Q1 2025

1. Credit losses allowance adequacy
- **Narrative:** Management has consistently communicated their strategy to maintain a stable credit cost to advances ratio at approximately 50 basis points. This level has been a focal point in earnings calls for multiple quarters, suggesting a commitment to managing credit risk within established parameters.
- **Management's Guidance:**
- The management anticipates the credit cost to advances to remain at about 50 basis points, which aligns with the adjusted credit cost level previously discussed in earlier earnings calls.
- **Actual Results:**
['Q2', '2025']:
- When we look at the overall credit cost still maybe below 40 odd basis points, not yet the normalized one.
['Q1', '2025']:
- Anindya Banerjee stated that "our credit costs have been quite steady, even in the last couple of quarters where for various reasons the reported numbers were pretty low, we had kind of said that the adjusted cost for the quarter would be around 50 bps and that is where it is."
- **Evaluation:**
- Expectations Exceeded: The actual credit cost fell below 40 basis points, which is better than the management's guidance of maintaining it around 50 basis points, indicating stronger credit risk management than anticipated.

2. Rural demand trends
- **Narrative:** Management highlighted the ongoing trends in rural demand, emphasizing the factors contributing to its fluctuation and the company's strategic approach to capitalize on these trends. They discussed the influence of macroeconomic conditions on rural purchasing power and the measures being put in place to mitigate any adverse impacts.
- **Management's Guidance:**
- Management anticipates that by the end of the year, the impact on rural demand will result in figures closer to a 20% level or potentially lower.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

3. Liquidity coverage ratio
- **Narrative:** Management reiterated their historical operational range for the domestic Loan-to-Deposit Ratio (LDR) and emphasized stability within this range, highlighting their consistent approach to liquidity management.
- **Management's Guidance:**
- Management does not anticipate any significant changes to the Liquidity Coverage Ratio (LDR), expecting it to fluctuate minimally around the low-to-mid 80s range across quarters.
- **Actual Results:**
['Q2', '2025']:
- The Bank’s average liquidity coverage ratio for the quarter was about 120%.
['Q1', '2025']:
- Mr. Bakhshi stated that the Bank's average liquidity coverage ratio for Q1-2025 was about 123%.
- **Evaluation:**
- Expectations Exceeded: Management expected the Liquidity Coverage Ratio (LDR) to fluctuate minimally around the low-to-mid 80s range, however, the actual results showed the ratio was significantly higher, with averages of 123% in Q1 2025 and 120% in Q2 2025, exceeding management's expectations.

4. Revised LCR guidelines
- **Narrative:** Management discussed the anticipated impact of revised Liquidity Coverage Ratio (LCR) guidelines on the bank's operations. They highlighted that the changes in LCR requirements are being actively monitored, and the bank is positioned to manage the anticipated changes effectively.
- **Management's Guidance:**
- Management anticipates a 10 to 15 percentage point impact on LCR, aligning with the estimates seen in recent analyst reports for major banks.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

5. Net NPA ratio trends
- **Narrative:** Management highlighted that the pace of recoveries from non-performing assets (NPAs) is expected to vary as they conclude collections from previous fiscal years. This variation in recovery pace is anticipated to impact credit costs, which are projected to normalize upwards in the near term. Despite these dynamics, the management is confident in maintaining healthy NPL ratios and provisioning coverage.
- **Management's Guidance:**
- Management expects the credit costs to normalize upwards as the pace of recoveries from NPAs alters, but they are positioned to maintain strong NPL ratios and provisioning coverage.
- **Actual Results:**
['Q2', '2025']:

- Data Not Available
['Q1', '2025']:
- The net NPA ratio was 0.43% at June 30, 2024 compared to 0.42% at March 31, 2024 and 0.48% at June 30, 2023.
- **Evaluation:**
- Expectations Met: The net NPA ratio slightly increased from 0.42% to 0.43%, aligning with management's guidance to maintain strong NPL ratios despite the expected variation in recovery pace and normalization of credit costs.

6. CET-1 ratio analysis
- **Narrative:** Management highlighted the company's robust capital adequacy position, reporting a CET-1 ratio of 15.92% as of June 30, 2024. This indicates a strong capital base to support future growth and absorb potential risks. The Tier 1 ratio and total capital adequacy ratio were also emphasized, showcasing the institution's overall financial strength and stability.
- **Management's Guidance:**
- While specific forward-looking statements or qualitative guidance regarding future CET-1 ratio targets were not explicitly detailed in the provided data, the current strong ratios suggest a well-capitalized position moving into future quarters.
- **Actual Results:**
['Q2', '2025']:
- The actual performance results for Q2 2025 indicate a CET-1 ratio of 15.96% as of September 30, 2024.
['Q1', '2025']:
- Including profits for Q1-2025, CET1 ratio was 15.92%, Tier I ratio was 15.92% and total capital adequacy ratio was 16.63% at June 30, 2024.
- **Evaluation:**
- Expectations Met: The CET-1 ratio slightly increased from 15.92% to 15.96% between June and September 2024, maintaining a strong capital position as indicated by the management, aligning with the narrative of robust capital adequacy.