

India Banks Macro Watch

Credit growth continues to defy tight liquidity + mixed 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.

Indian banks 'growth over NIMs' trade-off is showing no signs of abating as they defy tightening liquidity and a more cautious RBI. Cyclically, the growth drivers are turning a bit mixed with some signs of peaking/slowdown in IIP, auto sales etc. This should put some cap to credit growth but lower real rates should become a tailwind in 2H24 as the rate cut cycle begins. We struggle to see what brings down credit growth meaningfully from current levels - banks commentary during 3Q result season could offer some clues.

Resilient credit growth but liquidity deficit at 7yr high

- 1) Strong credit growth momentum continued for another month - Credit growth was robust at 20.2% (15.7% YoY adj. for merger) in Dec'23. Retail credit growth was highest in last 5M and Industry credit growth has improved on MoM basis – 9.3% YoY in Nov'23.
- 2) Deposit growth still lagging credit – Deposit growth of 13.2% in Dec'23 is still trending lower than credit growth.
- 3) Muted IIP in Nov'23 but strong PMI in Dec – Disappointing IIP print of 2.4% in Nov'23 after a strong print of 11.7% in Oct'23. BUT PMI data continues to be healthy – 58.5% composite PMI and 54.9% manufacturing PMI in Dec'23.
- 4) System liquidity deficit highest since 2016 – Liquidity shortage of Rs 1.3Tn in Dec'23 has been highest in last 7 years.
- 5) Healthy auto sales growth led by festive season – PV sales was 21% in Nov'23.

NIMs – rate cuts for fresh loans, CPI inflation remains sticky

- 1) MCLR up marginally, fresh lending rate cuts – MCLR revision for banks is now happening at much slower pace -avg MCLR for PSB/pvt banks are up 2/3 bps in Dec'23 and 22/18 bps from Mar'23-Dec'23. But lending rate for fresh loans has been cut in Nov'23- 7/13 bps for PSBs and Pvt banks mostly due to festive offer.
- 2) Deposit rate continued to inch up for PSBs – Increase in avg deposits rate was 5 bps for PSBs vs 1 bps for private banks. This is due to some lag in repricing of PSBs deposit book as they started raising deposit rate late than private banks.
- 3) Inflation remains at elevated level - CPI inched up to 5.7% in Dec'23 vs 5.5% in Nov'23. WPI also inched up to 0.73% in Dec'23.
- 4) Term premium further contracted - short term bond yield was flat and long terms yield declined by 5 bps leading to term premium reaching 0.1%.

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Macro watch – Heat map

Exhibit 1: India Banks macro watch heat map

Organic system credit growth has sustained 15%+ for 18 months now, positive trend in fee drivers

	Momentum	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22
Growth drivers														
Credit growth (YoY%)	↑	15.7	16.4	15.2	15.3	14.9	14.7	16.2	15.4	15.9	15.0	15.5	16.3	14.9
Retail Credit (YoY%)*	↑		33.1	32.6	30.4	30.8	31.7	21.0	19.3	19.7	20.7	21.4	24.5	27.4
Industry Credit (YoY%)	↑		9.3	8.6	7.1	6.7	5.8	8.1	6.0	6.9	5.8	5.0	7.9	10.3
Deposit growth (YoY%)	↑	13.2	13.6	13.4	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5	11.0
IIP (%)	↓		2.4	11.7	6.2	10.3	6.2	4.0	5.7	4.6	1.9	6.0	5.8	5.1
IIP Industrial goods (%)	↑			22.6	8.4	13.1	5.1	2.9	8.1	4.4	10.0	11.0	10.5	7.8
IIP Consumer goods (%)	↑			15.9	1.1	5.8	-3.6	-6.8	1.5	-2.3	-8.0	-4.1	-8.2	-11.2
PMI(%) -Composite	↑	58.5	57.4	58.4	61.0	60.9	61.9	59.4	61.6	61.6	58.4	59.0	57.5	59.4
PMI(%) -Manufacturing	↓	54.9	56.0	55.5	57.5	58.6	57.7	57.8	58.7	57.2	56.4	55.3	55.4	57.8
PV Sales (YoY%)	↑		21.0	33.9	17.7	27.7	19.2	2.0	13.5	31.7	4.5	11.0	17.2	7.2
GST (YoY%)	↑		15.1	13.4	10.2	10.8	10.8	2.9	11.5	31.6	13.6	12.4	12.7	15.2
NIM Drivers														
Policy rate (%)	↔	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	6.3	6.2
MCLR (%) -All SCB	↑	8.8	8.7	8.7	8.7	8.7	8.6	8.6	8.6	8.6	8.5	8.4	8.3	8.1
Big 4 Pvt banks -MCLR(%)	↔	9.2	9.2	9.2	9.1	9.1	9.1	9.1	9.0	8.9	8.9	8.9	8.8	8.6
PSB MCLR (%)	↔	8.7	8.7	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.5	8.5	8.5	8.3
WATDR-Pvt banks (%)	↑		6.8	6.7	6.7	6.7	6.6	6.5	6.4	6.4	6.2	6.1	6.0	5.9
WATDR-PSB(%)	↑		6.9	6.8	6.8	6.6	6.5	6.5	6.4	6.3	6.2	6.0	5.9	5.8
Fresh loans WALR - PSB (%)	↓		8.6	8.7	8.6	8.8	8.7	8.5	8.6	8.5	8.7	8.6	8.4	8.2
Fresh loans WALR - PVT (%)	↓		10.1	10.2	10.2	10.2	10.0	10.0	9.9	9.6	10.1	9.9	9.7	9.7
1Y Gsec (%)	↔	7.09	7.09	7.1	7.1	7.1	7.0	6.9	6.9	6.9	7.3	7.1	6.7	6.8
10Y Gsec (%)	↓	7.22	7.27	7.3	7.2	7.2	7.1	7.0	7.0	7.2	7.4	7.4	7.3	7.3
10Y-1Y Term premium (%)	↓	0.13	0.19	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.6	0.5
AAA Bond- Gsec1 yr (%)	↑	0.8	0.7	0.6	0.5	0.5	0.4	0.6	0.6	0.7	0.6	0.8	0.9	0.7
BBB Corp - AAA Corp (%)	↔	3.9	3.9	4.0	4.0	4.0	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.1
Liquidity														
System LDR (%)	↑	77.4	77.0	76.6	76.1	75.0	74.6	75.1	75.6	75.7	75.8	75.3	75.3	75.0
Dep growth (YoY%)	↑	13.2	13.6	13.4	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5	11.0
RBI Net liquidity ops (Rs bn)	↑	1,362	201	548	59	-1,140	-1,915	-1,533	-1,800	-903	-2,242	-1,500	-1,199	-1,801
M1 Supply (YoY%)	↑	8.3	7.9	6.4	7.3	6.4	7.2	10.7	7.6	7.7	6.8	8.7	10.0	7.6
M3 Supply (YoY%)	↑	11.6	11.2	10.8	10.8	10.8	10.6	11.3	10.1	9.5	9.0	9.5	9.8	8.7
Opex Drivers														
CPI Inflation (%)	↑	5.7	5.5	4.9	5.0	6.8	7.4	4.8	4.3	4.7	5.7	6.4	6.5	5.7
Wholesale Inflation (%)	↑	0.7	0.3	-0.5	-0.3	-0.5	-1.4	-4.1	-3.5	-0.9	1.4	3.9	4.8	5.0
Fee drivers														
Sensex+Nifty Turnover (\$ bn)	↑	72,161	50,030	49,999	63,543	68,067	72,641	60,309	67,552	50,715	58,752	55,316	56,229	47,664
Sensex+Nifty Turnover YoY%	↑	51.4	-8.9	10.8	-2.3	27.1	27.6	5.1	-3.5	-24.3	-28.8	-15.1	-17.5	-22.3
New insurance premium (Rs cr)	↑	38,583	36,495	26,819	30,716	26,789	27,867	36,962	23,478	12,565	52,081	22,848	26,424	26,838
New insurance premium (YoY%)	↑	43.8	2.9	7.6	-15.5	-18.5	-28.7	18.3	-4.1	-30.0	-12.6	-16.8	20.3	9.7
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	4,491
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	7,303
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	5.7
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) (%)	↓	0.8	1.0	1.6	1.5	-0.3	-0.9	1.7	2.3	1.8	0.8	0.0	-0.3	0.5
Real MCLR (%) (CPI)	↓	3.1	3.2	3.8	3.7	1.8	1.2	3.8	4.3	3.9	2.9	2.0	1.8	2.4
Real Gsec (%) (CPI)	↓	1.4	1.6	2.2	2.1	0.2	-0.4	2.1	2.6	2.2	1.6	0.7	0.2	1.1

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

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

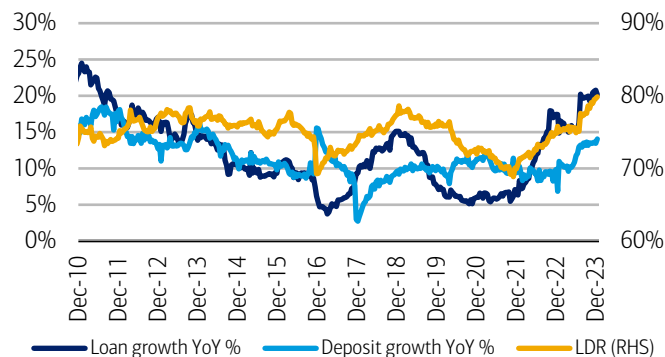
Retail credit growth from Jun'23 onwards include impact of merger of a HDFC Bank and HDFC Ltd

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Macro watch – Key charts of the month

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

System loan growth sustaining at 15%+, deposit growth continues to lag

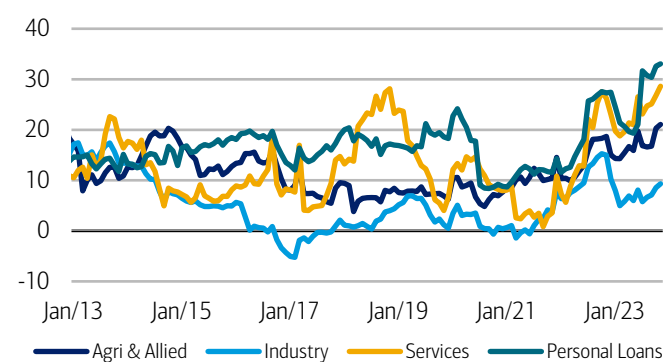


Source: BofA Global Research, RBI

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Exhibit 3: Sector-wise loan growth YoY%

Personal loan continues to be robust, agri growth picked up meaningfully

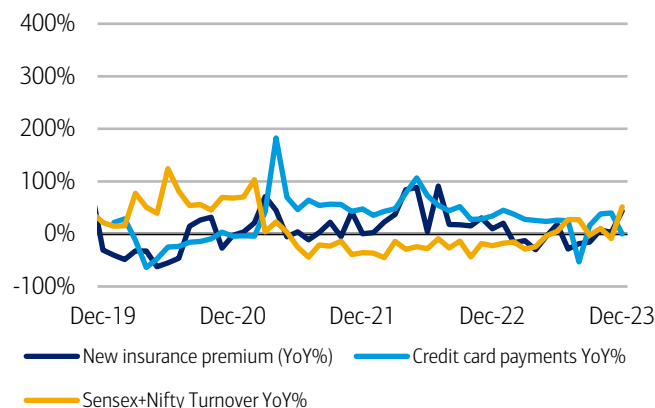


Source: BofA Global Research, RBI

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

Insurance premium and market turnover up; credit card payments declined

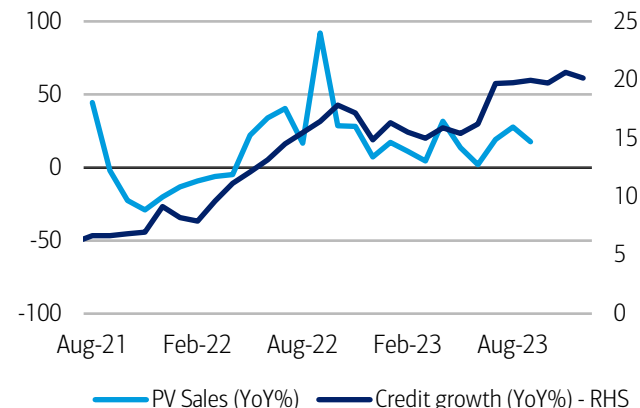


Source: BofA Global Research, RBI, IRDAI

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Exhibit 5: Credit growth vs PV sales YoY%

PV sales healthy in OCT-Nov'23 on festive demand

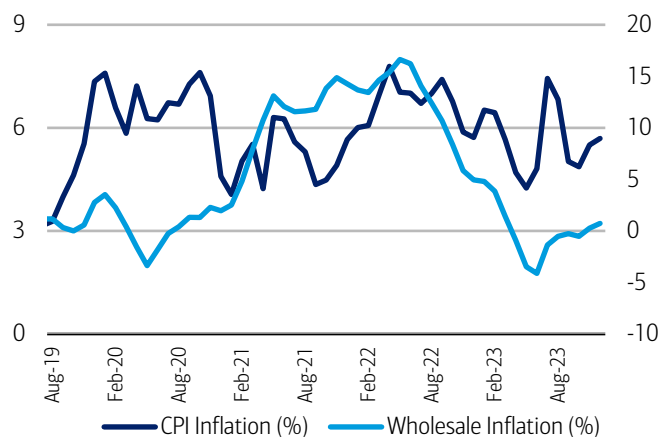


Source: BofA Global Research, CEIC

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Exhibit 6: CPI and wholesale inflation (%)

CPI/WPI inflation inched up to 5.7%/0.73% in Dec'23

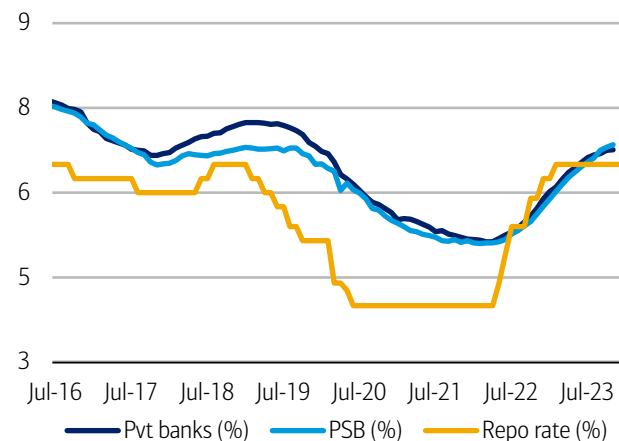


Source: BofA Global Research, RBI

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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

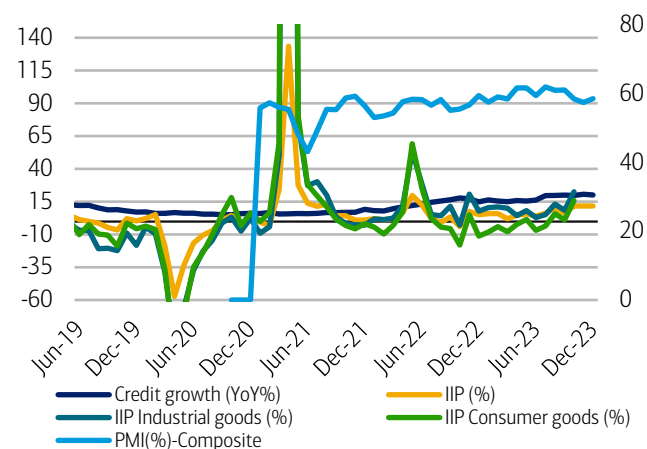
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Loan growth drivers

- **Strong credit growth momentum continued for another month** – Credit growth continued to be very robust at 20.2% (15.7% YoY adj. for HDFCB-HDFC Ltd merger) in Dec'23. Retail credit growth at 33.1% (including impact of HDFC bank merger) was highest in last 5 months. Industry credit growth has been improving on MoM basis – 9.3% YoY in Nov'23.
- **Deposit growth still lagging credit** – Deposit growth of 13.2% in Dec'23 is still trending lower than credit growth. Bank have taken another round of deposit rate hike in late Dec'23 and CD volume is at decade high, indicating intense competition in deposit market.
- **Muted IIP in Nov'23 but strong PMI in Dec** – Disappointing IIP print of 2.4% in Nov'23 after a strong print of 11.7% in Oct'23 was mainly led by lower number on working days in Nov due to festival holidays. But PMI data continues to be healthy – 58.5% composite PMI and 54.9% manufacturing PMI in Dec'23.
- **Steady auto sales growth led by festive season** – PV sales was 21% in Nov'23 led by festive demand.

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

IIP deteriorates but PMI print continues to be healthy

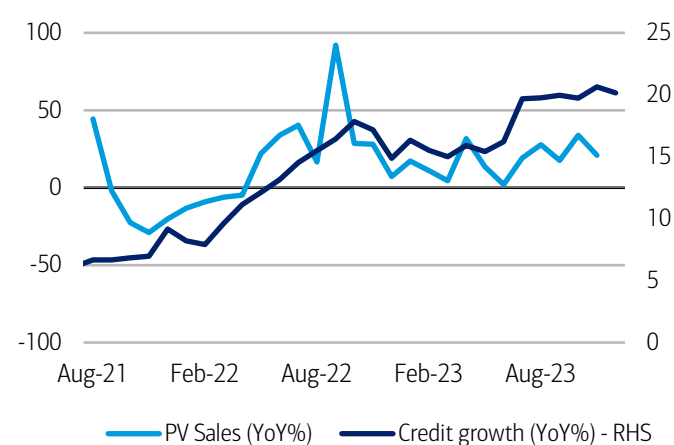


Source: BofA Global Research, RBI

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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

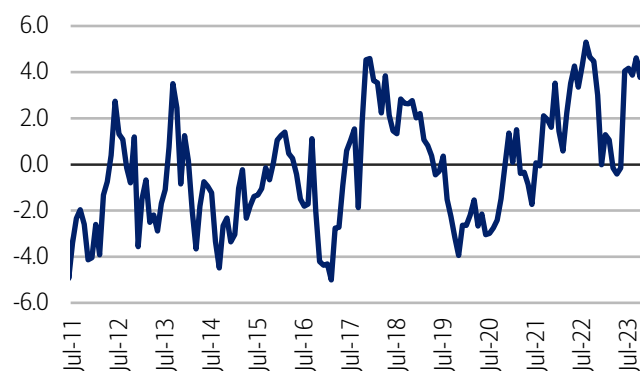


Source: BofA Global Research, CEIC

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

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



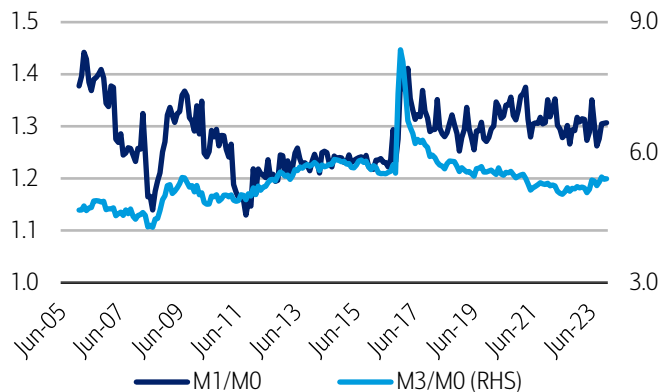
Source: BofA Global Research, RBI, CEIC

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Liquidity and Macro drivers

Exhibit 11: M1/M0 & M3/M0

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

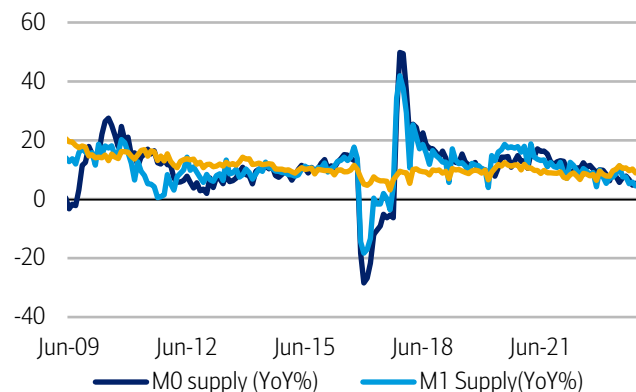


Source: RBI

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Exhibit 12: M0, M1, M3 Supply YoY%

...as well as in absolute terms but M0 supply has declined slightly in Dec'23

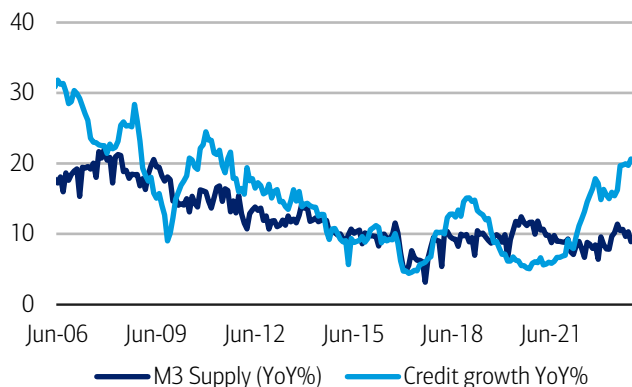


Source: RBI

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

M3 supply growth averaging ~10% since Apr'23

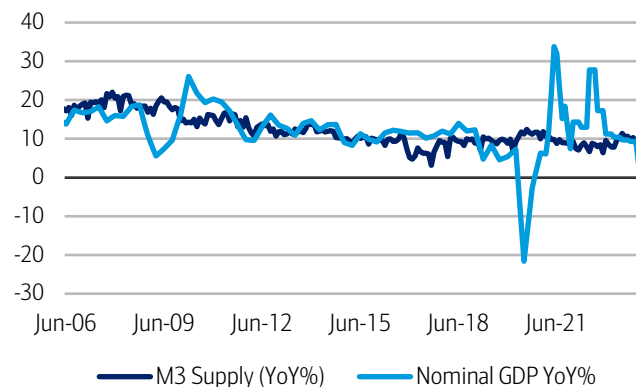


Source: RBI

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Exhibit 14: M3 vs Nominal GDP YoY%

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

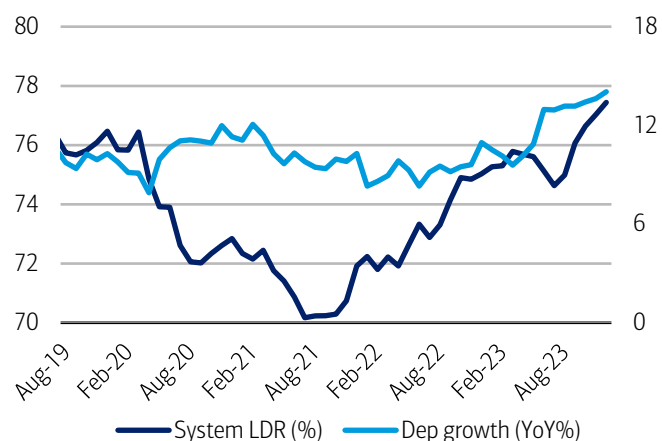


Source: RBI

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

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

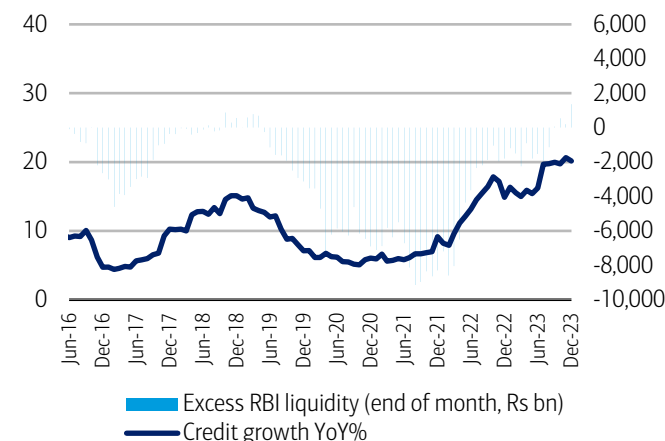


Source: BofA Global Research, RBI

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

RBI liquidity deficit expanded to Rs 1.36 Tn in Dec'23, highest since 2016



Source: BofA Global Research, RBI

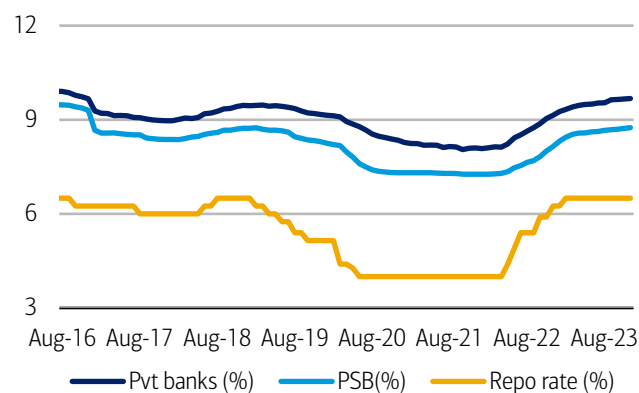
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NIM Drivers

- **MCLR up marginally, fresh lending rate cuts** – MCLR revision for banks is now happening at much slower pace. Avg MCLR for PSB and pvt banks are up 2/3 bps in Dec'23 and 22/18 bps from Mar'23-Dec'23. While MCLR hike continues at a gradual pace, lending rate for fresh loans has been cut in Nov'23- 7/13 bps for PSBs and Pvt banks mostly due to festive offer.
- **Avg lending rate came off 8 bps pvt banks, flat for PSBs** – Banks avg lending rate declined 8 bps for private banks and was flat MoM for private banks. On YoY basis, PSBs lending rate is up 46 bps vs 20 bps for pvt banks. But both PSBs and private banks have seen similar increase of 100-105 bps in avg lending rate since beginning of rate cycle.
- **Deposit rate continued to inch up for PSBs** – Increase in avg deposits rate was 5 bps for PSBs vs 1 bps for private banks. This is due to some lag in repricing of PSBs deposit book as they started raising deposit rate later than private banks.
- **Term premium further contracted on decline in long term bond yield** - short term bond yield was flat and long terms yield further declined by 5 bps leading to term premium reaching 0.1%..

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

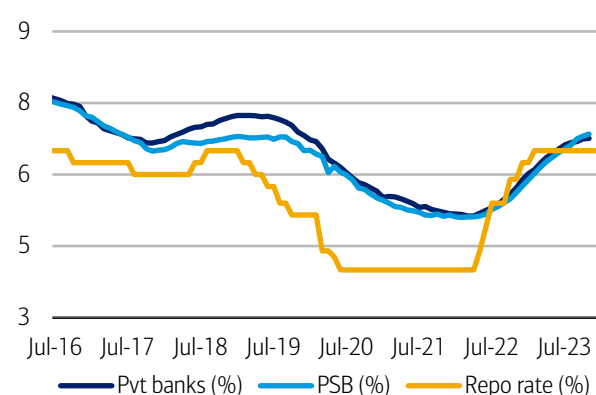
MCLR continued to inch up but at much slower pace



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Exhibit 18: WATDR vs Policy rates (%)

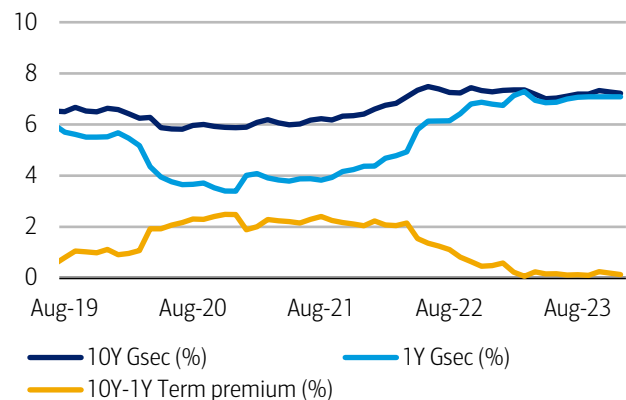
Avg deposit rate up 5 bps for PSBs but flat for pvt banks



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Exhibit 19: Gsec yields and term premiums (%)

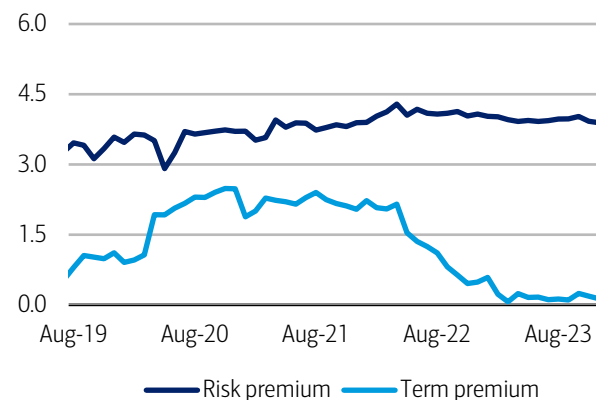
Short term yield flat and long term yield declined by 5 bps



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

Both term premium and risk premium further came off



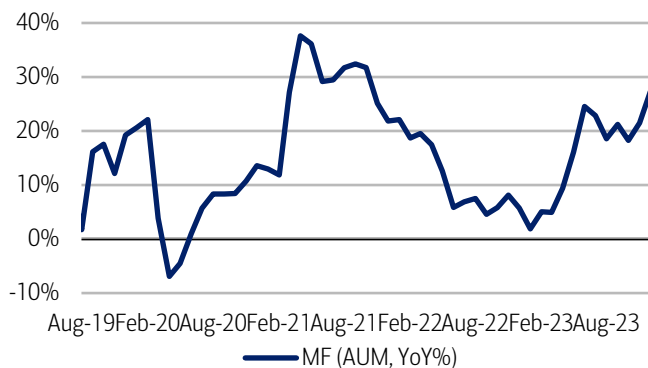
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Fee Drivers

- 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 is significantly up 51.4% YoY in Dec'23
- New insurance premium saw strong growth of 43.8% YoY, after 5 months of muted trend.

Exhibit 21: MF (AUM, YoY %)

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

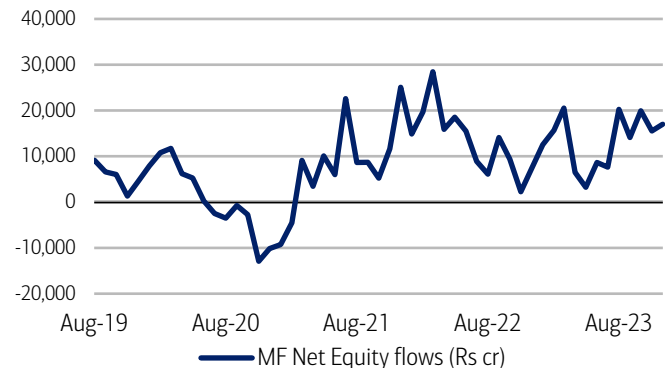


Source: BofA Global Research, AMFI

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

MF net equity remained at healthy level in Dec'23

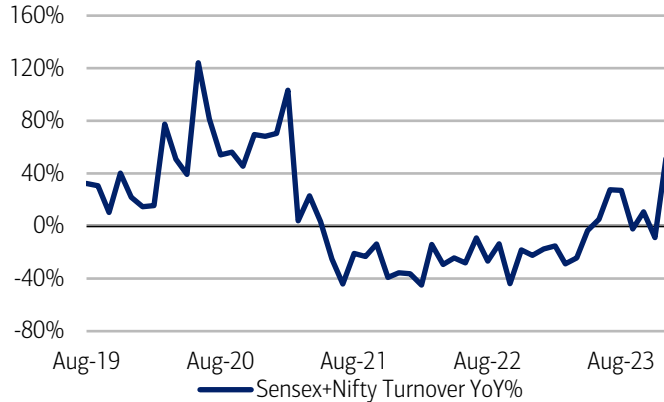


Source: BofA Global Research, AMFI

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Exhibit 23: SENSEX + Nifty Turnover YoY%

Market turnover recovered strongly in Dec'23, highest growth since Mar'21

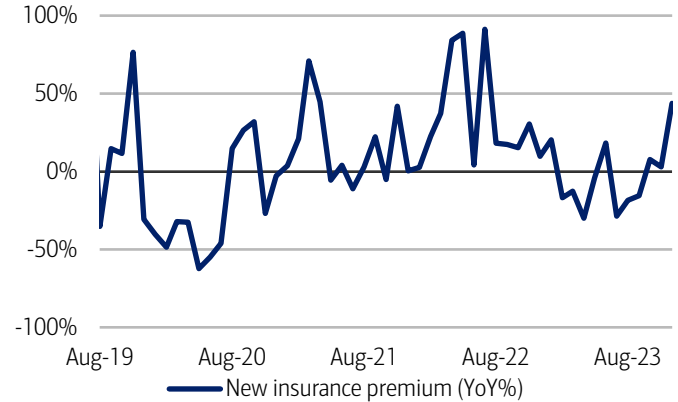


Source: BofA Global Research, Bloomberg

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Exhibit 24: New insurance premium (Rs Cr)

New insurance premium growth jumped to 44% on low base



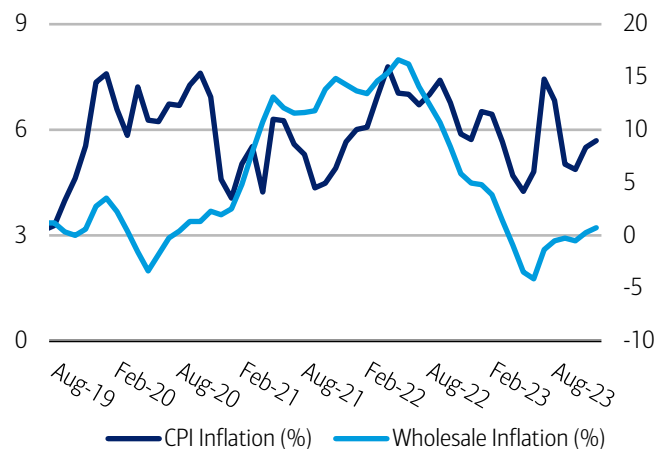
Source: BofA Global Research, IRDAI

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Opex and Real rates

Exhibit 25: CPI and wholesale inflation (%)

CPI inflation sticking around 5-6% level, WPI remains inched up

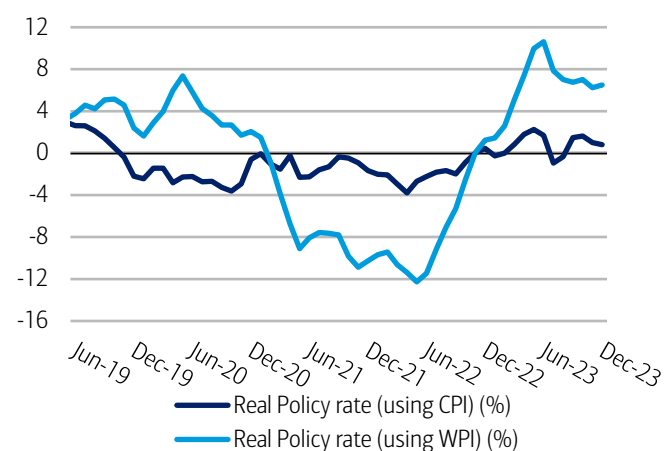


Source: BofA Global Research, RBI

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Exhibit 26: Real policy rates (%)

Real policy rate (using CPI) declined on increase in CPI

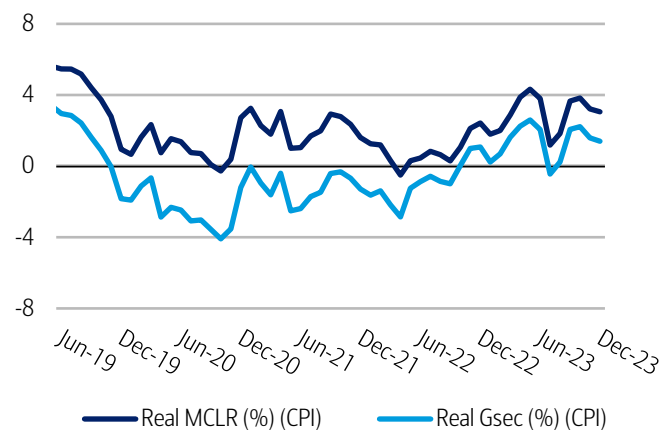


Source: BofA Global Research, RBI

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

Real MCLR and real Gsec down marginally as CPI inched up in Dec'23



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

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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

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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	60.2	18.0	18.0	HDFC Bk	85	88	85	106	103	100
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	21.0	18.0	18.0	Kotak	90	98	99	101	102	103
Axis	8.7	11.5	18.8	15.5	17.0	17.0	Axis	88	86	89	94	95	96
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	27.4	28.8	26.3	HDFC Bk	4.1	3.9	4.1	3.7	3.8	3.9
ICICI	17.2	21.7	30.9	18.1	12.2	13.9	ICICI	3.6	3.8	4.5	4.5	4.2	4.1
Kotak	13.0	11.8	25.0	20.0	15.5	15.3	Kotak	4.5	4.5	5.3	5.3	5.0	4.9
Axis	16.0	13.3	29.6	16.8	14.9	13.3	Axis	3.4	3.4	4.0	4.0	3.9	3.8
IndusInd	12.2	10.9	17.3	17.4	17.4	17.3	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	16.9	19.0	20.0	HDFC Bk	18	19	20	18	17	17
ICICI	-7.7	23.9	14.8	15.0	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	21	22	23
Axis	-3.0	21.7	24.7	21.5	20.0	20.0	Axis	24	27	27	28	29	30
IndusInd	-19.1	25.7	30.6	20.0	20.0	18.0	IndusInd	23	26	30	30	31	31
Non-interest income growth (%)							Revenue growth (%)						
HDFC Bk	8.4	17.1	5.8	36.5	14.3	19.5	HDFC Bk	13	13	16	30	25	25
ICICI	15.3	-2.4	7.1	18.0	18.7	17.6	ICICI	17	14	24	18	14	15
Kotak	42.1	3.9	3.6	19.6	14.4	14.7	Kotak	27	7	14	20	15	15
Axis	-4.5	2.6	8.4	26.1	19.4	19.8	Axis	8	10	23	19	16	15
IndusInd	-5.6	12.8	11.5	19.5	19.7	17.8	IndusInd	6	12	15	18	18	17
Operating expense growth (%)							Cost-income ratio (%)						
HDFC Bk	6.6	14.4	27.3	31.0	23.3	21.3	HDFC Bk	36	37	40	41	40	39
ICICI	-0.2	24.0	23.0	21.1	18.2	16.8	ICICI	37	41	40	41	43	43
Kotak	33.9	12.2	9.3	18.5	15.8	15.8	Kotak	63	65	63	62	63	63
Axis	6.2	28.5	15.1	28.7	17.3	16.0	Axis	42	49	46	49	50	50
IndusInd	1.5	14.3	19.4	21.8	16.7	16.0	IndusInd	42	43	44	46	45	44
PPOP growth (%)							PPOP ROA (%)						
HDFC Bk	18	12	10	29	26	27	HDFC Bk	3.5	3.4	3.1	2.8	2.8	3.0
ICICI	30	8	25	16	11	13	ICICI	3.1	3.0	3.3	3.3	3.1	3.0
Kotak	18	0	22	22	14	14	Kotak	3.6	3.2	3.4	3.7	3.6	3.5
Axis	10	-4	30	11	15	14	Axis	2.7	2.3	2.6	2.5	2.5	2.5
IndusInd	9	9	12	15	19	19	IndusInd	3.5	3.4	3.4	3.3	3.4	3.4
Provisions (bp of loans)							Provisions / PPOP (%)						
HDFC Bk	146	119	80	54	60	65	HDFC Bk	27	24	17	13	15	15
ICICI	225	105	69	45	70	80	ICICI	45	22	14	9	15	18
Kotak	128	27	13	52	70	80	Kotak	20	5	2	9	12	14
Axis	271	107	36	46	70	80	Axis	66	30	9	12	18	21
IndusInd	379	295	167	122	120	125	IndusInd	68	52	31	24	23	24
NPL ratio (%)							NPL coverage (%)						
HDFC Bk	1.3	1.2	1.1	1.4	1.5	1.8	HDFC Bk	70	73	76	72	72	76
ICICI	5.3	3.8	2.9	2.0	1.5	1.2	ICICI	78	79	83	79	74	70
Kotak	3.2	2.4	1.8	1.9	2.1	2.4	Kotak	62	71	77	77	74	72
Axis	3.9	3.0	2.2	1.4	0.8	0.5	Axis	72	75	81	80	83	81
IndusInd	2.7	2.3	2.0	0.8	1.1	1.4	IndusInd	75	72	71	193	135	113
Tier 1 CAR (%)							RWA growth (%)						
HDFC Bk	17.6	17.9	17.1	19.1	18.2	17.8	HDFC Bk	14	20	17	49	18	18
ICICI	18.1	18.3	17.6	18.0	17.7	17.3	ICICI	3	13	21	16	16	16
Kotak	22.6	21.7	22.3	24.0	23.9	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	15.8	16.5	18.1	HDFC Bk	2.9	3.0	3.0	2.9	2.9	3.1
ICICI	12.3	14.7	17.2	18.0	16.3	15.8	ICICI	2.1	2.8	3.3	3.4	3.0	2.8
Kotak	13.1	12.9	14.1	13.8	13.3	12.9	Kotak	3.0	3.2	3.5	3.4	3.2	3.1
Axis	7.1	12.0	18.3	17.4	15.9	15.2	Axis	1.1	1.9	2.8	2.6	2.4	2.3
IndusInd	7.3	10.1	14.6	16.2	16.9	17.2	IndusInd	1.1	1.6	2.4	2.6	2.7	2.8

Source: BofA Global Research, Bloomberg

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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	12.0	12.0	12.0	SBI	67	67	72	73	74	75
BOB	1.8	8.9	18.5	14.5	15.0	15.0	BOB	73	74	78	82	84	87
Canara	49.6	9.8	16.5	14.0	12.0	12.0	Canara	63	65	70	74	77	79
PNB	42.8	6.2	12.7	13.0	12.0	12.0	PNB	61	64	65	66	68	69
Union	88.2	9.6	13.2	13.0	13.0	13.0	Union	64	64	68	71	73	74
BOI	-1.5	11.5	12.9	13.0	12.0	12.0	BOI	58	67	73	75	78	80
Asset Yield (%)							Cost of funding (%)						
SBI	6.8	6.3	6.9	7.8	6.8	6.7	SBI	4.0	3.6	4.0	4.8	4.0	3.9
BOB	6.5	6.1	6.9	7.9	7.2	6.9	BOB	4.0	3.4	3.9	5.1	4.7	4.4
Canara	7.9	7.4	7.9	9.0	8.6	8.3	Canara	5.2	3.9	4.5	5.6	5.4	5.3
PNB	8.2	6.2	6.5	7.3	7.0	6.8	PNB	5.3	3.9	4.0	4.8	4.4	4.1
Union	9.0	6.4	6.9	8.4	7.2	7.1	Union	6.0	3.9	4.3	5.2	4.7	4.5
BOI	6.3	5.6	7.1	7.8	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	10.0	7.7	8.9	SBI	2.9	2.8	3.0	3.0	2.9	2.9
BOB	4.9	13.2	26.8	8.1	8.4	13.4	BOB	2.6	2.8	3.2	3.1	2.9	2.9
Canara	83.7	9.5	19.1	14.9	11.5	11.2	Canara	2.7	2.8	3.0	3.0	3.0	2.9
PNB	74.8	-5.8	20.2	15.6	13.7	14.8	PNB	3.1	2.4	2.6	2.7	2.8	2.9
Union	115.9	12.5	17.9	13.2	15.8	13.9	Union	3.2	2.6	2.8	3.1	3.0	3.0
BOI	-6.5	-1.5	44.2	16.4	13.5	11.0	BOI	2.2	2.1	3.0	3.0	3.0	2.9
Fee income growth (%)							Fee income / total income (%)						
SBI	-0.9	4.5	6.8	6.8	9.0	9.0	SBI	15	15	14	14	14	14
BOB	-10.1	9.0	9.2	26.0	12.0	12.0	BOB	12	12	11	12	12	12
Canara	317.1	16.6	11.5	15.0	11.0	11.0	Canara	13	14	14	14	14	14
PNB	36.3	34.9	8.4	11.0	12.0	12.0	PNB	9	13	12	12	11	11
Union	88.2	9.6	13.2	13.0	13.0	13.0	Union	88	10	13	13	13	13
BOI	-18.4	8.2	14.2	20.0	13.0	12.0	BOI	-1	12	13	13	12	12
Non-interest income growth (%)							Revenue growth (%)						
SBI	-3.8	-6.7	-9.7	27.9	5.9	8.4	SBI	8	5	13	14	7	9
BOB	19.8	-7.1	-12.7	45.5	14.4	14.4	BOB	9	7	16	15	10	14
Canara	91.0	10.5	13.7	2.9	15.2	11.3	Canara	86	10	17	10	13	11
PNB	38.1	-3.8	-1.4	13.3	13.2	10.6	PNB	62	-5	14	15	14	14
Union	115.5	10.5	16.8	-0.1	13.0	13.4	Union	116	12	18	9	15	14
BOI	10.8	5.9	-9.9	6.9	22.8	12.0	BOI	-1	1	25	14	16	11
Operating expense growth (%)							Cost-income ratio (%)						
SBI	9.9	13.0	4.7	20.0	5.0	6.0	SBI	54	58	54	57	56	54
BOB	13.6	5.7	12.9	12.8	10.2	9.1	BOB	50	49	48	47	47	45
Canara	67.0	2.3	13.6	8.1	11.3	11.6	Canara	50	46	45	44	43	43
PNB	69.6	-0.3	19.0	14.9	13.3	12.0	PNB	47	49	52	52	52	51
Union	123.1	10.0	18.9	4.5	9.6	9.0	Union	47	46	46	44	42	40
BOI	3.7	10.3	17.0	9.6	9.6	10.0	BOI	50	54	51	49	47	46
PPOP growth (%)							PPOP ROA (%)						
SBI	5.0	-5.1	23.3	6.1	10.4	12.3	SBI	1.7	1.4	1.6	1.5	1.5	1.6
BOB	4.8	8.5	20.0	17.8	9.6	17.7	BOB	1.8	1.8	2.0	2.0	2.0	2.0
Canara	110.4	17.3	20.0	12.3	14.0	10.9	Canara	2.1	1.9	2.2	2.2	2.2	2.2
PNB	55.9	-9.7	8.5	15.1	13.8	15.6	PNB	2.2	1.6	1.6	1.7	1.7	1.8
Union	109.8	13.6	16.4	13.1	19.3	17.3	Union	2.4	1.9	2.1	2.1	2.3	2.4
BOI	-5.6	-8.1	34.1	18.5	21.7	12.4	BOI	1.6	1.4	1.7	1.8	2.0	2.0
Provisions (bp of loans)							Provisions / PPOP (%)						
SBI	177	91	54	25	60	90	SBI	62	36	20	10	24	36
BOB	202	166	80	76	90	105	BOB	73	58	27	25	31	35
Canara	284	200	169	120	100	90	Canara	81	61	49	36	29	27
PNB	297	216	218	145	115	110	PNB	81	79	81	53	41	38
Union	299	173	175	82	90	100	Union	88	61	52	25	26	27
BOI	186	148	148	63	90	100	BOI	70	44	53	22	29	32

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
NPL ratio (%)							NPL coverage (%)						
SBI	5.0	4.0	2.8	2.2	1.5	1.3	SBI	71	75	76	72	72	74
BOB	8.9	6.6	3.8	3.5	2.9	2.7	BOB	67	75	77	73	76	76
Canara	8.9	7.5	5.4	4.2	3.2	2.4	Canara	59	66	69	71	77	78
PNB	14.5	12.1	9.0	6.7	6.0	5.5	PNB	64	63	72	84	87	87
Union	13.8	11.1	7.5	5.9	5.1	4.8	Union	70	69	79	83	84	84
BOI	13.9	10.0	7.3	6.1	5.4	5.2	BOI	78	78	79	78	80	79
CET1 (%)							RWA growth (%)						
SBI	10.0	9.9	10.3	10.7	10.7	10.4	SBI	15	3	12	12	12	12
BOB	10.9	11.4	12.2	12.7	12.9	13.0	BOB	2	4	8	12	13	13
Canara	8.6	10.3	11.6	12.0	12.8	13.6	Canara	47	2	5	12	10	10
PNB	10.6	10.6	11.2	10.8	10.8	10.9	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	14.1	14.3	14.6	BOI	2	5	13	11	9	9
Core RoA (%)							Core RoE (%)						
SBI	0.5	0.7	1.0	1.0	0.9	0.7	SBI	8.4	11.9	16.5	17.0	14.1	12.3
BOB	0.1	0.6	1.0	1.1	1.0	1.0	BOB	1.1	8.9	15.3	16.7	15.5	15.2
Canara	0.3	0.5	0.8	1.0	1.2	1.2	Canara	5.2	9.1	15.2	18.4	19.8	19.3
PNB	0.3	0.3	0.2	0.5	0.7	0.7	PNB	3.7	3.7	2.6	7.9	10.3	11.5
Union	0.4	0.5	0.7	1.0	1.3	1.3	Union	5.9	7.7	11.3	15.9	18.9	18.7
BOI	0.3	0.5	0.5	0.8	0.9	0.9	BOI	4.7	6.6	7.1	12.0	13.8	13.3
RWA/assets							RoRWA (%)						
SBI	53	50	50	51	52	52	SBI	0.9	1.3	1.9	2.0	1.7	1.4
BOB	54	50	48	47	47	47	BOB	0.1	1.1	2.1	2.4	2.2	2.2
Canara	46	44	42	42	41	41	Canara	0.6	1.1	1.9	2.5	2.8	3.0
PNB	48	46	45	45	45	45	PNB	0.6	0.6	0.4	1.2	1.5	1.6
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	42	40	BOI	0.7	1.1	1.2	1.9	2.2	2.1

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	610,674	749,503	948,257	HDFC Bk	18.5	18.8	19.3	38.4	22.7	26.5
ICICI	161,936	233,394	318,936	388,634	402,688	442,165	ICICI	49.3	44.1	36.7	21.9	3.6	9.8
Kotak	99,902	117,210	147,640	166,636	182,933	202,497	Kotak	16.3	17.3	26.0	12.9	9.8	10.7
Axis	65,883	130,259	220,696	237,317	253,473	279,310	Axis	304.8	97.7	69.4	7.5	6.8	10.2
IndusInd	28,364	46,111	74,717	94,699	113,596	132,982	IndusInd	-35.8	62.6	62.0	26.7	20.0	17.1
SBI	204,101	316,761	502,339	597,466	557,199	529,133	SBI	40.9	55.2	58.6	18.9	-6.7	-5.0
BOB	8,285	72,721	141,098	175,702	184,449	203,461	BOB	51.6	777.7	94.0	24.5	5.0	10.3
Core EPS (Rs)							Core EPS growth (%)						
HDFC Bk	56.3	66.3	79.1	80.3	98.0	123.2	HDFC Bk	18.2	17.8	19.1	1.6	22.0	25.8
ICICI	23.1	33.0	45.7	55.1	56.5	61.5	ICICI	40.3	42.7	38.5	20.6	2.6	8.7
Kotak	51.0	59.1	74.3	82.9	89.9	98.4	Kotak	14.0	15.9	25.8	11.5	8.5	9.4
Axis	22.1	42.4	71.5	75.9	80.2	87.3	Axis	269.8	91.7	68.8	6.3	5.5	8.9
IndusInd	37.4	59.5	96.3	120.6	143.0	165.4	IndusInd	-41.3	59.1	61.8	25.2	18.5	15.7
SBI	22.9	35.5	56.3	66.9	62.4	59.3	SBI	41.0	55.2	58.6	18.9	-6.7	-5.0
BOB	1.79	14.06	27.28	33.91	35.53	39.11	BOB	31.3	685.3	94.0	24.3	4.8	10.1
Core ROE (%)							Core ROA (%)						
HDFC Bk	16.6	16.7	17.0	15.8	16.5	18.1	HDFC Bk	1.9	1.9	1.9	1.9	1.9	2.0
ICICI	12.3	14.7	17.2	18.0	16.3	15.8	ICICI	1.4	1.8	2.1	2.3	2.0	1.9
Kotak	13.1	12.9	14.1	13.8	13.3	12.9	Kotak	2.2	2.3	2.5	2.5	2.4	2.2
Axis	7.1	12.0	18.3	17.4	15.9	15.2	Axis	0.7	1.2	1.8	1.7	1.5	1.5
IndusInd	7.3	10.1	14.6	16.2	16.9	17.2	IndusInd	0.8	1.2	1.7	1.9	1.9	1.9
SBI	8.4	11.9	16.5	17.0	14.1	12.3	SBI	0.5	0.7	1.0	1.0	0.9	0.7
BOB	1.11	8.93	15.33	16.70	15.46	15.15	BOB	0.1	0.6	1.0	1.1	1.0	1.0
Core RONTA (%)							P/E (x)						
HDFC Bk	16.6	16.7	17.0	15.8	16.5	18.1	HDFC Bk	26.5	22.2	21.1	20.7	17.0	13.5

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
ICICI	12.3	14.7	17.2	18.0	16.3	15.8	ICICI	25.0	22.1	22.0	18.3	17.8	16.4
Kotak	17.1	16.7	17.6	15.1	13.3	12.9	Kotak	34.8	29.7	24.9	22.3	20.6	18.8
Axis	7.1	12.0	18.3	17.4	15.9	15.2	Axis	31.6	18.0	15.7	14.7	14.0	12.8
IndusInd	7.3	10.1	14.6	16.2	16.9	17.2	IndusInd	25.5	15.6	17.5	14.0	11.8	10.2
SBI	8.4	11.9	16.5	17.0	14.1	12.3	SBI	15.6	13.9	11.4	9.6	10.2	10.8
BOB	1.1	8.9	15.3	16.7	15.5	15.2	BOB	39.5	7.9	8.5	6.8	6.5	5.9
Book value per share (Rs)							P/B (x) (Consol)						
HDFC Bk	370	433	502	558	633	730	HDFC Bk	4.04	3.40	3.32	2.98	2.63	2.28
ICICI	213	245	287	329	370	413	ICICI	2.71	2.98	3.50	3.06	2.72	2.44
Kotak	428	490	565	641	722	811	Kotak	4.14	3.58	3.27	2.89	2.56	2.28
Axis	332	375	408	473	542	617	Axis	2.11	2.03	2.75	2.37	2.07	1.81
IndusInd	561	620	704	798	906	1031	IndusInd	1.70	1.49	2.39	2.11	1.86	1.63
SBI	284	314	367	419	463	503	SBI	1.26	1.57	1.74	1.53	1.38	1.27
BOB	149	166	190	216	244	273	BOB	0.47	0.67	1.22	1.07	0.95	0.85
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
HDFC Bk	361	425	494	543	616	710	HDFC Bk	4.13	3.46	3.37	3.07	2.70	2.34
ICICI	200	235	280	321	362	404	ICICI	2.89	3.10	3.60	3.14	2.78	2.49
Kotak	314	367	457	631	708	791	Kotak	5.64	4.77	4.04	2.93	2.61	2.34
Axis	309	357	396	464	537	613	Axis	2.26	2.13	2.83	2.41	2.08	1.83
IndusInd	542	600	682	829	927	1042	IndusInd	1.76	1.54	2.47	2.03	1.82	1.62
SBI	243	283	343	394	444	485	SBI	1.47	1.75	1.86	1.62	1.44	1.32
BOB	107	140	174	196	227	255	BOB	0.66	0.80	1.33	1.18	1.02	0.91
Leverage - asset / equity (x)							Growth in equity (%)						
HDFC Bk	8.6	8.6	8.8	8.7	9.0	9.1	HDFC Bk	19.1	17.9	16.7	51.5	14.1	16.1
ICICI	8.3	8.3	7.9	8.0	8.3	8.6	ICICI	26.6	15.6	17.7	15.5	13.7	12.7
Kotak	5.6	5.6	5.3	5.5	5.7	5.9	Kotak	26.4	14.5	15.6	14.7	14.1	13.7
Axis	9.8	10.2	10.5	10.3	10.3	10.4	Axis	19.6	13.4	8.9	17.4	15.9	15.2
IndusInd	8.4	8.4	8.4	8.6	8.8	8.9	IndusInd	24.9	10.7	13.7	14.7	15.0	15.1
SBI	17.9	17.8	16.8	16.2	16.3	16.6	SBI	9.4	10.3	17.0	14.2	10.6	8.5
BOB	15.0	14.9	14.8	14.8	14.9	15.1	BOB	7.2	11.5	14.3	14.2	12.7	12.4
Dividend per share (Rs\$)							Dividend yield (%)						
HDFC Bk	3.3	15.5	19.0	18.0	20.0	22.0	HDFC Bk	0.2	0.9	1.1	1.1	1.2	1.3
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	0.5	0.5	0.5
IndusInd	8.5	8.5	14.0	18.0	25.0	30.0	IndusInd	0.5	0.5	0.8	1.1	1.5	1.8
SBI	4.0	7.1	11.3	15.0	18.0	20.0	SBI	0.6	1.1	1.8	2.3	2.8	3.1
BOB	0.0	1.2	5.5	7.0	8.0	9.0	BOB	0.0	0.5	2.4	3.0	3.5	3.9
Market cap / PPOP (x)							Market cap / deposits (%)						
HDFC Bk	14	13	18	14	11	9	HDFC Bk	95	81	67	52	43	36
ICICI	11	13	14	12	11	10	ICICI	76	66	60	51	44	38
Kotak	21	21	18	15	13	12	Kotak	132	119	102	86	73	63
Axis	8	9	11	10	8	7	Axis	49	42	36	33	28	24
IndusInd	6	5	9	8	7	6	IndusInd	51	45	39	33	28	24
SBI	4	6	7	6	6	5	SBI	16	14	13	12	10	9
BOB	2	3	4	4	3	3	BOB	12	11	10	9	8	7

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 36: Valuation Summary - MSBs

Summary of key valuation metrics for mid-sized 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

Exhibit 36: Valuation Summary - MSBs

Summary of key valuation metrics for mid-sized banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
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
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	12.3	16.9	295.5	16.9	6.3	5.3
Au SFB	17.9	22.0	17.8	15.4	15.2	16.5	Au SFB	69.2	40.7	39.6	36.1	25.9	20.8
Federal	11.1	10.3	10.9	15.0	14.0	14.5	Federal	19.7	19.2	16.8	10.6	8.4	7.2
IDFCFB	-17.1	2.7	0.7	10.5	11.2	11.1	IDFCFB	-14.7	105.8	375.4	23.4	17.2	15.6
RBL	5.6	4.4	-0.6	6.7	8.7	9.9	RBL	29.6	32.4	-235.1	19.9	13.7	11.2
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	2.14	1.90	1.32	1.09
Au SFB	72.0	100.5	119.3	164.6	210.3	243.0	Au SFB	8.53	6.20	6.47	4.69	3.67	3.18
Federal	72.9	80.8	89.4	101.6	132.7	150.4	Federal	1.04	1.21	1.70	1.49	1.14	1.01
IDFCFB	31.9	31.9	33.8	38.9	47.7	52.9	IDFCFB	1.75	1.24	2.57	2.24	1.82	1.64
RBL	208.0	211.7	210.5	226.4	255.5	275.7	RBL	1.00	0.61	1.39	1.29	1.15	1.06
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	2.35	2.02	1.45	1.17
Au SFB	68.4	88.4	115.0	160.3	209.1	240.1	Au SFB	8.98	7.05	6.71	4.81	3.69	3.21
Federal	64.8	72.9	82.8	95.9	128.7	145.8	Federal	1.17	1.34	1.84	1.58	1.18	1.04
IDFCFB	30.2	28.6	30.9	36.9	45.9	50.1	IDFCFB	1.84	1.39	2.82	2.36	1.90	1.73
RBL	184.7	191.0	197.0	213.6	249.5	270.6	RBL	1.12	0.68	1.49	1.37	1.17	1.08
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	0.4	2.2	2.2
Au SFB	0.0	0.0	0.5	1.0	2.0	2.0	Au SFB	0.0	0.0	0.1	0.1	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	1.4	1.4
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	0.5	1.0	1.0
Market cap / PPOP (x)							Market cap / deposits (%)						
Bandhan	8	6	5	5	4	3	Bandhan	71	52	34	29	24	20
Au SFB	17	21	9	7	5	4	Au SFB	102	71	74	60	48	38
Federal	4	5	8	7	6	4	Federal	9	11	17	15	13	11
IDFCFB	13	7	12	10	8	7	IDFCFB	37	22	42	33	26	21
RBL	4	3	23	19	15	13	RBL	17	10	21	19	16	14

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	597,466	557,199	529,133	SBI	40.9	55.2	58.6	18.9	-6.7	-5.0
BOB	8,285	72,721	141,098	175,702	184,449	203,461	BOB	51.6	777.7	94.0	24.5	5.0	10.3
Canara	25,573	56,785	106,036	147,354	186,618	214,714	Canara	-214.4	122.1	86.7	39.0	26.6	15.1
PNB	28,425	34,570	25,167	80,939	114,370	139,099	PNB	745.5	21.6	-27.2	221.6	41.3	21.6
Union	29,061	52,323	84,331	136,914	191,554	219,274	Union	-849.4	80.0	61.2	62.4	39.9	14.5
BOI	21,602	34,047	40,229	72,089	89,574	96,320	BOI	-173.2	57.6	18.2	79.2	24.3	7.5
Core EPS (Rs)							Core EPS growth (%)						
SBI	23	35	56	67	62	59	SBI	41.0	55.2	58.6	18.9	-6.7	-5.0
BOB	2	14	27	34	36	39	BOB	31.3	685.3	94.0	24.3	4.8	10.1
Canara	17	32	58	81	101	115	Canara	-163.8	92.1	79.9	37.7	25.5	14.0
PNB	3	3	2	7	10	12	PNB	375.7	7.8	-27.6	219.7	40.5	20.9

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	25	29	Union	-371.5	70.3	59.7	48.5	38.7	13.5
BOI	7	9	10	17	21	23	BOI	-172.6	34.1	10.9	77.6	23.1	6.6
Core ROE (%)							Core ROA (%)						
SBI	8	12	17	17	14	12	SBI	0.5	0.7	1.0	1.0	0.9	0.7
BOB	1	9	15	17	15	15	BOB	0.1	0.6	1.0	1.1	1.0	1.0
Canara	5	9	15	18	20	19	Canara	0.3	0.5	0.8	1.0	1.2	1.2
PNB	4	4	3	8	10	11	PNB	0.3	0.3	0.2	0.5	0.7	0.7
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	14	13	BOI	0.3	0.5	0.5	0.8	0.9	0.9
Core RONTA (%)							P/E (x)						
SBI	8	12	17	17	14	12	SBI	24.9	16.1	10.1	8.5	9.1	9.6
BOB	1	9	15	17	15	15	BOB	106.2	13.5	7.0	5.6	5.4	4.9
Canara	5	9	15	18	20	19	Canara	19.4	10.1	5.6	4.1	3.2	2.8
PNB	4	4	3	8	10	11	PNB	21.4	19.8	27.4	8.6	6.1	5.0
Union	6	8	11	16	19	19	Union	20.1	11.8	7.4	5.0	3.6	3.2
BOI	5	7	7	12	14	13	BOI	13.2	9.8	8.9	5.0	4.1	3.8
Book value per share (Rs)							P/B (x) (Consol)						
SBI	284	314	367	419	463	503	SBI	2.00	1.82	1.55	1.36	1.23	1.13
BOB	149	166	190	216	244	273	BOB	1.28	1.15	1.00	0.88	0.78	0.70
Canara	358	364	406	471	553	645	Canara	0.92	0.90	0.81	0.70	0.59	0.51
PNB	94	87	91	96	104	113	PNB	0.67	0.72	0.69	0.65	0.60	0.55
Union	101	103	115	125	144	166	Union	0.91	0.88	0.80	0.73	0.63	0.55
BOI	149	134	144	148	164	181	BOI	0.59	0.65	0.60	0.59	0.53	0.48
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
SBI	243	283	343	394	444	485	SBI	2.34	2.02	1.66	1.45	1.29	1.17
BOB	107	140	174	196	227	255	BOB	1.78	1.36	1.10	0.97	0.84	0.75
Canara	209	261	327	405	510	610	Canara	1.57	1.25	1.00	0.81	0.64	0.54
PNB	54	55	70	86	96	105	PNB	1.16	1.14	0.89	0.73	0.65	0.60
Union	58	68	96	113	133	154	Union	1.57	1.35	0.95	0.80	0.69	0.59
BOI	111	110	124	129	147	163	BOI	0.78	0.79	0.70	0.67	0.59	0.53
Leverage - asset / equity (x)							Growth in equity (%)						
SBI	17.9	17.8	16.8	16.2	16.3	16.6	SBI	9.4	10.3	17.0	14.2	10.6	8.5
BOB	15.0	14.9	14.8	14.8	14.9	15.1	BOB	7.2	11.5	14.3	14.2	12.7	12.4
Canara	19.6	18.6	18.3	17.4	16.4	15.5	Canara	49.9	12.3	11.3	17.1	18.5	17.8
PNB	13.9	13.8	14.6	15.2	15.5	15.7	PNB	45.8	5.0	4.6	6.5	8.7	9.6
Union	16.6	16.8	16.3	15.4	14.8	14.3	Union	90.8	9.5	11.0	19.6	16.1	16.0
BOI	14.9	13.3	13.8	15.1	15.2	15.3	BOI	11.1	13.2	7.0	3.9	11.9	11.6
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	5.7	5.2	4.6	SBI	13.8	12.6	11.5	10.3	9.3	8.4
BOB	4.8	4.4	3.7	3.1	2.8	2.4	BOB	10.2	9.4	8.2	7.4	6.6	5.9
Canara	3.0	2.6	2.1	1.9	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	2.0	PNB	6.2	6.0	5.4	4.8	4.4	4.0
Union	3.2	2.8	2.4	2.2	1.8	1.5	Union	6.7	6.0	5.6	5.1	4.6	4.1
BOI	3.3	3.6	2.7	2.2	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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 ICICI – ICICI Bank
 Axis – Axis Bank
 Kotak – Kotak Mahindra Bank
 IndusInd – IndusInd Bank
 SBI – State Bank of India
 BOB – Bank of Baroda
 IDFCFB – IDFC First Bank
 AUSFB – AU Small Finance Bank
 RBL – RBL Bank
 Bandhan – Bandhan Bank
 Federal – Federal Bank
 BOI – Bank of India
 PNB – Punjab National Bank
 Union – Union Bank of India
 Canara – Canara Bank
 RBI – Reserve Bank of India
 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
 GVA – Gross Value Added
 GDP – Gross Domestic Product

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