

Q2 2025

1. Net interest margin trends

- **Narrative:** Management highlighted their strategic focus on organically improving the net interest margin (NIM) closer to the targeted range of 9% to 10%. The emphasis is on achieving this target through internal growth rather than through external acquisitions or other inorganic means.

- **Management's Guidance:**

- Management anticipates a gradual enhancement in the net interest margin, with an expected improvement in the range of 3 to 5 basis points. This improvement is envisioned as a consistent trend over future quarters.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Profitability analysis

- **Narrative:** The management of HDFC has outlined a strategic plan for the company's growth trajectory over the next few years. They have adjusted their expectations to achieve certain financial benchmarks more rapidly than previously anticipated. Their discussions indicate a deliberate pace of growth with a focus on aligning with and eventually surpassing industry standards.

- **Management's Guidance:**

- Management anticipates reaching the high 80s in their performance metric within two to three years, accelerating their previous target of four to five years. For FY '25, the company projects slower growth compared to the industry average. By FY '26, they aim to match the industry growth rate. In FY '27, HDFC plans to exceed the industry's growth rate.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. Credit risk assessment

- **Narrative:** Management is focused on improving the credit risk assessment by strategically managing the credit-to-deposit (CD) ratio. They are planning to align credit growth with the system growth rate over the next few years. This approach is indicative of a cautious and methodical strategy to enhance the stability and sustainability of the loan portfolio.

- **Management's Guidance:**

- Management has outlined a plan to reduce the loan deposit ratio as part of their strategy to manage credit growth in line with the system's growth rate for the upcoming years, specifically targeting FY '25, '26, and '27.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Adherence to regulations

- **Narrative:** Management emphasized their commitment to compliance with evolving regulatory frameworks. They highlighted the necessity for timely submission of comments regarding upcoming regulatory changes and discussed preparations for adhering to new listing requirements for their subsidiary.

- **Management's Guidance:**

- Management indicated that they are preparing to submit necessary comments by the stipulated deadline of November 20. Furthermore, they are working towards ensuring HDB's compliance with the requirement to be listed by September 2025.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

5. Liquidity coverage ratio trends

- **Narrative:** Management highlighted their consistent operational target range for the liquidity coverage ratio, emphasizing their strategic focus on maintaining this ratio between 110 to 120. This indicates a disciplined approach to liquidity management, ensuring sufficient liquidity to meet short-term obligations while optimizing capital deployment.

- **Management's Guidance:**

- Management reiterated their target liquidity coverage ratio range of 110 to 120, which they aim to maintain in future quarters.

- **Actual Results:**

['Q2', '2025']:

- The liquidity coverage ratio is reported to be at 128% in Q2 2025, which is above the targeted range of 110 to 120 specified by the management.

- **Evaluation:**

- **Expectations Exceeded:** The actual liquidity coverage ratio of 128% in Q2 2025 surpassed management's target range of 110 to 120, indicating stronger-than-expected liquidity management.