

Q1 2024

1. Net interest margin trends

- **Narrative:** Management discussed the outlook for net interest margin trends, indicating a focus on maintaining a stable range to support future financial performance.

- **Management's Guidance:**

- Management expects the net interest margin to oscillate within the range of 1.9 to 2.1 percent in the upcoming periods.

- **Actual Results:**

['Q4', '2024']:

- Net interest margin (NIM) Post-merger 4.3%

['Q1', '2024']:

- The core net interest margin for Q1 2024 was reported at 4.1%.

['Q2', '2024']:

- Reported net interest margin for Q2 2024 was 3.4% on total assets and 3.6% on interest-earning assets.

['Q3', '2024']:

- Net interest margin (NIM) for Q3 2024 was reported at 3.4% and 3.6% on an interest earning asset basis, which is significantly above the management guidance range of 1.9% to 2.1%.

- **Evaluation:**

- **Expectations Exceeded:** The actual net interest margin significantly exceeded management's guidance range of 1.9% to 2.1%, with reported figures ranging from 3.4% to 4.3% across various quarters in 2024.

2. Profitability analysis

- **Narrative:** The management's discussion highlighted their strategic focus on achieving consistent growth over both short and long-term periods. They emphasized their operational levels and capacity building aimed at sustaining a growth trajectory of around 17% to 18% over a three to five-year horizon. The management is also working towards achieving a consistent growth pattern by leveraging their built capacities.

- **Management's Guidance:**

- Management indicated an expected growth rate of approximately 17% to 18% over a longer term of three to five years, with capacities built to achieve this consistency of growth. Additionally, they mentioned achieving break-even to payback within an 18 to 24 month timeframe for recent initiatives.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Profit after tax for the quarter at INR15,976 crores increased by 50% versus prior year.

- **Evaluation:**

- Insufficient Info: Data not available.

3. Asset growth strategies

- **Narrative:** The management highlighted their confidence in achieving substantial growth through strategic initiatives. They emphasized the robustness of the foundational strategies laid out to support this growth trajectory.

- **Management's Guidance:**

- Management expressed confidence in the effectiveness of the growth strategies implemented, anticipating these to materialize into significant growth over the coming quarters.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Deposits increased ■ 1.66 tr in the quarter (↑7.5%)

['Q1', '2024']:

- Total advances increased by 15.7% to ■ 16,300 bn and deposits up by 19.2% to ■ 19,131 bn in Q1 2024.

- **Evaluation:**

- **Expectations Met:** Management anticipated significant growth from their strategies, and the actual results showed a substantial increase in both advances (15.7%) and deposits (19.2%) in Q1 2024, suggesting that the growth strategies effectively materialized.

4. Customer satisfaction metrics

- **Narrative:** Management emphasized the importance of seamless integration to improve customer engagement and experience. The discussion revolved around the strategic onboarding of 4 million customers with a portfolio exceeding INR 6 trillion, alongside integrating 4,150 skilled professionals to enhance expertise and culture.

- **Management's Guidance:**

- Management anticipates that this strategic integration will lead to a sustained and optimal execution in customer satisfaction metrics, focusing on customer engagement and experience improvements in future quarters.

- **Actual Results:**

['Q2', '2024']:

- Customer franchise grew to 13.6 million customers with 6.3% additions during the quarter.

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

5. Asset quality trends

- Narrative: The management emphasized their focus on maintaining a stable asset quality while managing the credit and loan portfolio. They are strategically assessing the current asset quality trends to ensure that the health of the loan book remains robust before making further expansions or adjustments.

- Management's Guidance:

- The management indicated that they will evaluate asset quality trends over the next two quarters to determine a stable level before considering further portfolio expansions.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Gross stage 3 as of June end improved to 2.5% against 2.7% as of March '23, and 4.9% as of last year, June. Stage 3 Assets: 2.48%

- Evaluation:

- Insufficient Info: Data not available.

6. Geographic expansion plans

- Narrative: Management highlighted the significant expansion of their SME business footprint, indicating a strategic push to broaden their geographic reach within India.

- Management's Guidance:

- The company is on track to expand its reach to over 2 lakh villages, indicating a robust plan to enhance its presence in rural districts.

- Actual Results:

['Q2', '2024']:

- The rural business reach expanded to 1.85 lakh villages.

['Q4', '2024']:

- we expanded to 225,000 villages now where we operate.

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Our rural business reach expanded to ~210,000 villages, a growth of ~60,000 villages over last year.

- Evaluation:

- Expectations Exceeded: Management aimed to expand its reach to over 2 lakh villages, and by Q4 2024, the company had expanded to 225,000 villages, surpassing its initial target.

7. Liquidity coverage ratio trends

- Narrative: Management highlighted the improvement in the bank's liquidity coverage ratio (LCR) from the previous quarter, indicating a strong liquidity position. The LCR increased from 116% to 126% on a standalone basis, and over 120% on a pro-forma combined basis after adjusting for statutory requirements such as the Cash Reserve Ratio (CRR).

- Management's Guidance:

- Management anticipates that it will take approximately three to four years for the LCR to decrease to levels historically maintained by the bank.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- LCR for the quarter for the bank was at 126%, prior quarter was 116% and prior year was 108%. The bank standalone LCR is 126% on a combined basis, which was 116% last quarter, 126% now, on a combined basis, Pro-forma combined, a little more than 120% after accounting for what is required for CRR and so on.

['Q2', '2024']:

- The Liquidity Coverage Ratio (LCR) for Q2 2024 was reported at an average of 121% after absorbing the ICRR for most of the quarter.

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Expectations Met: The management anticipated a stable or slight decrease in the LCR over several years, and the actual results show the LCR remained robust at 126% in Q1 2024 and averaged 121% in Q2 2024, aligning with management's guidance of maintaining a strong liquidity position.