

India Banks Macro Watch

Tug of war between growth and NIM drivers

Industry Overview

Tracking 30+ macro and market variables

'India Banks Macro Watch' provides a detailed look and a heat map of the key macro drivers that matter for bank earnings. We track 30+ high frequency macro and market variables to get a better insight into how overall banking sector earnings drivers (growth, NIMs, opex, asset quality) are likely to shape up.

India's system credit growth continues to remain firmly close to 16% levels, with some support from improved demand drivers like PMI, IIP prints etc. But almost all NIM drivers (except minor MCLR increases) continued to worsen and are likely to remain tight at least for the next couple of quarters (see [System liquidity call – RBI likely to be more tactical but status quo to remain 08 Feb 2024](#)). Given the seasonal boost in March qtr, banks are likely to prioritize growth over NIMs overall. But this could change post that.

Resilient credit growth; better IIP, PMI print

1) Credit growth sustaining at 14-16%YoY for 19 months now – Credit growth continued to be very resilient at 16% in Jan'24. Retail credit growth was robust at 31.5% YoY (incl. HDFC Bank merger). Industry credit growth has picked up to 11.3% YoY in Dec'23.

2) Deposit growth steady but continues to lag – Deposit growth was broadly stable at 12.6% YoY, still meaningfully lower than credit growth.

3) Marginal improvement IIP, PMI print healthy – IIP saw marginal increase to 3.8% in Dec'23 after a disappointing Nov print. PMI data continues to be quite healthy – 61.2% composite PMI and 56.5% manufacturing PMI in Jan'24.

4) System liquidity deficit highest since 2016 – Liquidity shortage at Rs 2Tn in Jan'24 has been highest in last 7 years.

5) Healthy auto sales growth continued – PV sales was 21.7% in Dec'23.

NIMs – gradual rate revision across loans and deposits

1) MCLR continues to inch up at gradual pace. Avg lending rate back to pre-festive level – MCLR revision for banks continues but at more gradual pace of 2-3 bps every month. Avg lending rate has seen some improvement after bottoming around Sep-Oct'23 due to festive offers. Avg lending rate improved 3 bps/11 bps for PSBs/Pvt banks in Dec'23.

2) Higher increase in avg deposit rate for pvt banks – Increase in avg deposits rate was 3 bps for PSBs vs 9 bps for private banks. This is led by pvt banks seeing higher growth in term deposits while PSBs letting go of high-cost deposits and utilizing surplus liquidity.

3) Inflation saw slight moderation – CPI moderated to 5.1% in Jan'24 but sticky around 5% level; WPI remains close to zero - 0.3% in Jan'24. 5

4) Term premium further contracted – short term bond yield was flat and long terms yield declined further by 4 bps leading to term premium reaching 0.1%.

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12661021

Timestamp: 19 February 2024 12:11AM EST

19 February 2024

Equity
India
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PMI – Purchasing Manager's Index

PV – Passenger vehicles

CV – Commercial Vehicles

IIP – Index of industrial production

MCLR – Marginal cost of funds-based
lending rate

PSBs– Public sector banks

Pvt – Private Banks

WATDR – Weighted Avg Term
Deposit Rate

WALR – Weighted Avg Lending Rate

CPI – Consumer price index

WPI – Wholesale price index

MF AUM – Mutual funds' assets
under management

NIM – Net Interest Margin

LDR – Loan Deposit Ratio

MOM – Month on Month

ICRR – Incremental Cash Reserve
Ratio

Macro watch – Heat map

Exhibit 1: India Banks macro watch heat map

Organic system credit growth remains resilient at 16% despite tight liquidity, fee drivers healthy in Jan'24

	Momentum	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Growth drivers														
Credit growth (YoY%)	↑	16.0	15.7	16.4	15.2	15.3	14.9	14.7	16.2	15.4	15.9	15.0	15.5	16.3
Retail Credit (YoY%)*	↑		31.5	33.1	32.6	30.4	30.8	31.7	21.0	19.3	19.7	20.7	21.4	24.5
Industry Credit (YoY%)	↑		11.3	9.3	8.6	7.1	6.7	5.8	8.1	6.0	6.9	5.8	5.0	7.9
Deposit growth (YoY%)	↓	12.6	13.2	13.6	13.4	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5
IIP (%)	↑		3.8	2.4	11.6	6.4	10.9	6.2	4.0	5.7	4.6	1.9	6.0	5.8
IIP Industrial goods (%)	↑		3.2	-1.1	21.3	8.4	13.1	5.1	2.9	8.1	4.4	10.0	11.0	10.5
IIP Consumer goods (%)	↑		4.8	-5.5	15.9	1.0	6.0	-3.6	-6.8	1.5	-2.3	-8.0	-4.1	-8.2
PMI(%) -Composite	↑	61.2	58.5	57.4	58.4	61.0	60.9	61.9	59.4	61.6	61.6	58.4	59.0	57.5
PMI(%) -Manufacturing	↑	56.5	54.9	56.0	55.5	57.5	58.6	57.7	57.8	58.7	57.2	56.4	55.3	55.4
PV Sales (YoY%)	↑		21.7	21.0	33.9	17.7	27.7	19.2	2.0	13.5	31.7	4.5	11.0	17.2
GST (YoY%)	↓		10.3	15.1	13.4	10.2	10.8	10.8	2.9	11.5	31.6	13.6	12.4	12.7
NIM Drivers														
Policy rate (%)	↔	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	6.3
MCLR (%) -All SCB	↔	8.8	8.8	8.7	8.7	8.7	8.7	8.6	8.6	8.6	8.6	8.5	8.4	8.3
Big 4 Pvt banks -MCLR(%)	↑	9.3	9.2	9.2	9.2	9.1	9.1	9.1	9.1	9.0	8.9	8.9	8.9	8.8
PSB MCLR (%)	↔	8.7	8.7	8.7	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.5	8.5	8.5
WATDR-Pvt banks (%)	↑		6.8	6.8	6.7	6.7	6.7	6.6	6.5	6.4	6.4	6.2	6.1	6.0
WATDR-PSB(%)	↑		6.9	6.9	6.8	6.8	6.6	6.5	6.5	6.4	6.3	6.2	6.0	5.9
Fresh loans WALR - PSB (%)	↑		8.5	8.6	8.7	8.6	8.8	8.7	8.5	8.6	8.5	8.7	8.6	8.4
Fresh loans WALR - PVT (%)	↑		10.2	10.1	10.2	10.2	10.2	10.0	10.0	9.9	9.6	10.1	9.9	9.7
1Y Gsec (%)	↔	7.09	7.09	7.1	7.1	7.1	7.1	7.0	6.9	6.9	6.9	7.3	7.1	6.7
10Y Gsec (%)	↓	7.18	7.22	7.3	7.3	7.2	7.2	7.1	7.0	7.0	7.2	7.4	7.4	7.3
10Y-1Y Term premium (%)	↓	0.10	0.13	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.6
AAA Bond- Gsec1 yr (%)	↔	0.8	0.8	0.7	0.6	0.5	0.5	0.4	0.6	0.6	0.7	0.6	0.8	0.9
BBB Corp - AAA Corp (%)	↔	3.9	3.9	3.9	4.0	4.0	4.0	3.9	3.9	3.9	3.9	4.0	4.0	4.0
Liquidity														
System LDR (%)	↑	77.7	77.1	77.0	76.6	76.1	75.0	74.6	75.1	75.6	75.7	75.8	75.3	75.3
Dep growth (YoY%)	↓	12.6	13.2	13.6	13.4	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5
RBI Net liquidity ops (Rs bn)	↑	1,914	1,362	201	548	59	-1,140	-1,915	-1,533	-1,800	-903	-2,242	-1,500	-1,199
M1 Supply (YoY%)	↑	6.7	7.0	7.9	6.4	7.3	6.4	7.2	10.7	7.6	7.7	6.8	8.7	10.0
M3 Supply (YoY%)	↑	11.0	10.9	11.2	10.8	10.8	10.8	10.6	11.3	10.1	9.5	9.0	9.5	9.8
Opex Drivers														
CPI Inflation (%)	↓	5.1	5.7	5.5	4.9	5.0	6.8	7.4	4.8	4.3	4.7	5.7	6.4	6.5
Wholesale Inflation (%)	↓	0.3	0.7	0.3	-0.5	-0.3	-0.5	-1.4	-4.1	-3.5	-0.9	1.4	3.9	4.8
Fee drivers														
Sensex+Nifty Turnover (\$ bn)	↑	83,274	72,161	50,030	49,999	63,543	68,067	72,641	60,309	67,552	50,715	58,752	55,316	56,229
Sensex+Nifty Turnover YoY%	↑	48.1	51.4	-8.9	10.8	-2.3	27.1	27.6	5.1	-3.5	-24.3	-28.8	-15.1	-17.5
New insurance premium (Rs cr)	↑	33,560	38,583	36,495	26,819	30,716	26,789	27,867	36,962	23,478	12,565	52,081	22,848	26,424
New insurance premium (YoY%)	↑	27.0	43.8	2.9	7.6	-15.5	-18.5	-28.7	18.3	-4.1	-30.0	-12.6	-16.8	20.3
MF Net flows (Rs cr)	↓		-40,685	25,616	80,528	-66,192	14,386	82,046	-2,022	57,420	121,435	-19,264	9,575	11,373
Equity MF net flows (Rs cr)	↑		16,997	15,536	19,957	14,091	20,245	7,626	8,637	3,240	6,480	20,534	15,686	12,547
MF AUM (month avg., YoY%)	↑		27.3	21.5	18.3	21.2	18.5	22.9	24.6	16.1	9.4	4.9	5.1	1.9
Credit card payments (YoY%)	↓	25.5	27.8	37.5	45.0	34.3	28.3	27.8	52.3	44.1	54.2	72.7	106.6	78.0
Real rates														
Real Policy rate (using CPI) (%)	↓	1.4	0.8	1.0	1.6	1.5	-0.3	-0.9	1.7	2.3	1.8	0.8	0.0	-0.3
Real MCLR (%) (CPI)	↑	3.7	3.1	3.2	3.8	3.7	1.8	1.2	3.8	4.3	3.9	2.9	2.0	1.8
Real Gsec (%) (CPI)	↑	2.0	1.4	1.6	2.2	2.1	0.2	-0.4	2.1	2.6	2.2	1.6	0.7	0.2

Source: BofA Global Research, IRDAI, AMFI, RBI, Bloomberg

Color gradients from worsening to improving performance are: red -> orange -> yellow -> green

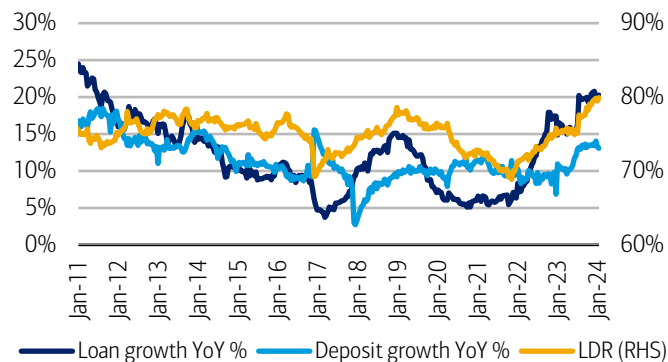
Retail credit growth from Jun'23 onwards include impact of merger of a HDFC Bank and HDFC Ltd

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Macro watch – Key charts of the month

Exhibit 2: System Loans and Deposits YoY Growth (%)

System loan growth continues to be strong, deposit growth steady

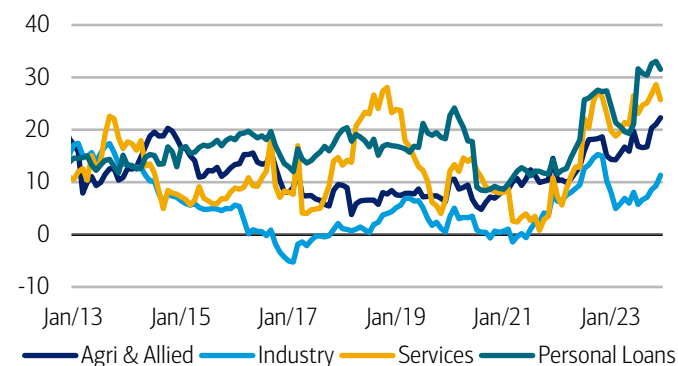


Source: BofA Global Research, RBI

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Exhibit 3: Sector-wise loan growth YoY%

Marginal decline in personal loan growth, agri and industry seeing pick up

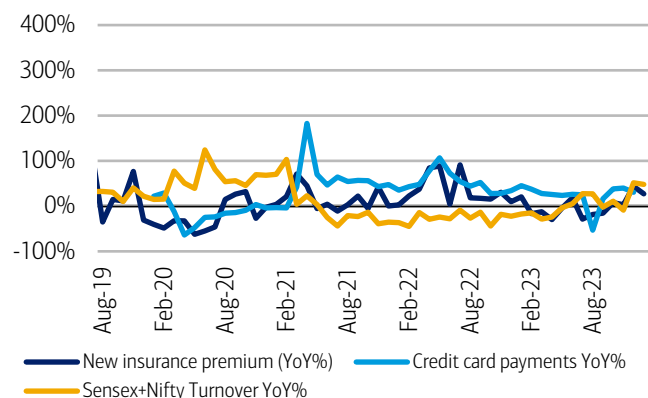


Source: BofA Global Research, RBI

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Exhibit 4: Insurance, card payments, market turnover (YoY)%

Insurance premium and credit card payments saw marginal dip

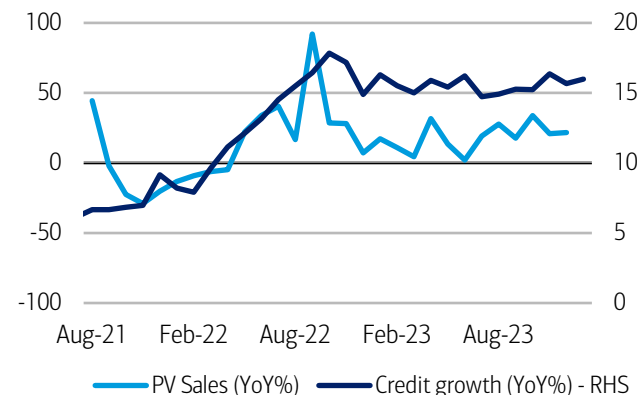


Source: BofA Global Research, RBI, IRDAI

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Exhibit 5: Credit growth vs PV sales YoY%

PV sales continues to hold up well – 21.7% YoY in Dec'23

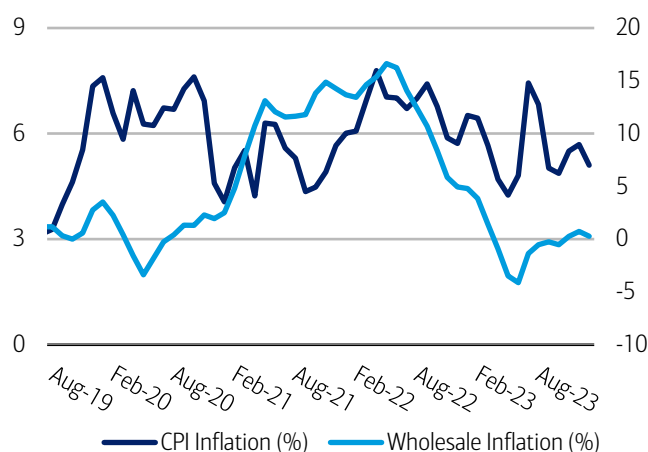


Source: BofA Global Research, CEIC

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Exhibit 6: CPI and wholesale inflation (%)

CPI/WPI inflation moderated to 5.1/0.1% respectively

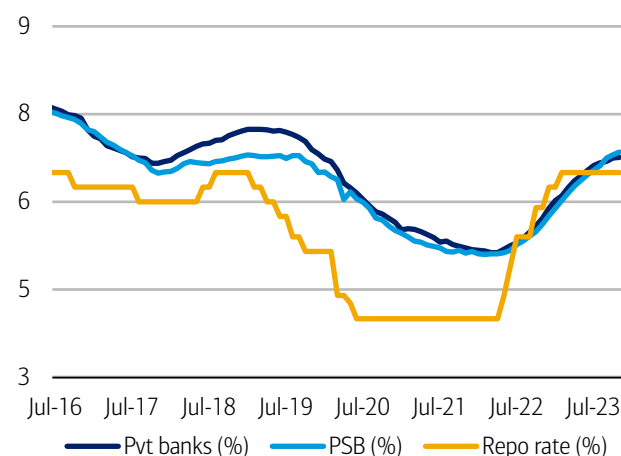


Source: BofA Global Research, RBI

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Exhibit 7: WATDR vs Policy rates (%)

Avg deposit rate up 5 bps for PSBs, flat for pvt banks



Source: BofA Global Research, RBI

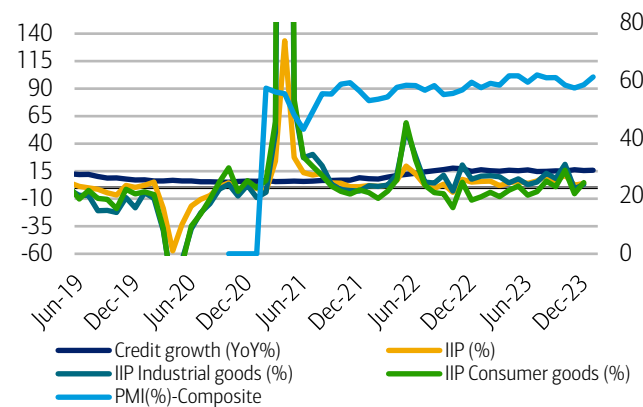
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Loan growth drivers

- **Credit growth sustaining at 14-16%YoY for 19 months now** – Credit growth continued to be very resilient at 16% in Jan'24. Retail credit growth was robust at 31.5% YoY (including impact of HDFC Bank merger). Industry credit growth has picked up on MoM basis – 11.3% YoY in Dec'23.
- **Deposit growth steady but continues to lag credit growth** – Deposit growth was broadly stable at 12.6% YoY, still meaningfully lower than credit growth. Banking system is expected to continue to see tight liquidity in near term and subdued CASA growth given no policy rate cut in sight in next 6 months.
- **Marginal improvement IIP in Dec'23, PMI print healthy for Jan'24**– IIP saw marginal increase to 3.8% in Dec'23 after a disappointing print of 2.4% in Nov'23. IIP industrial goods and IIP consumer goods saw significant improvement MoM. PMI data continues to be quite healthy – 61.2% composite PMI and 56.5% manufacturing PMI in Jan'24/.
- **Auto sales growth continues to be steady** – PV sales was 21.7% in Dec'23, holding up at ~20% level in last 6 months despite improved base.

Exhibit 8: Credit growth (YoY %) vs Production indicators (%)

IIP deteriorates but PMI print continues to be healthy

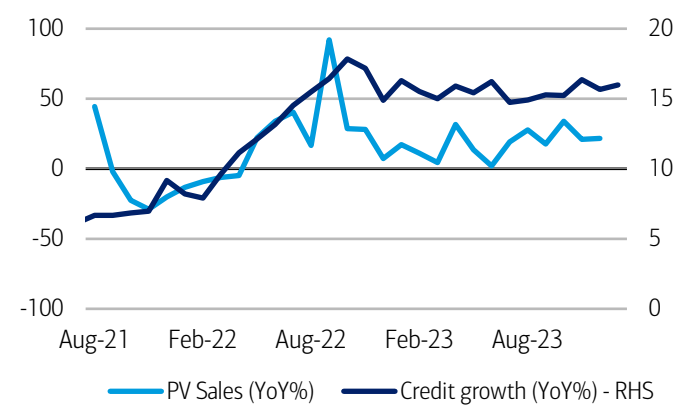


Source: BofA Global Research, RBI

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Exhibit 9: Credit growth vs PV sales YoY%

PV volume saw healthy growth of 21% in Nov'23 on festive demand

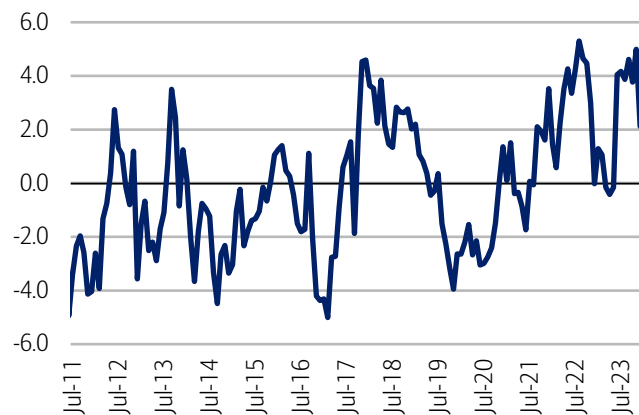


Source: BofA Global Research, CEIC

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Exhibit 10: Credit impulse (change in 6m credit / nom. GDP)

Credit impulse sustaining at 4-5% level since Aug'23



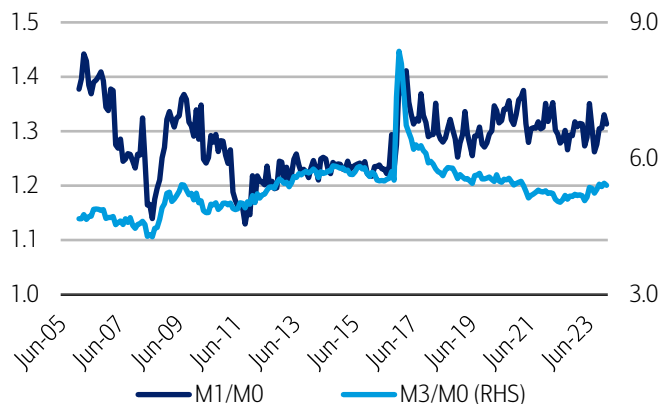
Source: BofA Global Research, RBI, CEIC

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Liquidity and Macro drivers

Exhibit 11: M1/M0 & M3/M0

M1 and M3 supply has improved MoM relative to M0...

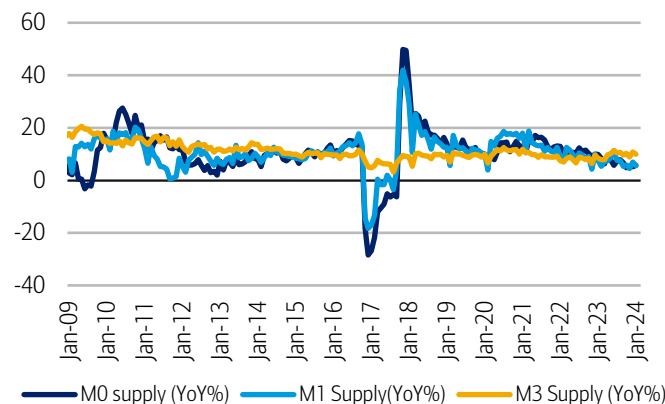


Source: RBI

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Exhibit 12: M0, M1, M3 Supply YoY%

... partially led by softer growth in M0, M3 supply continues to be steady

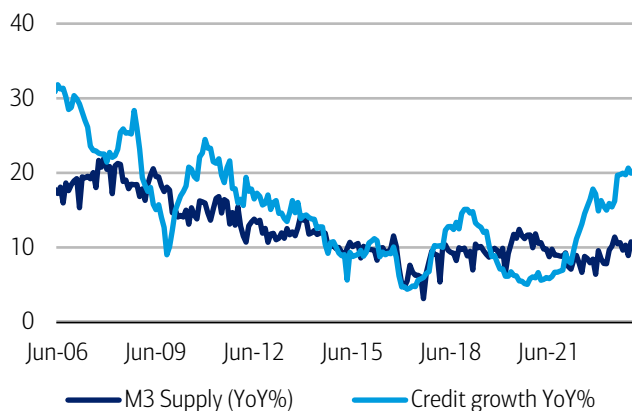


Source: RBI

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Exhibit 13: M3 Supply YoY% vs Credit growth YoY%

M3 supply growth averaging ~10% since Apr'23 vs credit close to 15-16%

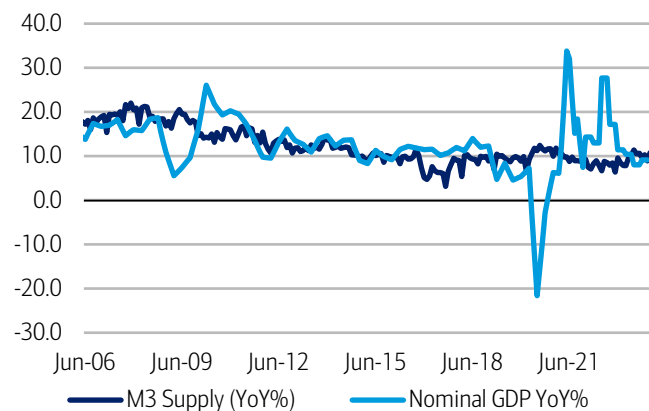


Source: RBI

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Exhibit 14: M3 vs Nominal GDP YoY%

Nominal GDP growth at 9% in 2Q was higher than expected

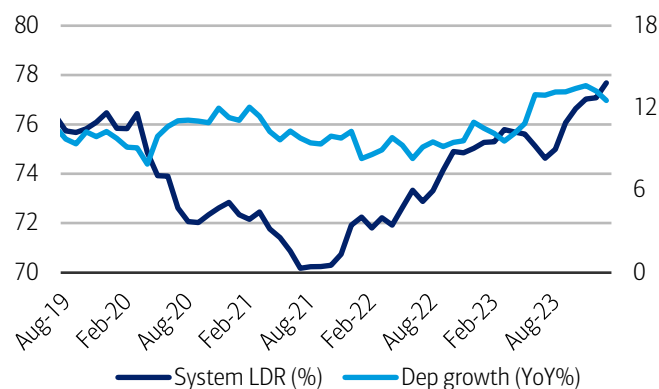


Source: RBI

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Exhibit 15: System LDR and deposit growth (YoY %)

System LDR now at 4 yrs high led by strong loan growth

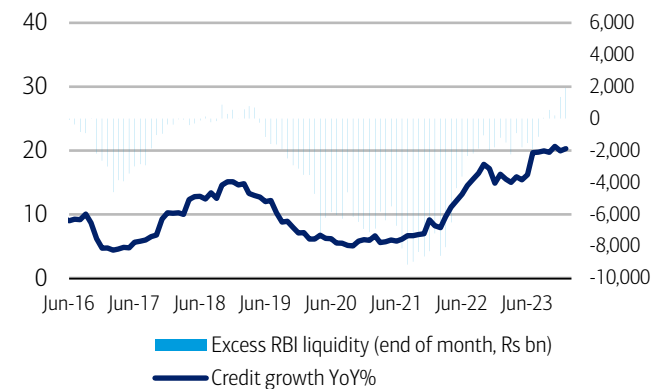


Source: BofA Global Research, RBI

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Exhibit 16: RBI liquidity operation (Rs bn) vs Credit YoY%

RBI liquidity deficit expanded to Rs 2 Tn in Jan'24, highest since 2016



Source: BofA Global Research, RBI

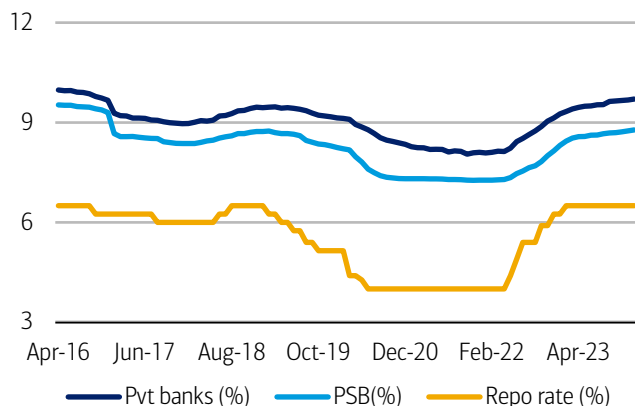
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NIM Drivers

- **MCLR continues to inch up at gradual pace** – MCLR revision for banks continues but at much gradual pace of 2-3 bps every month. MCLR for pvt banks is 9.7% (+2 bps MoM) vs 8.78% for PSBs (up 3 bps MoM). In last 12 months, MCLR revision for pvt banks/PSBs has been 44/46 bps.
- **Avg lending rate back to pre-festive level** – Banks avg lending rate has seen some improvement after bottoming around Sep-Oct'23 due to festive offers. Avg lending rate improved 3 bps/11 bps for PSBs/Pvt banks in Dec'23 and is now close to Jul-Aug 23 level. Avg lending rate for fresh loans saw 9 bps cut for PSBs but is up 13 bps for pvt banks.
- **Higher increase in avg deposit rate for pvt banks** – Increase in avg deposits rate was 3 bps for PSBs vs 9 bps for private banks. This is led by pvt banks seeing higher growth in term deposits while PSBs letting go of high cost deposits and utilizing their surplus liquidity.
- **Term premium further contracted on decline in long term bond yield** – short term bond yield was flat and long terms yield further declined by 4 bps leading to term premium reaching 0.1%

Exhibit 17: Average MCLR (%) vs Repo rate (%)

MCLR continued to inch up at gradual pace

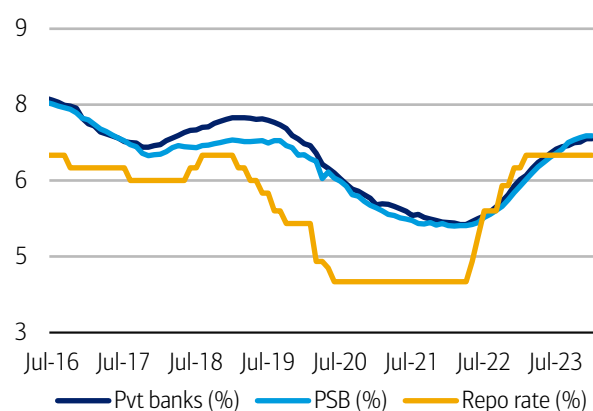


Source: BofA Global Research, RBI

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Exhibit 18: WATDR vs Policy rates (%)

Avg deposit rate up 3/7 bps for PSBs/pvt banks

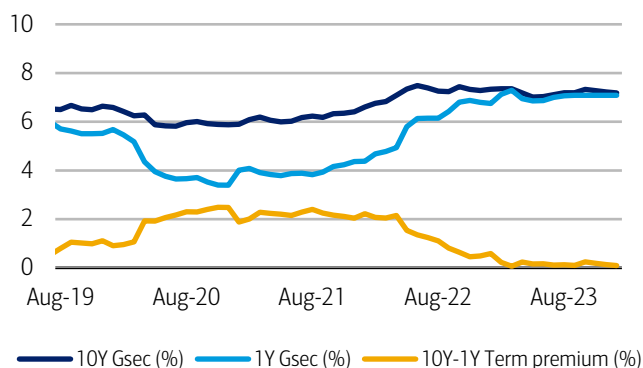


Source: BofA Global Research, RBI

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Exhibit 19: Gsec yields and term premiums (%)

Short term yield flat and long term yield declined by 4 bps

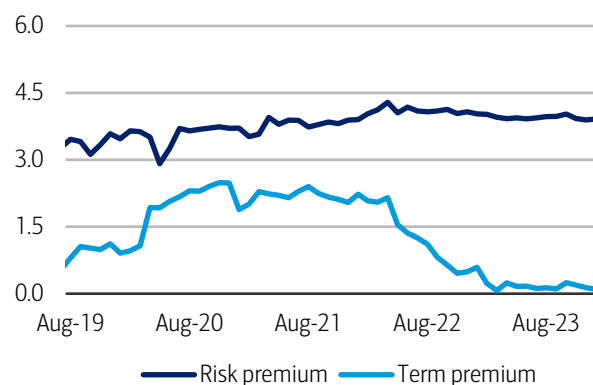


Source: BofA Global Research, RBI

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Exhibit 20: Term premium and Risk premium (vs G-sec) %

Both term premium and risk premium further came off



Source: BofA Global Research, RBI

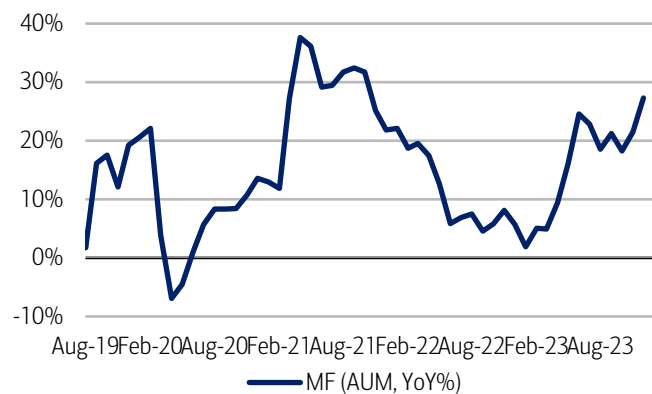
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Fee Drivers

- Mutual fund AUM growth further strengthened to 27.3% in Dec'23 after sustaining at 15%+ level for last 6 months, partially led by low base.
- Market turnover meaningfully up – 48.1% YoY
- New insurance premium saw robust growth of 27% YoY, after 5 months of muted trend.

Exhibit 21: MF (AUM, YoY %)

AUM growth strengthened to 27%, partially driven by low base effect

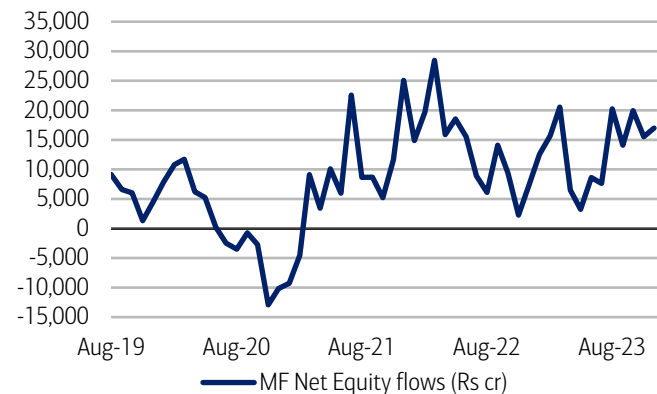


Source: BofA Global Research, AMFI

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Exhibit 22: MF (Net Equity flows, Rs cr)

MF net equity remained at healthy level in Dec'23

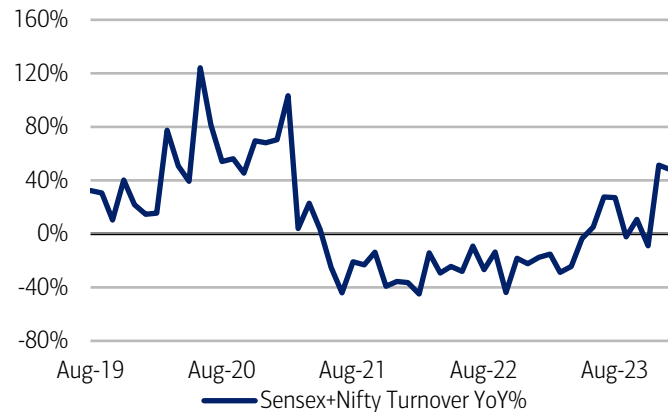


Source: BofA Global Research, AMFI

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Exhibit 23: SENSEX + Nifty Turnover YoY%

Market turnover remains strong in Jan'24, growth at 48% YoY

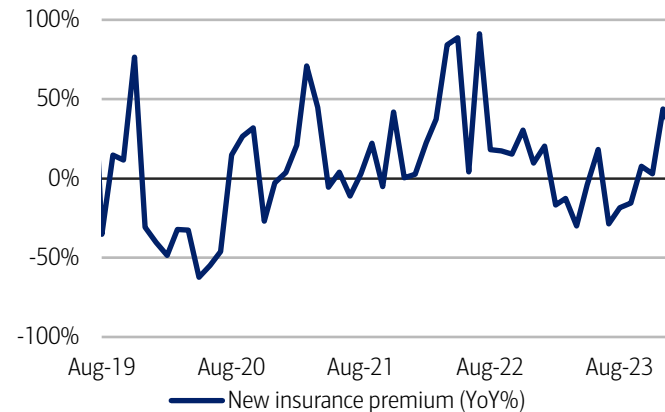


Source: BofA Global Research, Bloomberg

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Exhibit 24: New insurance premium (Rs Cr)

New insurance premium growth robust at 27% despite healthy base



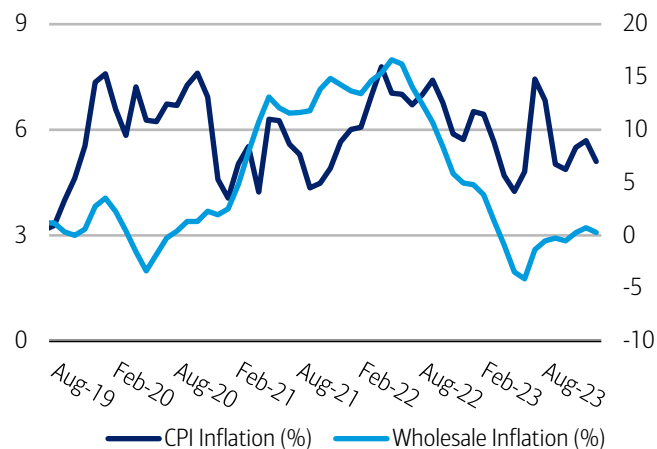
Source: BofA Global Research, IRDAI

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Opex and Real rates

Exhibit 25: CPI and wholesale inflation (%)

CPI inflation sticking around close to 5% level, WPI close to zero

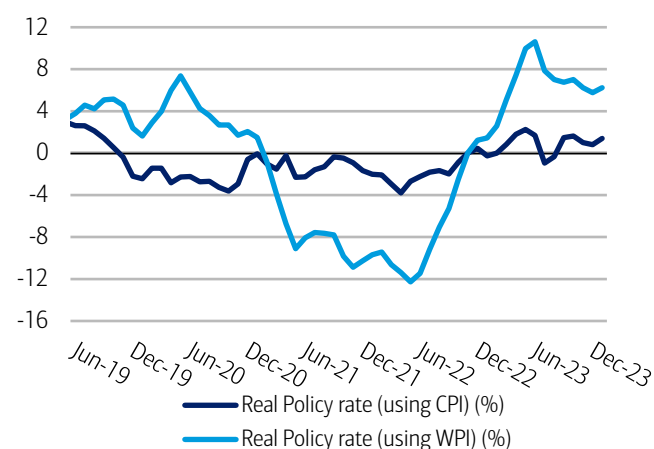


Source: BofA Global Research, RBI

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Exhibit 26: Real policy rates (%)

Real policy rate (using CPI) increased on decline in CPI

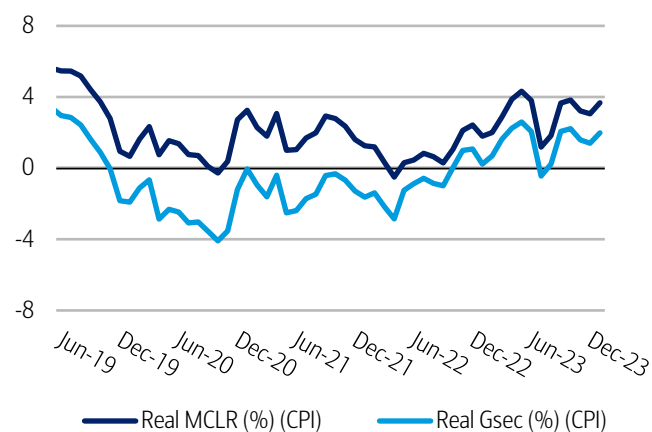


Source: BofA Global Research, RBI

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Exhibit 27: Real MCLR and Gsec wrt CPI (%)

Real MCLR and real Gsec up marginally as CPI declined in Jan'24



Source: BofA Global Research, RBI

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India – GDP heat maps

Exhibit 28: India GDP heatmap

Real GDP growth was 8.7%, lower than expected growth of 9.2% in FY22

Exp Real (YoY%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total GDP (real)	6.6	5.5	6.4	7.4	8.0	8.3	6.8	6.5	3.7	-6.6	8.7	8.4
Total GDP (nominal)	12.2	13.8	13.0	11.0	10.5	11.8	11.0	10.6	6.2	-1.4	19.5	15.0
PCE	9.3	5.5	7.3	6.4	7.9	8.1	6.2	7.1	5.2	-6.0	7.9	11.5
GCE	6.9	0.6	0.6	7.6	7.5	6.1	11.9	6.7	3.4	3.6	2.6	1.1
GFCF	12.3	4.9	1.6	2.6	6.5	8.5	7.8	11.2	1.6	-10.4	15.8	13.4
Pvt YoY(%)	16.6	5.7	-0.5	1.5	2.8	10.5	9.4	11.1	2.9	-14.4		
Gov YoY(%)	-1.3	2.2	9.5	6.5	18.8	2.7	2.8	11.4	-3.0	3.2		
Net exp	39.9	3.1	-70.1	-11.8	-9.1	-5.7	257.6	-8.2	16.1	-39.1	127.5	-33.8
Others	0.7	16.6	-51.2	78.4	15.1	9.4	56.2	-29.9	10.7	-35.0	60.9	-89.5
Exp Real (% share)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
PCE	56	56	57	56	56	56	56	56	57	57	57	58
GCE	11	11	10	10	10	10	10	10	10	11	11	10
GFCF	34	34	33	31	31	31	31	32	32	30	32	34
Net exp	-7	-6	-2	-1	-1	-1	-4	-3	-3	-2	-5	-3
Others	5	5	3	4	4	4	7	4	5	3	5	0

Source: BofA Global Research , RBI ,CEIC

BofA GLOBAL RESEARCH

Exhibit 29: Supply heatmap

Growth recovery in mining and public admin, financial services and manufacturing contributed 41% of GDP

Supply real (YoY%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total GVA	6.7	5.4	6.1	7.2	8.0	8.0	6.2	5.8	3.8	-4.8	8.1	8.1
Agri, Forest, Fish	5.0	1.5	5.6	-0.2	0.6	6.8	6.6	2.1	5.5	3.3	3.0	5.3
Mining	0.1	0.6	0.2	9.7	10.1	9.8	-5.6	-0.8	-1.5	-8.6	11.5	-2.2
Mfg	7.4	5.5	5.0	7.9	13.1	7.9	7.5	5.4	-2.9	-0.6	9.9	5.1
Utilities	8.4	2.7	4.2	7.2	4.7	10.0	10.6	7.9	2.2	-3.6	7.5	10.7
Construction	10.8	0.3	2.7	4.3	3.6	5.9	5.2	6.5	1.2	-7.3	11.5	14.8
Trans & stor	4.3	9.8	6.5	9.4	10.2	7.7	10.3	7.2	5.9	-20.2	11.1	17.6
Fin Service	11.3	9.7	11.2	11.0	10.7	8.6	1.8	7.0	6.7	2.2	4.2	7.3
Public admin, defence & others	4.9	4.3	3.8	8.3	6.1	9.3	8.3	7.5	6.3	-5.5	12.6	2.3
Supply real (% Mix)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Agri, Forest, Fish	18.5	17.8	17.8	16.5	15.4	15.2	15.3	14.8	15.0	16.3	15.5	15.1
Mining	3.2	3.1	2.9	3.0	3.0	3.1	2.7	2.6	2.4	2.3	2.4	2.2
Mfg	17.4	17.4	17.2	17.3	18.1	18.1	18.4	18.3	17.1	17.9	18.2	17.7
Utilities	2.3	2.2	2.2	2.2	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Construction	9.6	9.1	8.8	8.6	8.2	8.1	8.0	8.1	7.9	7.7	7.9	8.4
Trans & stor	17.4	18.1	18.2	18.6	19.0	18.9	19.7	19.9	20.3	17.1	17.5	19.1
Fin Service	18.9	19.7	20.6	21.4	21.9	22.0	21.1	21.3	21.9	23.5	22.7	22.5
Public admin, defence & others	12.7	12.5	12.3	12.4	12.2	12.3	12.6	12.8	13.1	13.0	13.5	12.8

Source: BofA Global Research , RBI ,CEIC

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Exhibit 30: Expenditure heatmap

Quarterly GDP growth of 7.6% in 2Q24 was better than expected

Exp Real (YoY%)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total GDP	9.1	5.2	4.0	13.1	6.2	4.5	6.1	7.8	7.6
PCE	14.2	10.8	4.7	19.8	8.3	2.2	2.8	6.0	3.1
GCE	11.7	5.8	11.8	1.8	-4.1	-0.6	2.3	-0.7	12.4
GFCF	12.4	1.2	4.9	20.4	9.6	8.0	8.9	8.0	11.0
Net exp	60.7	-24.0	-60.9	-653.1	216.8	6.8	-90.4	199.0	95.0
Others	-84.9	-114.5	-133.8	625.9	242.5	-241.8	30.9	-387.7	257.3
Exp Real (% share)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
PCE	58	63	57	58	59	62	55	57	57
GCE	9	9	12	11	9	9	11	10	9
GFCF	33	31	34	35	34	32	35	35	35
Net exp	-1	-2	-2	-2	-4	-2	0	-6	-7
Others	1	0	-1	-2	2	0	-1	4	6

Source: BofA Global Research , RBI ,CEIC

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Exhibit 31: Supply heatmap

Strong growth in manufacturing, construction, utilities and mining aided healthy growth in GVA in 2Q24

Supply real (YoY%)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total GVA	9.3	4.7	3.9	11.9	5.4	4.7	6.5	7.8	7.4
Agri, Forest, Fish	4.8	2.3	4.1	2.4	2.5	4.7	5.5	3.5	1.2
Mining	10.6	5.4	2.3	9.5	-0.1	4.1	4.3	5.8	10.0
Mfg	6.6	1.3	0.6	6.1	-3.8	-1.4	4.5	4.7	13.9
Utilities	10.8	6.0	6.7	14.9	6.0	8.2	6.9	2.9	10.1
Construction	10.8	0.2	4.9	16.0	5.7	8.3	10.4	7.9	13.3
Trans & stor	13.1	9.2	5.0	25.7	15.6	9.6	9.1	9.2	4.3
Fin Service	7.0	4.3	4.6	8.5	7.1	5.7	7.1	12.2	6.0
Public admin, defence & others	16.8	10.6	5.2	21.3	5.6	2.0	3.1	7.9	7.6
Supply real (%share)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Agri, Forest, Fish	12	19	15	14	12	19	15	14	11
Mining	2	2	3	2	2	2	2	2	2
Mfg	19	18	19	18	18	16	19	18	19
Utilities	2	2	2	3	2	2	2	2	3
Construction	8	8	9	8	8	8	10	8	8
Trans & stor	17	18	20	17	19	19	20	17	18
Fin Service	26	20	19	25	26	20	19	26	26
Public admin, defence & others	13	13	13	13	13	13	12	13	13

Source: BofA Global Research , RBI ,CEIC

BofA GLOBAL RESEARCH

Operational metrics comparison table

Exhibit 32: Operational metrics comparison

Summary of key operational metrics for large private banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Loan growth (%) (gross)							Loan-deposit ratio (%)						
HDFC Bk	14.0	20.7	16.8	60.0	18.0	18.0	HDFC Bk	85	88	85	110	107	104
ICICI	13.2	15.7	18.0	18.0	17.0	17.0	ICICI	79	81	86	87	88	89
Kotak	1.5	20.3	17.6	19.0	18.0	18.0	Kotak	90	98	99	100	101	102
Axis	8.7	11.5	18.8	14.5	16.5	16.5	Axis	88	86	89	92	92	92
IndusInd	3.3	12.0	21.0	20.0	19.0	19.0	IndusInd	83	81	86	88	88	89
Net interest income growth (%)							Net interest margin (%) (BofA)						
HDFC Bk	15.5	11.0	20.6	24.8	25.5	25.3	HDFC Bk	4.1	3.9	4.1	3.7	3.7	3.8
ICICI	17.2	21.7	30.9	19.6	10.9	14.0	ICICI	3.6	3.8	4.5	4.5	4.2	4.1
Kotak	13.0	11.8	25.0	21.2	12.9	15.7	Kotak	4.5	4.5	5.3	5.3	5.0	4.9
Axis	16.0	13.3	29.6	16.2	10.4	12.8	Axis	3.4	3.4	4.0	4.0	3.9	3.7
IndusInd	12.2	10.9	17.3	18.6	18.7	17.5	IndusInd	4.4	4.2	4.3	4.2	4.4	4.4
Fee income growth (%)							Fee income / total income (%)						
HDFC Bk	-1.0	20.8	22.0	14.8	19.0	20.0	HDFC Bk	18	19	20	18	18	17
ICICI	-7.7	23.9	14.8	16.0	18.0	18.0	ICICI	22	24	22	21	22	23
Kotak	-3.1	29.4	47.7	26.0	20.0	20.0	Kotak	13	16	20	20	22	22
Axis	-3.0	21.7	24.7	22.5	20.0	20.0	Axis	24	27	27	28	30	31
IndusInd	-19.1	25.7	30.6	15.0	20.0	18.0	IndusInd	23	26	30	29	29	29
Non-interest income growth (%)							Revenue growth (%)						
HDFC Bk	8.4	17.1	5.8	36.6	14.3	20.3	HDFC Bk	13	13	16	28	22	24
ICICI	15.3	-2.4	7.1	18.7	19.2	17.6	ICICI	17	14	24	19	13	15
Kotak	42.1	3.9	3.6	30.3	14.1	14.3	Kotak	27	7	14	26	13	15
Axis	-4.5	2.6	8.4	27.7	20.8	19.7	Axis	8	10	23	19	13	15
IndusInd	-5.6	12.8	11.5	15.6	19.7	17.8	IndusInd	6	12	15	18	19	18
Operating expense growth (%)							Cost-income ratio (%)						
HDFC Bk	6.6	14.4	27.3	29.9	20.7	20.0	HDFC Bk	36	37	40	41	40	39
ICICI	-0.2	24.0	23.0	21.0	18.2	16.8	ICICI	37	41	40	41	43	43
Kotak	33.9	12.2	9.3	26.0	15.7	15.7	Kotak	63	65	63	63	64	65
Axis	6.2	28.5	15.1	28.8	14.2	14.6	Axis	42	49	46	49	50	49
IndusInd	1.5	14.3	19.4	24.5	16.0	16.0	IndusInd	42	43	44	47	46	45
PPOP growth (%)							PPOP ROA (%)						
HDFC Bk	18	12	10	27	24	27	HDFC Bk	3.5	3.4	3.1	2.7	2.8	3.0
ICICI	30	8	25	18	9	13	ICICI	3.1	3.0	3.3	3.4	3.1	3.0
Kotak	18	0	22	25	10	14	Kotak	3.6	3.2	3.4	3.8	3.6	3.5
Axis	10	-4	30	12	13	15	Axis	2.7	2.3	2.6	2.6	2.5	2.5
IndusInd	9	9	12	12	22	19	IndusInd	3.5	3.4	3.3	3.3	3.4	3.4
Provisions (bp of loans)							Provisions / PPOP (%)						
HDFC Bk	146	119	80	60	60	65	HDFC Bk	27	24	17	15	15	15
ICICI	225	105	69	40	65	75	ICICI	45	22	14	8	14	16
Kotak	128	27	13	52	65	75	Kotak	20	5	2	8	11	13
Axis	271	107	36	46	65	75	Axis	66	30	9	12	17	20
IndusInd	379	295	167	120	115	115	IndusInd	68	52	31	24	23	23
NPL ratio (%)							NPL coverage (%)						
HDFC Bk	1.3	1.2	1.1	1.4	1.5	1.8	HDFC Bk	70	73	76	76	75	78
ICICI	5.3	3.8	2.9	2.0	1.5	1.0	ICICI	78	79	83	76	73	72
Kotak	3.2	2.4	1.8	1.9	2.1	2.4	Kotak	62	71	77	76	74	72
Axis	3.9	3.0	2.2	1.4	0.8	0.5	Axis	72	75	81	79	83	80
IndusInd	2.7	2.3	2.0	2.0	2.0	2.0	IndusInd	75	72	71	72	71	71
Tier 1 CAR (%)							RWA growth (%)						
HDFC Bk	17.6	17.9	17.1	19.1	17.9	17.3	HDFC Bk	14	20	17	57	18	18
ICICI	18.1	18.3	17.6	18.1	17.9	17.4	ICICI	3	13	21	16	16	16
Kotak	22.6	21.7	22.3	24.1	24.0	23.7	Kotak	7	14	17	15	15	15
Axis	16.5	16.3	14.6	15.3	15.4	15.4	Axis	4	13	18	14	15	15
IndusInd	16.8	16.8	16.4	16.8	16.7	16.7	IndusInd	6	8	14	15	15	15
Core RoE (%)							RoRWA (%)						
HDFC Bk	16.6	16.7	17.0	15.5	15.9	17.5	HDFC Bk	2.9	3.0	3.0	2.8	2.6	2.8
ICICI	12.3	14.7	17.2	18.5	16.5	16.0	ICICI	2.1	2.8	3.3	3.5	3.1	2.9
Kotak	13.1	12.9	14.1	14.2	13.2	12.8	Kotak	3.0	3.2	3.5	3.5	3.2	3.1
Axis	7.1	12.0	18.3	17.4	15.8	15.3	Axis	1.1	1.9	2.8	2.6	2.4	2.3
IndusInd	7.3	10.1	14.6	15.7	17.0	17.5	IndusInd	1.1	1.6	2.4	2.5	2.7	2.8

Source: BofA Global Research, Bloomberg

Exhibit 33: Operational metrics comparison - MSB

Summary of key operational metrics for mid-sized Indian banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Loan growth (%) (gross)							Loan-deposit ratio (%)						
Bandhan	20.6	14.7	9.6	19.0	20.0	20.0	Bandhan	105	98	97	96	96	97
Au SFB	29.8	32.2	26.5	26.0	25.0	25.0	Au SFB	96	88	84	85	85	85
Federal	8.6	9.5	20.1	20.0	18.0	17.0	Federal	76	80	82	84	84	84
IDFCFB	18.3	17.0	28.1	28.0	23.0	22.0	IDFCFB	113	112	105	103	101	98
RBL	1.7	3.3	16.0	18.0	18.0	18.0	RBL	80	76	83	87	88	89
Net interest income growth (%)							Net interest margin (%) (BofA)						
Bandhan	19.6	15.2	6.3	13.2	29.7	18.8	Bandhan	7.4	7.1	6.7	6.7	7.5	7.5
Au SFB	23.9	36.7	36.8	16.6	26.5	22.4	Au SFB	5.2	5.5	5.7	5.6	5.7	5.7
Federal	19.0	7.7	21.3	14.4	19.6	21.3	Federal	3.1	3.0	3.2	3.1	3.2	3.2
IDFCFB	31.0	31.5	30.4	27.9	17.0	18.5	IDFCFB	5.1	5.9	6.2	6.3	6.2	6.1
RBL	4.4	6.3	10.5	29.2	16.7	15.4	RBL	4.2	4.1	4.7	4.8	4.9	4.9
Fee income growth (%)							Fee income / total income (%)						
Bandhan							Bandhan						
Au SFB	-0.2	43.0	46.4	30.0	25.0	25.0	Au SFB	11	14	16	17	17	18
Federal	-4.1	28.3	36.7	22.0	20.0	20.0	Federal	16	19	22	22	23	22
IDFCFB	5.6	63.9	68.5	35.0	25.0	20.0	IDFCFB	16	19	24	25	26	27
RBL	-5.7	30.7	11.2	30.0	20.0	19.0	RBL	25	29	30	32	32	33
Non-interest income growth (%)							Revenue growth (%)						
Bandhan	36.1	33.8	-12.6	34.0	20.0	20.0	Bandhan	23	19	2	18	27	19
Au SFB	105.6	-31.5	4.1	58.2	15.4	21.4	Au SFB	46	11	29	24	24	22
Federal	0.4	8.2	11.9	26.6	18.5	18.6	Federal	14	8	19	17	19	21
IDFCFB	30.9	43.0	38.6	33.8	24.6	19.9	IDFCFB	31	34	32	29	19	19
RBL	7.7	13.7	6.4	14.2	19.8	18.9	RBL	6	9	9	24	18	17
Operating expense growth (%)							Cost-income ratio (%)						
Bandhan	16.1	25.1	31.6	24.0	23.3	20.5	Bandhan	29	31	40	42	40	41
Au SFB	17.0	45.5	42.6	24.8	21.0	20.0	Au SFB	43	57	63	63	62	61
Federal	9.4	16.3	11.1	21.3	16.9	15.4	Federal	49	53	50	51	50	48
IDFCFB	30.9	36.0	26.2	29.3	18.8	17.3	IDFCFB	74	75	71	71	71	70
RBL	-1.2	31.5	30.8	23.0	15.5	15.3	RBL	47	57	68	68	67	66
PPOP growth (%)							PPOP ROA (%)						
Bandhan	26	17	-12	13	30	18	Bandhan	6.6	6.3	4.8	4.7	5.1	5.0
Au SFB	80	-16	11	24	29	26	Au SFB	4.6	3.0	2.5	2.5	2.7	2.8
Federal	18	0	28	14	22	26	Federal	2.0	1.8	2.0	1.9	2.0	2.1
IDFCFB	31	29	51	30	20	23	IDFCFB	1.6	1.9	2.3	2.4	2.4	2.4
RBL	12	-11	-20	26	22	19	RBL	3.3	2.7	2.0	2.2	2.4	2.4
Provisions (bp of loans)							Provisions / PPOP (%)						
Bandhan	527	848	403	195	180	175	Bandhan	57	98	59	29	24	24
Au SFB	224	64	29	55	60	60	Au SFB	32	15	8	15	16	16
Federal	127	86	46	25	40	60	Federal	44	32	16	9	14	20
IDFCFB	216	278	121	130	140	160	IDFCFB	81	95	34	36	40	46
RBL	404	469	153	205	175	170	RBL	78	104	46	58	48	46
NPL ratio (%)							NPL coverage (%)						
Bandhan	6.6	6.4	4.9	5.9	5.4	4.6	Bandhan	50	75	77	69	71	71
Au SFB	4.3	2.0	1.7	1.5	1.5	1.5	Au SFB	50	71	71	76	74	73
Federal	3.4	2.8	2.4	1.7	1.4	1.3	Federal	66	66	71	71	71	72
IDFCFB	4.2	3.7	2.5	2.0	2.7	3.3	IDFCFB	56	60	66	83	81	81
RBL	4.3	4.4	3.4	2.7	2.1	1.6	RBL	52	70	68	80	82	83
Tier 1 CAR (%)							RWA growth (%)						
Bandhan	22.5	18.9	18.7	18.5	18.9	19.3	Bandhan	27	21	12	20	20	20
Au SFB	1.8	1.3	21.8	19.9	18.4	17.3	Au SFB	24	30	33	25	25	25
Federal	13.8	14.4	13.0	15.3	15.1	15.0	Federal	6	10	28	15	15	15
IDFCFB	13.3	14.9	14.2	13.9	13.6	13.3	IDFCFB	16	6	29	15	15	15
RBL	16.6	16.2	15.3	23.4	21.4	19.7	RBL	10	3	12	15	15	15
Core RoE (%)							RoRWA (%)						
Bandhan	13.5	0.7	11.9	20.3	23.0	22.4	Bandhan	3.3	0.2	2.3	3.9	4.4	4.3
Au SFB	22.0	17.8	15.4	13.7	15.2	16.5	Au SFB	4.6	3.8	3.4	2.9	3.0	3.0
Federal	10.3	10.9	15.0	14.8	14.0	14.5	Federal	1.5	1.6	2.2	2.2	2.2	2.3
IDFCFB	2.7	0.7	10.5	11.3	11.2	11.1	IDFCFB	0.4	0.1	1.6	1.6	1.6	1.5
RBL	4.4	-0.6	6.7	7.7	8.7	9.9	RBL	0.7	-0.1	1.1	1.2	1.3	1.3

Source: BofA Global Research, Bloomberg

Exhibit 33: Operational metrics comparison - MSB

Summary of key operational metrics for mid-sized Indian banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
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Exhibit 34: Operational metrics comparison - PSB

Summary of key operational metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Loan growth (%) (gross)							Loan-deposit ratio (%)						
SBI	4.8	11.0	16.0	14.5	13.0	13.0	SBI	67	67	72	75	77	78
BOB	1.8	8.9	18.5	13.2	14.0	14.0	BOB	73	74	78	82	83	84
Canara	49.6	9.8	16.5	13.5	12.0	12.0	Canara	63	65	70	73	76	78
PNB	42.8	6.2	12.7	13.0	12.0	12.0	PNB	61	64	65	69	70	72
Union	88.2	9.6	13.2	14.0	12.0	12.0	Union	64	64	68	72	73	74
BOI	-1.5	11.5	12.9	14.0	12.0	12.0	BOI	58	67	73	77	79	82
Asset Yield (%)							Cost of funding (%)						
SBI	6.8	6.3	6.9	7.8	6.9	6.7	SBI	4.0	3.6	4.0	4.9	4.1	4.0
BOB	6.5	6.1	6.9	7.9	7.3	7.0	BOB	4.0	3.4	3.9	5.0	4.7	4.4
Canara	7.9	7.4	7.9	9.0	8.7	8.3	Canara	5.2	3.9	4.5	5.5	5.4	5.3
PNB	8.2	6.2	6.5	7.4	7.0	6.8	PNB	5.3	3.9	4.0	4.9	4.5	4.2
Union	9.0	6.4	6.9	8.3	7.3	7.1	Union	6.0	3.9	4.3	5.2	4.7	4.5
BOI	6.3	5.6	7.1	7.7	7.2	6.7	BOI	4.2	3.7	3.9	4.9	4.5	4.2
Net interest income growth (%)							Net interest margin (%) (BofA)						
SBI	12.9	9.0	20.0	9.9	10.3	10.5	SBI	2.9	2.8	3.0	3.0	2.9	2.9
BOB	4.9	13.2	26.8	7.5	10.6	10.8	BOB	2.6	2.8	3.2	3.1	3.0	2.9
Canara	83.7	9.5	19.1	16.8	10.0	10.5	Canara	2.7	2.8	3.0	3.0	3.0	2.9
PNB	74.8	-5.8	20.2	17.1	10.9	13.0	PNB	3.1	2.4	2.6	2.8	2.8	2.9
Union	115.9	12.5	17.9	12.1	13.1	14.1	Union	3.2	2.6	2.8	3.0	2.9	2.9
BOI	-6.5	-1.5	44.2	13.6	13.3	12.7	BOI	2.2	2.1	3.0	2.9	2.9	2.9
Fee income growth (%)							Fee income / total income (%)						
SBI	-0.9	4.5	6.8	5.0	9.0	9.0	SBI	15	15	14	13	13	13
BOB	-10.1	9.0	9.2	15.0	12.0	12.0	BOB	12	12	11	11	11	11
Canara	317.1	16.6	11.5	12.0	12.0	12.0	Canara	13	14	14	14	14	14
PNB	36.3	34.9	8.4	6.0	12.0	12.0	PNB	9	13	12	11	11	11
Union	88.2	9.6	13.2	14.0	12.0	12.0	Union	88	10	13	14	12	12
BOI	-18.4	8.2	14.2	26.0	13.0	12.0	BOI	-1	12	13	14	12	12
Non-interest income growth (%)							Revenue growth (%)						
SBI	-3.8	-6.7	-9.7	31.5	5.9	8.4	SBI	8	5	13	14	9	10
BOB	19.8	-7.1	-12.7	36.1	13.4	13.4	BOB	9	7	16	13	11	11
Canara	91.0	10.5	13.7	-0.9	19.8	11.5	Canara	86	10	17	10	13	11
PNB	38.1	-3.8	-1.4	1.2	22.8	10.9	PNB	62	-5	14	13	14	12
Union	115.5	10.5	16.8	1.3	14.6	13.6	Union	116	12	18	9	14	14
BOI	10.8	5.9	-9.9	-13.1	52.5	12.0	BOI	-1	1	25	7	22	12
Operating expense growth (%)							Cost-income ratio (%)						
SBI	9.9	13.0	4.7	23.5	1.9	6.6	SBI	54	58	54	58	54	53
BOB	13.6	5.7	12.9	12.4	10.2	9.2	BOB	50	49	48	47	47	46
Canara	67.0	2.3	13.6	12.9	9.2	8.2	Canara	50	46	45	46	44	43
PNB	69.6	-0.3	19.0	12.3	12.0	12.0	PNB	47	49	52	51	51	50
Union	123.1	10.0	18.9	4.1	9.6	9.6	Union	47	46	46	44	43	41
BOI	3.7	10.3	17.0	5.6	9.6	10.0	BOI	50	54	51	51	46	45
PPOP growth (%)							PPOP ROA (%)						
SBI	5.0	-5.1	23.3	3.5	19.6	14.1	SBI	1.7	1.4	1.6	1.5	1.6	1.6
BOB	4.8	8.5	20.0	13.7	12.2	13.3	BOB	1.8	1.8	2.0	2.0	2.0	2.0
Canara	110.4	17.3	20.0	7.9	16.7	13.0	Canara	2.1	1.9	2.2	2.1	2.2	2.2
PNB	55.9	-9.7	8.5	13.6	15.5	12.9	PNB	2.2	1.6	1.6	1.7	1.8	1.8
Union	109.8	13.6	16.4	12.9	16.7	17.2	Union	2.4	1.9	2.1	2.1	2.2	2.3
BOI	-5.6	-8.1	34.1	7.9	33.9	14.6	BOI	1.6	1.4	1.7	1.7	2.0	2.0
Provisions (bp of loans)							Provisions / PPOP (%)						
SBI	177	91	54	15	50	80	SBI	62	36	20	6	19	30
BOB	202	166	80	62	75	90	BOB	73	58	27	21	26	31
Canara	284	200	169	105	90	90	Canara	81	61	49	32	27	27
PNB	297	216	218	135	95	95	PNB	81	79	81	50	34	34
Union	299	173	175	82	80	90	Union	88	61	52	25	23	25
BOI	186	148	148	50	75	85	BOI	70	44	53	19	24	27
NPL ratio (%)							NPL coverage (%)						

Exhibit 34: Operational metrics comparison - PSB

Summary of key operational metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
SBI	5.0	4.0	2.8	2.1	1.3	0.9	SBI	71	75	76	71	70	70
BOB	8.9	6.6	3.8	3.5	2.9	2.5	BOB	67	75	77	71	69	68
Canara	8.9	7.5	5.4	4.2	3.2	2.4	Canara	59	66	69	70	74	75
PNB	14.5	12.1	9.0	6.7	6.0	5.5	PNB	64	63	72	84	84	82
Union	13.8	11.1	7.5	5.8	5.1	4.8	Union	70	69	79	83	82	80
BOI	13.9	10.0	7.3	6.0	5.4	5.2	BOI	78	78	79	77	77	73
CET1 (%)							RWA growth (%)						
SBI	10.0	9.9	10.3	10.5	10.7	10.7	SBI	15	3	12	12	12	12
BOB	10.9	11.4	12.2	12.7	13.0	13.1	BOB	2	4	8	12	13	13
Canara	8.6	10.3	11.6	12.0	12.8	13.7	Canara	47	2	5	12	10	10
PNB	10.6	10.6	11.2	10.9	11.0	11.1	PNB	47	-1	10	12	10	10
Union	12.6	14.6	12.4	13.0	13.4	13.8	Union	87	-1	7	11	11	11
BOI	12.3	14.8	14.3	15.7	16.0	16.2	BOI	2	5	13	11	9	9
Core RoA (%)							Core RoE (%)						
SBI	0.5	0.7	1.0	1.1	1.0	0.8	SBI	8.4	11.9	16.5	17.9	15.9	14.0
BOB	0.1	0.6	1.0	1.2	1.1	1.0	BOB	1.1	8.9	15.3	17.0	16.3	15.2
Canara	0.3	0.5	0.8	1.0	1.2	1.2	Canara	5.2	9.1	15.2	18.6	20.2	19.3
PNB	0.3	0.3	0.2	0.6	0.8	0.8	PNB	3.7	3.7	2.6	8.2	11.5	11.8
Union	0.4	0.5	0.7	1.0	1.3	1.3	Union	5.9	7.7	11.3	15.8	19.0	18.7
BOI	0.3	0.5	0.5	0.8	1.0	0.9	BOI	4.7	6.6	7.1	11.5	13.1	13.0
RWA/assets							RoRWA (%)						
SBI	53	50	50	51	51	51	SBI	0.9	1.3	1.9	2.1	1.9	1.7
BOB	54	50	48	48	47	47	BOB	0.1	1.1	2.1	2.4	2.4	2.2
Canara	46	44	42	42	41	41	Canara	0.6	1.1	1.9	2.5	2.9	3.0
PNB	48	46	45	46	46	45	PNB	0.6	0.6	0.4	1.2	1.7	1.7
Union	51	46	45	45	44	44	Union	0.7	1.0	1.5	2.2	2.8	2.9
BOI	42	43	44	43	41	40	BOI	0.7	1.1	1.2	1.9	2.3	2.3

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Valuation metrics comparison

Exhibit 35: Valuation Summary

Summary of key valuation metrics for large private banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Core net profit (Rs mn)							Core net profit growth (%)						
HDFC Bk	311,165	369,617	441,087	600,504	717,827	907,739	HDFC Bk	18.5	18.8	19.3	36.1	19.5	26.5
ICICI	161,936	233,394	318,936	401,364	410,572	451,747	ICICI	49.3	44.1	36.7	25.8	2.3	10.0
Kotak	99,902	117,210	147,640	171,057	182,502	202,014	Kotak	16.3	17.3	26.0	15.9	6.7	10.7
Axis	65,883	130,259	220,696	237,512	251,599	280,160	Axis	304.8	97.7	69.4	7.6	5.9	11.4
IndusInd	28,364	46,111	74,717	92,053	114,117	135,729	IndusInd	-35.8	62.6	62.0	23.2	24.0	18.9
SBI	204,101	316,761	502,339	617,149	560,972	541,734	SBI	40.9	55.2	58.6	22.9	-9.1	-3.4
BOB	8,285	72,721	141,098	178,625	196,097	206,283	BOB	51.6	777.7	94.0	26.6	9.8	5.2
Core EPS (Rs)							Core EPS growth (%)						
HDFC Bk	56.3	66.3	79.1	79.0	93.8	118.0	HDFC Bk	18.2	17.8	19.1	-0.1	18.8	25.7
ICICI	23.1	33.0	45.7	56.9	57.6	62.8	ICICI	40.3	42.7	38.5	24.6	1.3	8.9
Kotak	51.0	59.1	74.3	85.1	89.7	98.1	Kotak	14.0	15.9	25.8	14.5	5.4	9.4
Axis	22.1	42.4	71.5	76.0	79.6	87.5	Axis	269.8	91.7	68.8	6.3	4.7	10.0
IndusInd	37.4	59.5	96.3	117.2	143.6	168.8	IndusInd	-41.3	59.1	61.8	21.7	22.5	17.5
SBI	22.9	35.5	56.3	69.2	62.9	60.7	SBI	41.0	55.2	58.6	22.9	-9.1	-3.4
BOB	1.79	14.06	27.28	34.47	37.77	39.65	BOB	31.3	685.3	94.0	26.3	9.6	5.0
Core ROE (%)							Core ROA (%)						
HDFC Bk	16.6	16.7	17.0	15.5	15.9	17.5	HDFC Bk	1.9	1.9	1.9	1.8	1.8	2.0
ICICI	12.3	14.7	17.2	18.5	16.5	16.0	ICICI	1.4	1.8	2.1	2.3	2.0	1.9
Kotak	13.1	12.9	14.1	14.2	13.2	12.8	Kotak	2.2	2.3	2.5	2.6	2.4	2.3
Axis	7.1	12.0	18.3	17.4	15.8	15.3	Axis	0.7	1.2	1.8	1.7	1.6	1.5
IndusInd	7.3	10.1	14.6	15.7	17.0	17.5	IndusInd	0.8	1.2	1.7	1.9	2.0	2.0
SBI	8.4	11.9	16.5	17.7	14.4	12.7	SBI	0.5	0.7	1.0	1.1	0.9	0.7
BOB	1.11	8.93	15.33	16.96	16.32	15.18	BOB	0.1	0.6	1.0	1.2	1.1	1.0
Core RONTA (%)							P/E (x)						
HDFC Bk	16.6	16.7	17.0	15.5	15.9	17.5	HDFC Bk	26.5	22.2	18.2	18.2	15.4	12.2
ICICI	12.3	14.7	17.2	18.5	16.5	16.0	ICICI	25.0	22.1	22.3	17.9	17.6	16.2

Exhibit 35: Valuation Summary

Summary of key valuation metrics for large private banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Kotak	17.1	16.7	17.6	15.4	13.2	12.8	Kotak	34.8	29.7	24.2	21.2	20.1	18.4
Axis	7.1	12.0	18.3	17.4	15.8	15.3	Axis	31.6	18.0	14.9	14.1	13.4	12.2
IndusInd	7.3	10.1	14.6	15.7	17.0	17.5	IndusInd	25.5	15.6	15.7	12.9	10.5	9.0
SBI	8.4	11.9	16.5	17.7	14.4	12.7	SBI	15.6	13.9	11.9	9.7	10.7	11.0
BOB	1.1	8.9	15.3	17.0	16.3	15.2	BOB	39.5	7.9	9.2	7.3	6.6	6.3
Book value per share (Rs)							P/B (x) (Consol)						
HDFC Bk	370	433	502	558	629	721	HDFC Bk	4.04	3.40	2.87	2.58	2.29	2.00
ICICI	213	245	287	330	373	417	ICICI	2.71	2.98	3.54	3.08	2.73	2.44
Kotak	428	490	565	643	724	813	Kotak	4.14	3.58	3.19	2.80	2.49	2.22
Axis	332	375	408	473	541	617	Axis	2.11	2.03	2.62	2.26	1.97	1.73
IndusInd	561	620	704	794	904	1032	IndusInd	1.70	1.49	2.15	1.90	1.67	1.46
SBI	284	314	367	413	458	499	SBI	1.26	1.57	1.83	1.62	1.46	1.34
BOB	149	166	190	217	246	277	BOB	0.47	0.67	1.32	1.15	1.01	0.90
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
HDFC Bk	361	425	494	542	614	702	HDFC Bk	4.13	3.46	2.92	2.66	2.35	2.05
ICICI	200	235	280	322	365	410	ICICI	2.89	3.10	3.63	3.16	2.79	2.48
Kotak	314	367	457	633	710	793	Kotak	5.64	4.77	3.94	2.85	2.54	2.27
Axis	309	357	396	464	536	612	Axis	2.26	2.13	2.70	2.30	1.99	1.74
IndusInd	542	600	682	770	873	997	IndusInd	1.76	1.54	2.22	1.96	1.73	1.52
SBI	243	283	343	386	437	480	SBI	1.47	1.75	1.95	1.74	1.53	1.40
BOB	107	140	174	196	225	254	BOB	0.66	0.80	1.44	1.28	1.11	0.98
Leverage - asset / equity (x)							Growth in equity (%)						
HDFC Bk	8.6	8.6	8.8	8.6	8.9	9.0	HDFC Bk	19.1	17.9	16.7	51.5	13.3	15.4
ICICI	8.3	8.3	7.9	8.0	8.2	8.5	ICICI	26.6	15.6	17.7	16.1	14.0	13.0
Kotak	5.6	5.6	5.3	5.4	5.6	5.8	Kotak	26.4	14.5	15.6	15.0	14.0	13.6
Axis	9.8	10.2	10.5	10.0	10.1	10.1	Axis	19.6	13.4	8.9	17.5	15.8	15.3
IndusInd	8.4	8.4	8.4	8.6	8.8	8.9	IndusInd	24.9	10.7	13.7	14.2	15.1	15.6
SBI	17.9	17.8	16.8	16.7	16.8	17.2	SBI	9.4	10.3	17.0	12.6	10.9	8.9
BOB	15.0	14.9	14.8	14.6	14.6	14.6	BOB	7.2	11.5	14.3	14.5	13.7	12.5
Dividend per share (Rs\$)							Dividend yield (%)						
HDFC Bk	3.3	15.5	19.0	18.0	20.0	22.0	HDFC Bk	0.2	1.1	1.3	1.2	1.4	1.5
ICICI	0.0	5.0	8.0	10.0	12.0	15.0	ICICI	0.0	0.5	0.8	1.0	1.2	1.5
Kotak	0.9	1.1	1.5	0.8	0.8	0.8	Kotak	0.0	0.1	0.1	0.0	0.0	0.0
Axis	0.0	1.0	1.0	6.0	6.0	6.0	Axis	0.0	0.1	0.1	0.6	0.6	0.6
IndusInd	8.5	8.5	14.0	18.0	25.0	30.0	IndusInd	0.6	0.6	0.9	1.2	1.7	2.0
SBI	4.0	7.1	11.3	15.0	18.0	20.0	SBI	0.6	1.1	1.7	2.2	2.7	3.0
BOB	0.0	1.2	5.5	7.0	8.0	9.0	BOB	0.0	0.5	2.2	2.8	3.2	3.6
Market cap / PPOP (x)							Market cap / deposits (%)						
HDFC Bk	14	13	16	12	10	8	HDFC Bk	82	70	58	47	39	32
ICICI	11	13	15	12	11	10	ICICI	76	67	60	51	44	38
Kotak	21	21	18	14	13	12	Kotak	128	115	99	84	72	62
Axis	8	9	10	9	8	7	Axis	47	40	35	31	27	23
IndusInd	6	5	8	7	6	5	IndusInd	46	40	35	30	25	21
SBI	4	6	7	7	6	5	SBI	16	15	14	12	11	10
BOB	2	3	5	4	4	3	BOB	13	12	11	10	9	8

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 36: Valuation Summary - MSBs

Summary of key valuation metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Core net profit (Rs mn)							Core net profit growth (%)						
Bandhan	30,237	22,055	1,258	21,946	59,120	70,058	Bandhan	-27.1	-94.3	1644.6	97.3	36.6	18.5
Au SFB	6,748	11,707	12,268	14,268	20,373	25,622	Au SFB	73.5	4.8	16.3	12.1	27.4	25.8
Federal	15,424	15,834	18,967	30,266	42,714	50,281	Federal	2.7	19.8	59.6	22.5	15.2	17.7
IDFCFB	-28,642	4,523	1,455	24,571	34,292	38,214	IDFCFB	-115.8	-67.8	1588.9	25.4	11.3	11.4
RBL	5,057	5,078	-747	8,827	13,171	16,218	RBL	0.4	-114.7	-1281.1	23.2	21.1	23.1
Core EPS (Rs)							Core EPS growth (%)						
Bandhan	18.76	13.69	0.78	13.62	36.55	43.23	Bandhan	-27.0	-94.3	1644.8	96.9	36.3	18.3
Au SFB	11.16	18.99	19.48	21.40	29.83	37.08	Au SFB	70.1	2.6	9.9	10.8	25.9	24.3
Federal	7.70	7.91	9.02	14.30	18.03	21.12	Federal	2.8	14.0	58.5	10.0	14.6	17.1
IDFCFB	-5.91	0.82	0.23	3.71	5.06	5.57	IDFCFB	-113.9	-71.8	1503.0	23.9	10.0	10.1

Exhibit 36: Valuation Summary - MSBs

Summary of key valuation metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
RBL	9.91	9.05	-1.25	14.72	21.45	26.10	RBL	-8.7	-113.8	-1281.5	21.7	19.7	21.7
Core ROE (%)							Core ROA (%)						
Bandhan	22.9	13.5	0.7	11.9	23.0	22.4	Bandhan	2.1	0.1	1.5	2.5	2.9	2.8
Au SFB	17.9	22.0	17.8	15.4	15.2	16.5	Au SFB	2.5	2.0	1.8	1.6	1.7	1.8
Federal	11.1	10.3	10.9	15.0	14.0	14.5	Federal	0.8	0.9	1.3	1.3	1.3	1.3
IDFCFB	-17.1	2.7	0.7	10.5	11.2	11.1	IDFCFB	0.3	0.1	1.1	1.2	1.1	1.0
RBL	5.6	4.4	-0.6	6.7	8.7	9.9	RBL	0.5	-0.1	0.8	0.9	0.9	1.0
Core RONTA (%)							P/E (x)						
Bandhan	22.9	13.5	0.7	11.9	23.0	22.4	Bandhan	11.8	16.1	283.1	16.2	6.0	5.1
Au SFB	17.9	22.0	17.8	15.4	15.2	16.5	Au SFB	55.3	32.5	31.7	28.8	20.7	16.6
Federal	11.1	10.3	10.9	15.0	14.0	14.5	Federal	19.2	18.7	16.4	10.4	8.2	7.0
IDFCFB	-17.1	2.7	0.7	10.5	11.2	11.1	IDFCFB	-14.1	101.6	360.7	22.5	16.5	15.0
RBL	5.6	4.4	-0.6	6.7	8.7	9.9	RBL	26.7	29.3	-212.6	18.0	12.3	10.1
Book value per share (Rs)							P/B (x) (Consol)						
Bandhan	94.4	108.1	107.9	121.6	174.5	212.4	Bandhan	3.59	2.84	2.05	1.82	1.27	1.04
Au SFB	72.0	100.5	119.3	164.6	210.3	243.0	Au SFB	8.53	6.20	5.17	3.75	2.93	2.54
Federal	72.9	80.8	89.4	101.6	132.7	150.4	Federal	1.04	1.21	1.66	1.46	1.12	0.98
IDFCFB	31.9	31.9	33.8	38.9	47.7	52.9	IDFCFB	1.75	1.24	2.47	2.15	1.75	1.58
RBL	208.0	211.7	210.5	226.4	255.5	275.7	RBL	1.00	0.61	1.26	1.17	1.04	0.96
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
Bandhan	92.0	90.3	98.2	114.0	159.5	196.8	Bandhan	3.69	3.40	2.25	1.94	1.39	1.12
Au SFB	68.4	88.4	115.0	160.3	209.1	240.1	Au SFB	8.98	7.05	5.37	3.85	2.95	2.57
Federal	64.8	72.9	82.8	95.9	128.7	145.8	Federal	1.17	1.34	1.79	1.54	1.15	1.02
IDFCFB	30.2	28.6	30.9	36.9	45.9	50.1	IDFCFB	1.84	1.39	2.71	2.26	1.82	1.67
RBL	184.7	191.0	197.0	213.6	249.5	270.6	RBL	1.12	0.68	1.34	1.24	1.06	0.98
Leverage - asset / equity (x)							Growth in equity (%)						
Bandhan	6.0	6.6	8.0	8.0	7.9	7.9	Bandhan	14.6	-0.2	12.7	18.0	22.1	22.0
Au SFB	9.6	8.2	9.2	8.2	9.1	9.5	Au SFB	43.4	19.7	46.1	13.4	15.3	16.9
Federal	12.4	12.5	11.8	12.1	11.3	11.6	Federal	11.1	16.6	14.4	33.4	13.0	13.9
IDFCFB	9.7	9.2	9.1	9.3	11.0	11.8	IDFCFB	16.1	17.9	22.5	12.1	12.2	12.1
RBL	8.4	7.9	8.4	8.5	9.8	10.3	RBL	19.7	-0.4	7.6	7.2	7.8	9.2
Dividend per share (Rs\$)							Dividend yield (%)						
Bandhan	0.0	0.0	0.0	1.0	5.0	5.0	Bandhan	0.0	0.0	0.0	0.5	2.3	2.3
Au SFB	0.0	0.0	0.5	1.0	2.0	2.0	Au SFB	0.0	0.0	0.1	0.2	0.3	0.3
Federal	0.0	0.7	1.8	1.0	2.2	2.2	Federal	0.0	0.5	1.2	0.7	1.5	1.5
IDFCFB	0.0	0.0	0.0	0.0	0.0	0.0	IDFCFB	0.0	0.0	0.0	0.0	0.0	0.0
RBL	0.0	0.0	0.0	1.5	3.0	3.0	RBL	0.0	0.0	0.0	0.6	1.1	1.1
Market cap / PPOP (x)							Market cap / deposits (%)						
Bandhan	8	6	5	4	3	3	Bandhan	71	52	33	27	23	19
Au SFB	17	21	8	6	5	4	Au SFB	102	71	59	48	38	30
Federal	4	5	7	7	5	4	Federal	9	11	17	14	12	10
IDFCFB	13	7	12	9	8	6	IDFCFB	37	22	41	31	25	20
RBL	4	3	19	15	12	10	RBL	17	10	19	17	14	12

Source: BofA Global Research estimates, company report, Bloomberg

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Exhibit 37: Valuation Summary - PSBs

Summary of key valuation metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Core net profit (Rs mn)							Core net profit growth (%)						
SBI	204,101	316,761	502,339	622,360	623,028	611,922	SBI	40.9	55.2	58.6	23.9	0.1	-1.8
BOB	8,285	72,721	141,098	178,625	196,097	206,283	BOB	51.6	777.7	94.0	26.6	9.8	5.2
Canara	25,573	56,785	106,036	148,850	190,599	215,978	Canara	-214.4	122.1	86.7	40.4	28.0	13.3
PNB	28,425	34,570	25,167	84,984	128,601	145,804	PNB	745.5	21.6	-27.2	237.7	51.3	13.4
Union	29,061	52,323	84,331	136,305	192,371	220,192	Union	-849.4	80.0	61.2	61.6	41.1	14.5
BOI	21,602	34,047	40,229	73,706	95,444	105,585	BOI	-173.2	57.6	18.2	83.2	29.5	10.6
Core EPS (Rs)							Core EPS growth (%)						
SBI	23	35	56	70	70	69	SBI	41.0	55.2	58.6	23.9	0.1	-1.8
BOB	2	14	27	34	38	40	BOB	31.3	685.3	94.0	26.3	9.6	5.0
Canara	17	32	58	81	103	116	Canara	-163.8	92.1	79.9	39.1	26.9	12.3
PNB	3	3	2	8	12	13	PNB	375.7	7.8	-27.6	235.7	50.4	12.7

Exhibit 37: Valuation Summary - PSBs

Summary of key valuation metrics for public sector banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Union	5	8	12	18	26	29	Union	-371.5	70.3	59.7	47.8	39.9	13.4
BOI	7	9	10	16	21	23	BOI	-172.6	34.1	10.9	63.8	28.3	9.6
Core ROE (%)							Core ROA (%)						
SBI	8	12	17	18	16	14	SBI	0.5	0.7	1.0	1.1	1.0	0.8
BOB	1	9	15	17	16	15	BOB	0.1	0.6	1.0	1.2	1.1	1.0
Canara	5	9	15	19	20	19	Canara	0.3	0.5	0.8	1.0	1.2	1.2
PNB	4	4	3	8	11	12	PNB	0.3	0.3	0.2	0.6	0.8	0.8
Union	6	8	11	16	19	19	Union	0.4	0.5	0.7	1.0	1.3	1.3
BOI	5	7	7	12	13	13	BOI	0.3	0.5	0.5	0.8	1.0	0.9
Core RONTA (%)							P/E (x)						
SBI	8	12	17	18	16	14	SBI	24.9	16.1	10.1	8.2	8.2	8.3
BOB	1	9	15	17	16	15	BOB	106.2	13.5	7.0	5.5	5.0	4.8
Canara	5	9	15	19	20	19	Canara	19.4	10.1	5.6	4.0	3.2	2.8
PNB	4	4	3	8	11	12	PNB	21.4	19.8	27.4	8.2	5.4	4.8
Union	6	8	11	16	19	19	Union	20.1	11.8	7.4	5.0	3.6	3.1
BOI	5	7	7	12	13	13	BOI	13.2	9.8	8.9	5.4	4.2	3.8
Book value per share (Rs)							P/B (x) (Consol)						
SBI	284	314	367	414	466	514	SBI	2.00	1.82	1.55	1.38	1.22	1.11
BOB	149	166	190	217	246	277	BOB	1.28	1.15	1.00	0.88	0.77	0.69
Canara	358	364	406	472	556	649	Canara	0.92	0.90	0.81	0.69	0.59	0.51
PNB	94	87	91	96	105	115	PNB	0.67	0.72	0.69	0.65	0.59	0.54
Union	101	103	115	125	144	166	Union	0.91	0.88	0.80	0.73	0.63	0.55
BOI	149	134	144	150	166	183	BOI	0.59	0.65	0.60	0.58	0.52	0.47
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
SBI	243	283	343	388	448	499	SBI	2.34	2.02	1.66	1.47	1.27	1.14
BOB	107	140	174	196	225	254	BOB	1.78	1.36	1.10	0.97	0.85	0.75
Canara	209	261	327	404	507	608	Canara	1.57	1.25	1.00	0.81	0.65	0.54
PNB	54	55	70	87	96	104	PNB	1.16	1.14	0.89	0.72	0.65	0.60
Union	58	68	96	113	132	152	Union	1.57	1.35	0.95	0.81	0.69	0.60
BOI	111	110	124	133	148	161	BOI	0.78	0.79	0.70	0.65	0.59	0.54
Leverage - asset / equity (x)							Growth in equity (%)						
SBI	17.9	17.8	16.8	16.7	16.5	16.7	SBI	9.4	10.3	17.0	12.7	12.5	10.4
BOB	15.0	14.9	14.8	14.6	14.6	14.6	BOB	7.2	11.5	14.3	14.5	13.7	12.5
Canara	19.6	18.6	18.3	17.4	16.4	15.4	Canara	49.9	12.3	11.3	17.3	18.9	17.8
PNB	13.9	13.8	14.6	14.9	15.1	15.3	PNB	45.8	5.0	4.6	6.9	10.0	10.0
Union	16.6	16.8	16.3	15.5	14.8	14.2	Union	90.8	9.5	11.0	19.6	16.2	16.1
BOI	14.9	13.3	13.8	13.5	13.6	13.8	BOI	11.1	13.2	7.0	17.1	11.2	11.4
Dividend per share (Rs\$)							Dividend yield (%)						
SBI	4.0	7.1	11.3	15.0	18.0	20.0	SBI	0.7	1.2	2.0	2.6	3.2	3.5
BOB	0.0	1.2	5.5	7.0	8.0	9.0	BOB	0.0	0.6	2.9	3.7	4.2	4.7
Canara	0.0	6.5	12.0	12.0	15.0	18.0	Canara	0.0	2.0	3.7	3.7	4.6	5.5
PNB	0.0	0.6	0.7	1.5	2.0	2.5	PNB	0.0	1.0	1.0	2.4	3.2	4.0
Union	0.0	1.9	3.0	4.5	5.5	6.0	Union	0.0	2.1	3.3	4.9	6.0	6.6
BOI	0.0	0.0	2.0	4.0	4.0	4.0	BOI	0.0	0.0	2.3	4.6	4.6	4.6
Market cap / PPOP (x)							Market cap / deposits (%)						
SBI	7.1	7.5	6.1	5.9	4.9	4.3	SBI	13.8	12.6	11.5	10.4	9.3	8.4
BOB	4.8	4.4	3.7	3.2	2.9	2.5	BOB	10.2	9.4	8.2	7.5	6.6	5.9
Canara	3.0	2.6	2.1	2.0	1.7	1.5	Canara	5.9	5.5	5.0	4.6	4.2	3.9
PNB	3.0	3.3	3.1	2.7	2.3	2.1	PNB	6.2	6.0	5.4	5.0	4.6	4.1
Union	3.2	2.8	2.4	2.2	1.9	1.6	Union	6.7	6.0	5.6	5.1	4.6	4.1
BOI	3.3	3.6	2.7	2.5	1.8	1.6	BOI	5.7	5.7	5.3	4.9	4.5	4.1

Source: BofA Global Research estimates, company report, Bloomberg

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