target Price (3-year history): HDFC BANK (HDFCB IN)



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