

Banks - India

Deposit competition moves to 'special' rates; loan spreads under pressure

Industry Overview

In this report, we look in detail at all the key deposit and lending rates offered by Indian banks. Detailed historical tables inside.

Pvt banks get pulled into 'special' rates competition

Banks' headline FD rates have remained flat (to down) over the past 4-6 weeks, but competition has now moved to special/promotional rates – 1) PSBs have extended their promotional rates again until end of the year, 2) Pvt banks have introduced new peak rates for 15-24M tenure (with HDFC Bk more competitive in 3-5yr segment), 3) Some banks (Axis, IIB, Federal) have increased senior citizen bonus rates to 75 bp (vs 50 bp before), 4) More promotions for 'autosweep' products after Kotak's success last qtr. On loans – MCLR increases have stalled, and mortgage rates remain competitive. Overall, loan spreads might remain under pressure with scope for -ve surprises near term.

Big 4 bks – HDFC Bk ups ante in 3-5yr segment

Big 4 pvt banks have launched promotional rates for 15-35 months tenure – All big 4 banks have launched special FD rates of 7.1-7.2% for small FD of 15-35 months tenure. HDFC's peak rate is for 3yr/5 yr tenure – While most banks are offering highest FD rate for 1-2 yr period, HDFC is offering 7.2%/7.25% for 35/55 months.

Mixed trend in mortgage rate - HDFCB and Axis have cut mortgage rate by 40/90 bps in Jul'23. ICICI and Kotak continues to see flat mortgage rate.

Axis bank saw cut in mortgage rate – Axis bank has seen 90 bps cut in mortgage rate, flat MCLR (vs 5-10 bps hike by peers) and 10 bps increase in large FD rate. It is also offering 75 bps spread for senior citizen on peak rates.

PSBs – extend special FD deadlines; MCLR increases stall

PSBs extended validity of special FD – Validity for all special FD has been extended to Sep-Dec'23. While a few banks saw marginal cut in rates offered, BOB and SBI are still offering same rate as before. Banks like Bandhan, RBL are offering the highest rates.

Flat mortgage rate, BOB cut rate for SME loan – SBI and BOB have not seen any rate cut for mortgage loan. While BOB has cut SME loan by 45 bps in Jul'23.

Slower MCLR revision - SBI and BOB have seen MCLR rate hike of 5-10 bps in last 3M.

MSBs –IIB stands out with rate cut across deposits

Some rate rate cuts for bulk FDs – MSBs (BhB, IDFCFB, Federal) had started taking rate cuts for bulk deposits since May'23 but the trend has slowed down in Jul-Aug'23.

IIB has taken rate cut in deposits – IIB has cut small/medium FD rate by 55/43 bps and small SA (Rs 10-50 lakh) by 25 bps in last 3M.

BhB increased MFI rate by 50 bps – Bandhan has taken 50 bps rate hike in MFI in Jul'23.

21 August 2023

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Refer to important disclosures on page 21 to 23.

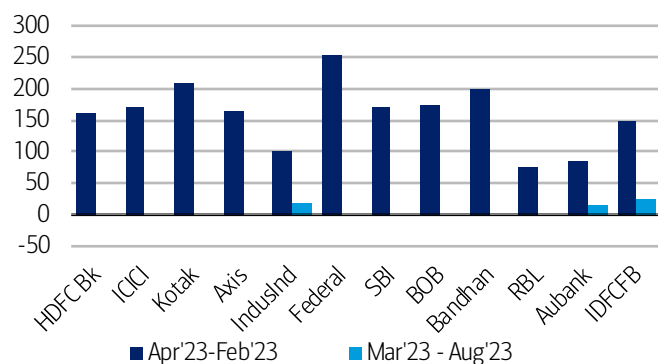
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Key charts and tables

Exhibit 1: Change in small fixed deposit rates (bps)

Small FD rate increase for 1 yr tenure is close to zero since Mar'23



Source: BofA Global Research estimates, company websites

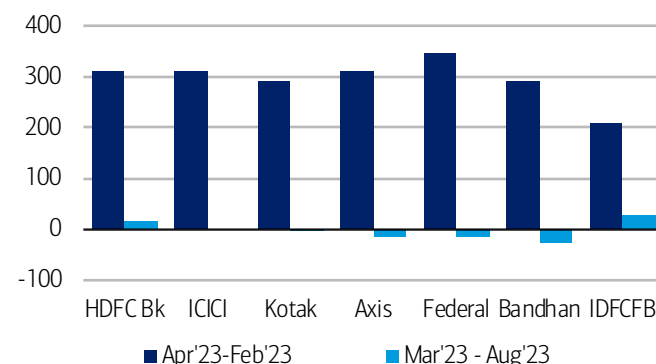
Note – Small FDs are deposits less than Rs 2 Cr

Deposit beta = change in deposit rate divided by change in policy rate

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Exhibit 2: Change in large fixed deposit rates (bps)

A few banks saw cuts in large FD rates since Mar'23



Source: BofA Global Research estimates, company websites

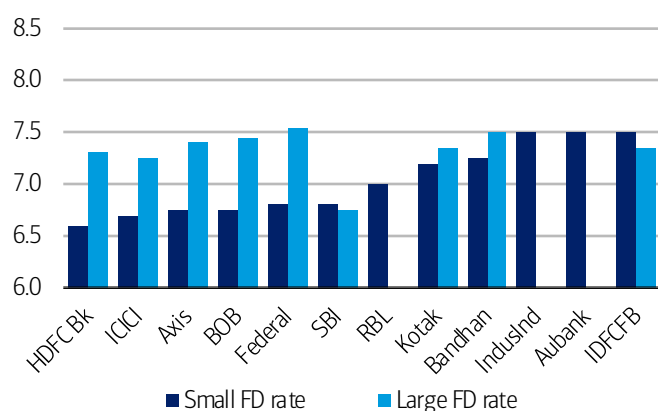
Note – Small FDs are deposits larger than Rs 25 Cr

Deposit beta = change in deposit rate divided by change in policy rate

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Exhibit 3: Current interest rate – Small and large FDs (%)

Difference in retail vs large FD rates is much higher for big banks



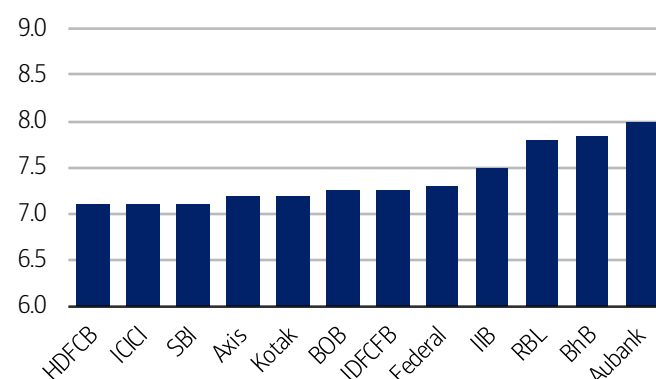
Source: BofA Global Research estimates, company websites

Note – Small FDs are deposits less than Rs 2 Cr, large FDs are above Rs 25 Cr

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Exhibit 4: Peak rate upto 2 yr tenure - Small FDs (%)

Banks are offering 50 bps higher peak rate vs 1 yr tenure FD rates

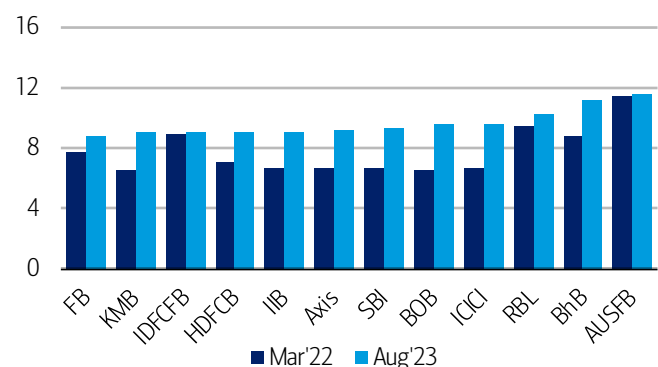


Source: BofA Global Research estimates, company websites

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Exhibit 5: Mortgage rate (%) - Aug'23 vs Mar'22

Increase in mortgage rate from Mar'23 level has been lower for MSBs



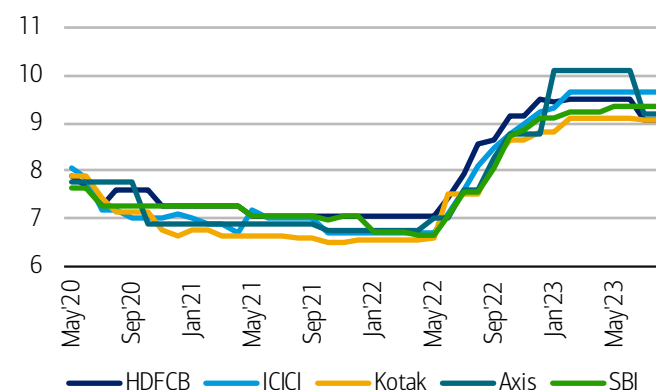
Source: BofA Global Research estimates, company websites

Note – Mortgage rates for Salaried customers, general category, male, amt between Rs 35-70 L

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Exhibit 6: Mortgage rate (%)

ICICI is offering the highest rate on mortgage while Kotak is offering lowest



Source: BofA Global Research estimates, company websites

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Exhibit 7: Special FD schemes by banks

PSBs have extended the scheme availability period on the special FD schemes and Big pvt banks have launched promotional rates in Aug'23

Bank	Scheme	Tenor	Deposit amount	Scheme availability	Rate
SBI	Amrit Kalash	400 days	Less than 2 Cr	Upto 31st Dec'23	7.1
BOB	Baroda Tiranga Plus Scheme	399 days	Less than 2 Cr		7.3
Punjab Sindh Bank	Special Rate for Special days	400 days	Less than 2 Cr	Upto 30th Sep'23	7.1
Punjab Sindh Bank	Special Rate for Special days	601 days	Less than 2 Cr	Upto 30th Sep'23	7.0
Bank of India	400 days (Monsoon deposit)	400 days	Less than 2 Cr		7.3
Indian Bank	IND Supreme 300 days	300 days	Less than 2 Cr	Upto 31st Aug'23	7.1
Indian Bank	IND Super 400 days	400 days	Less than 2 Cr	Upto 31st Aug'23	7.1
IDBI Bank	Amrit Mahotsav FD scheme	444 days	Less than 2 Cr	Upto 30th Sep'23	7.2
IDBI Bank	Amrit Mahotsav FD scheme	375 days	Less than 2 Cr	Upto 30th Sep'23	7.1
Bandhan Bank	Special rate for 500 days	500 days	Less than 2 Cr		7.9
RBL Bank	ACE Deposits	453 days	Less than 2 Cr		8.0
HDFC Bank	Special FD scheme	1050 days	Less than 2 Cr	Limited Period	7.2
HDFC Bank	Special FD scheme	1650 days	Less than 2 Cr	Limited Period	7.3
ICICI	Promotional offer	450 days	Less than 2 Cr		7.1
Kotak	Promotional offer	690 days	Less than 2 Cr		7.2
Axis	Promotional offer	720 days	Less than 2 Cr		7.2
IndusInd	Promotional offer	360 days	Less than 2 Cr		7.5

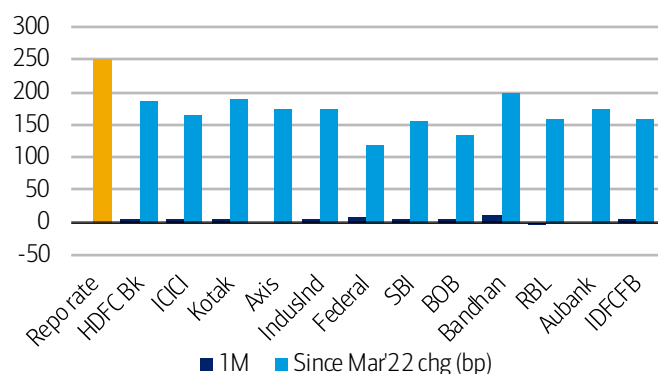
Source: BofA Global Research, Company Websites

Note – all the mentioned schemes are for small FD and for normal citizen

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Exhibit 8: 12M MCLR (bps)- 1M vs since Mar'22 change

BOB, Federal and SBI have lagged peers in MCLR revision since Mar'22

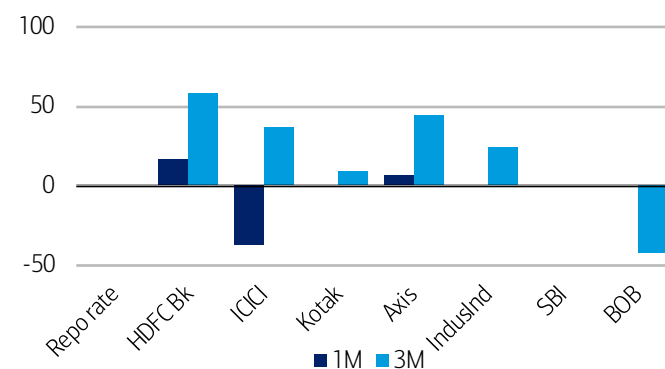


Source: BofA Global Research estimates, company

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Exhibit 9: Auto loan rate (bps)- 1M vs 3M change

Increase in auto loan rate in last 3 month is followed by some cuts in Jul'23

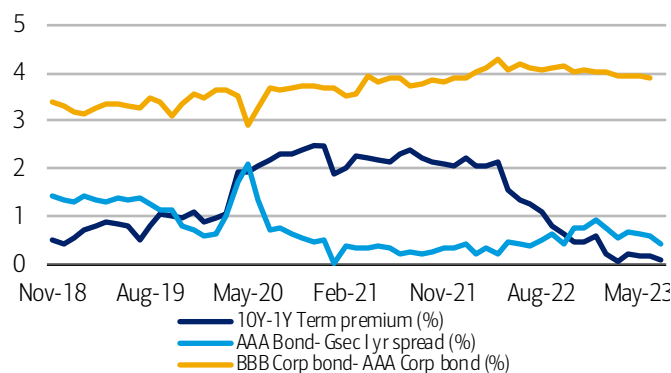


Source: BofA Global Research estimates, company

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Exhibit 10: Term premium and corporate bond spread (%)

Term premium reduced continued to come off in Jul'23

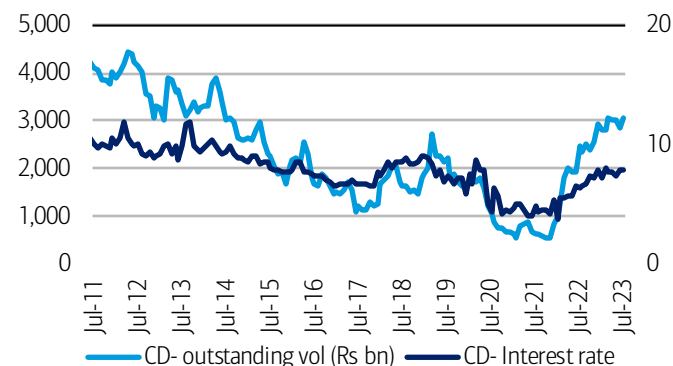


Source: BofA Global Research, Bloomberg

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Exhibit 11: CD – outstanding vol (Rs bn) and interest rate (%)

Both CD volume and rate sustaining at higher level due to elevated demand



Source: BofA Global Research, Bloomberg

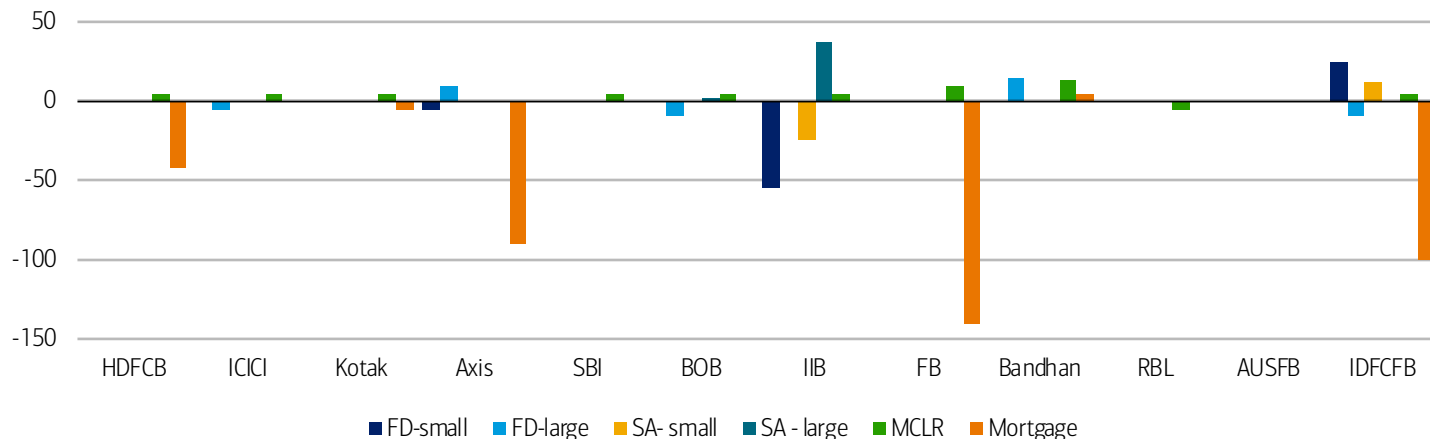
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Interest rate monitor- intense competition in deposits continued

We track market interest rate for savings account, fixed deposits and lending rates across banks and highlight the key trends –

Exhibit 12: Bank wise rate change (bps) – since Jul'23

Marginal rate revision in FDs and few banks saw mortgage rate cuts



Source: BofA Global Research Estimates, Company websites

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Deposits – rate cut paused for now; special FDs extended

RBI has kept the repo rate hike constant at 6.5% in its last meeting on 10th Aug'22 despite an uptick in inflation. But along with stable policy rate, RBI also asked banks to keep an incremental CRR of 10% on deposits gathered over 19th May to 28th Jul'23. This is to absorb surplus liquidity created in the system led by withdrawal of Rs2,000 notes. While banks saw a breather on deposits in last few months, the competition is expected to continue to be intense led by credit growth sustaining at elevated levels.

Small FD rates – continues to be stable – Retail FD rates has been broadly stable since Mar'23 with few expectations – IIB cut rate and IDFC increased rate by 25 bps. For 1 yr small FD, big 4 banks continued to offer different rates with Kotak offering highest rate of 7.2%. Kotak banks has also launched a sweep account, ActivMoney, where it is offering upto 7% rate for more than 7 days.

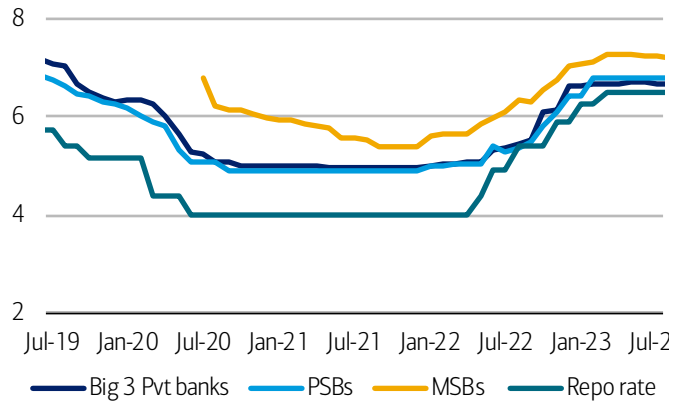
IIB has reversed part of rate hike – IndusInd bank has cut small and medium FD rate by 25/20 bps in Jul'23. With this, the bank is now offering rates close to other MSB peers. It has also taken rate cut of 25 bps in small SA (higher than 10 lakhs).

Bulk FD – Banks have slowed down on rate cuts – While banks had started taking small rate cuts in May-Jun'23 for medium and large FD, this has slowed down in last two months as expectation of repo rate cut is getting pushed. Avg rate cut for MSBs in last 3M was 20 bps s 5 bps since Jul'23.

Promotional FD schemes extended – Banks have extended promotional FD schemes to end of Sep'23 to Dec'23 with few banks taking minor rate cuts. This is mainly driven by intense competition which is expected to continue led by robust loan growth, incremental CRR requirement and merger of HDFC bank with its parent.

Exhibit 13: FD rates for small deposits (%)

Retail FD rates has been mostly flat since Apr'23

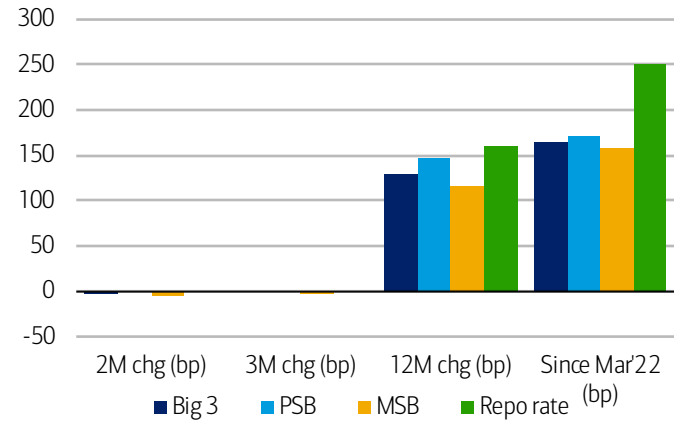


Source: BofA Global Research Estimates, Company websites
 Note – FD rates for small deposits of <Rs 2Cr for 1 year

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Exhibit 14: Change in FD rates for small deposits (bps)

Small FD rate revision has stopped in line with pause in repo rate hike

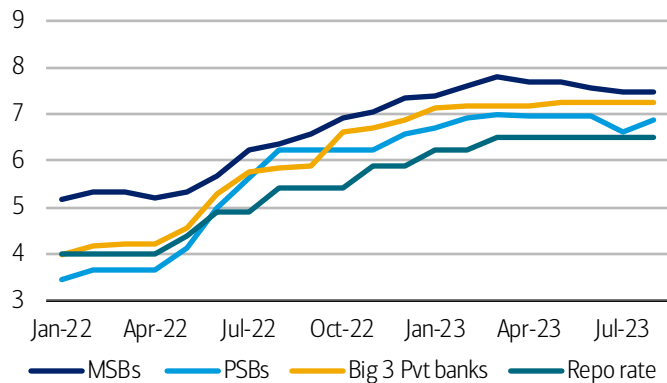


Source: BofA Global Research Estimates, Company websites

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Exhibit 15: FD rates for medium deposits (%)

MSBs saw some rate cuts in May-Jun'23 but has stopped now

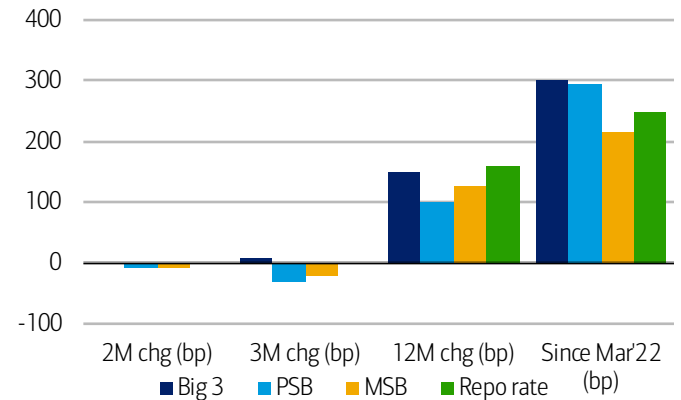


Source: BofA Global Research Estimates, Company websites
 FD rates for medium deposits of Rs 2 Cr to Rs 5 Cr for 1 year

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Exhibit 16: Change in FD rates for medium deposits (bps)

Rate hike for medium FD has been higher for PSBs and Big 3 banks

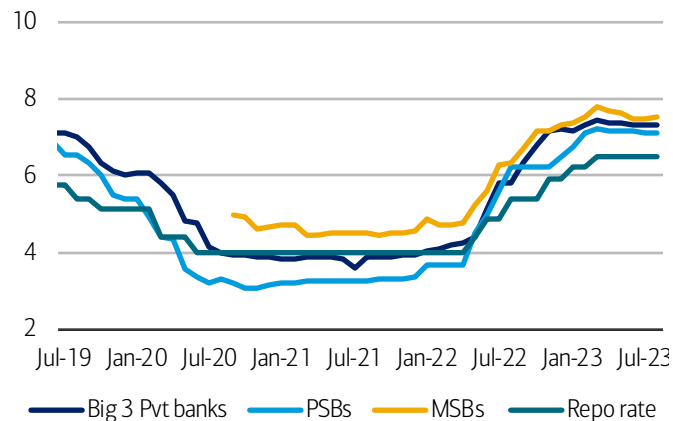


Source: BofA Global Research Estimates, Company websites

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Exhibit 17: FD rates for large deposits (%)

Minor cuts in large FD rates b few banks continued even in Jul/Aug'23

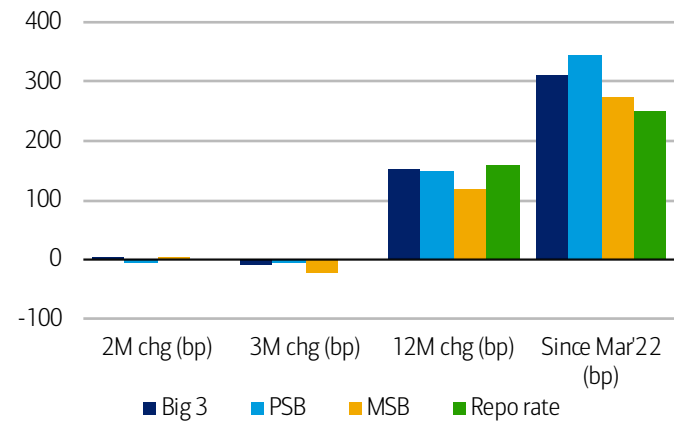


Source: BofA Global Research Estimates, Company websites
 FD rates for large deposits of >Rs 25 Cr for 1 year

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Exhibit 18: Change in FD rates for large deposits (bps)

Rate hike trend has started to reverse for bulk FD

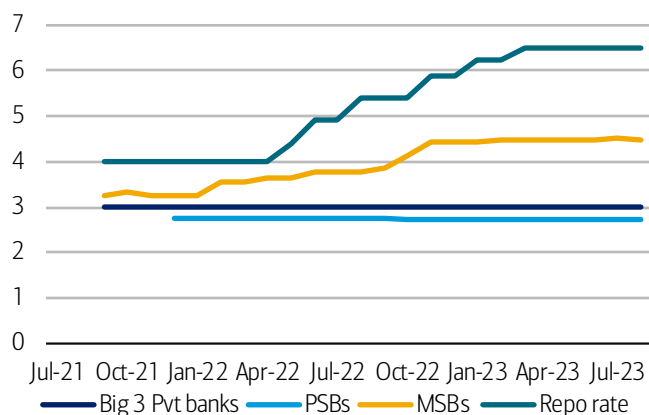


Source: BofA Global Research Estimates, Company websites

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Exhibit 19: Small SA rates (%)

Big 3 pvt banks and PSBs haven't revised SA rates



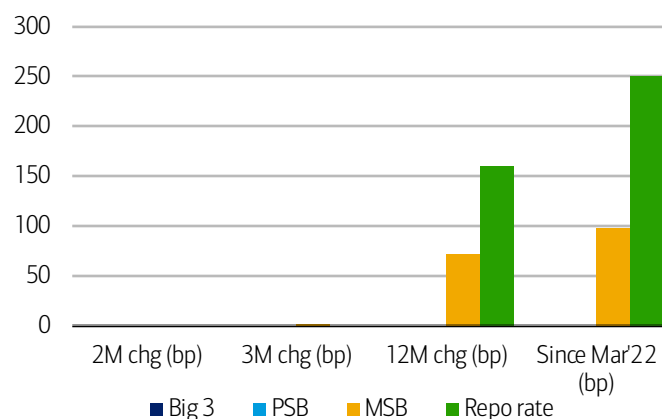
Source: BofA Global Research Estimates, Company websites

Note – Interest rates on SA (< Rs 50 lakhs)

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Exhibit 20: Small SA rate change (bps)

Only MSBs have revised small SA rates by ~95 bps since Apr'22



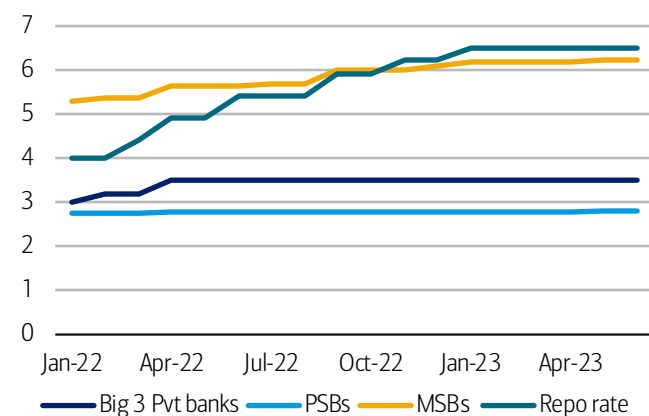
Source: BofA Global Research Estimates, Company websites

Note – Interest rates on SA (< Rs 50 lakhs)

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Exhibit 21: Large SA rates (%)

No change in large SA rate in last 4 months



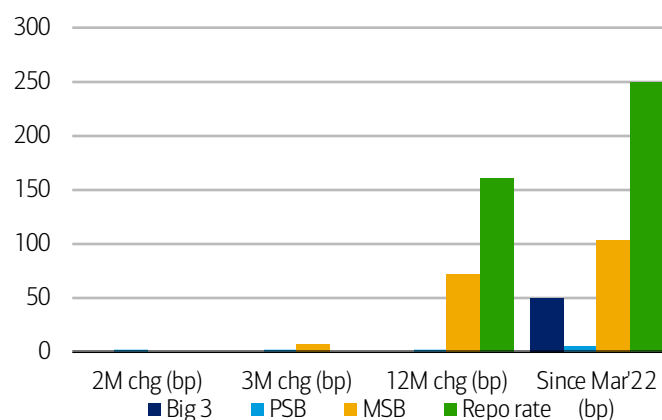
Source: BofA Global Research Estimates, Company websites

Note – Interest rates on SA (more than Rs 50 lakhs)

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Exhibit 22: Large SA rate change (bps)

No rate revision since Apr'23; 50-95 bps avg hike during FY23



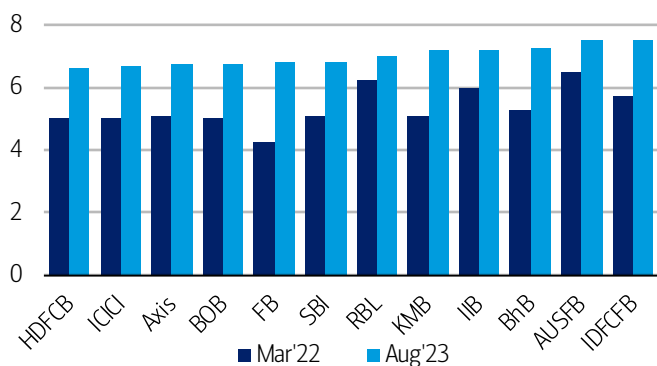
Source: BofA Global Research Estimates, Company websites

Note – Interest rates on SA (more than Rs 50 lakhs)

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Exhibit 23: Small FD rate (%) – Aug'23 vs Mar'22

Rate differential among big banks and MSBs is 50-100 bps for small FD



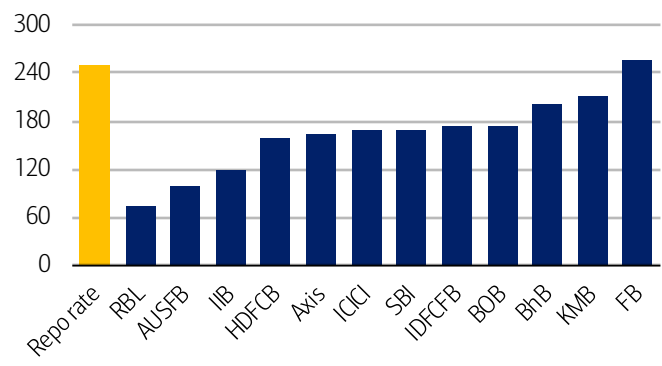
Source: BofA Global Research estimates, company

Note – FD refers to small FD (less than Rs 2 Cr)

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Exhibit 24: Small FD rate change (bp) - Aug'23 vs Mar'22

Rate revision across banks is quite wide for small FD



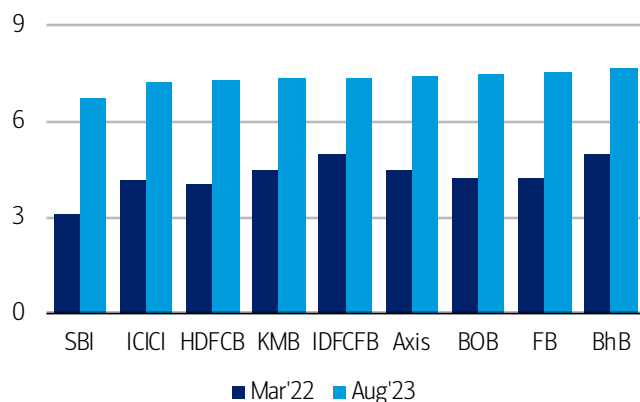
Source: BofA Global Research estimates, company

Note – FD refers to small FD (less than Rs 2 Cr)

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Exhibit 25: Large FD rate (%) - Aug'23 vs Mar'22

All banks offering almost same rate for bulk FD



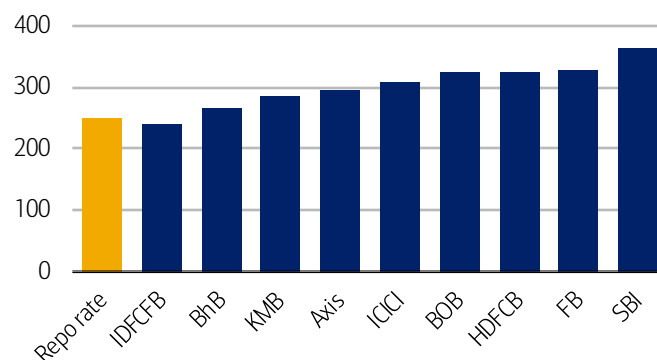
Source: BofA Global Research estimates, company

Note – large FD refers to FD with more than Rs 25 Cr balance

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Exhibit 26: Large FD rate (%) - Aug'23 vs Mar'22

Smaller banks have taken lower hike in large FD and are now cutting rates



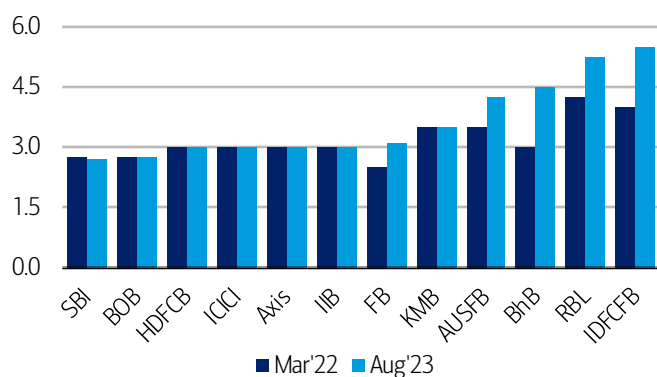
Source: BofA Global Research estimates, company

Note – large FD refers to FD with more than Rs 25 Cr balance

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Exhibit 27: Small SA rate (%) - Aug'23 vs Mar'22

MSBs are offering much higher rate for small SA vs big banks



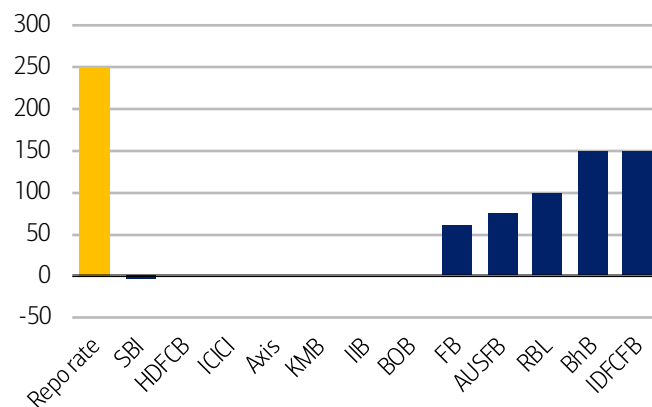
Source: BofA Global Research estimates, company

Note – Small SA refers to SA with less than Rs 50 lakhs of balance

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Exhibit 28: Large SA rate change (bps) - Aug'23 vs Mar'22

PSBs, Big pvt banks haven't revised rate for small SA



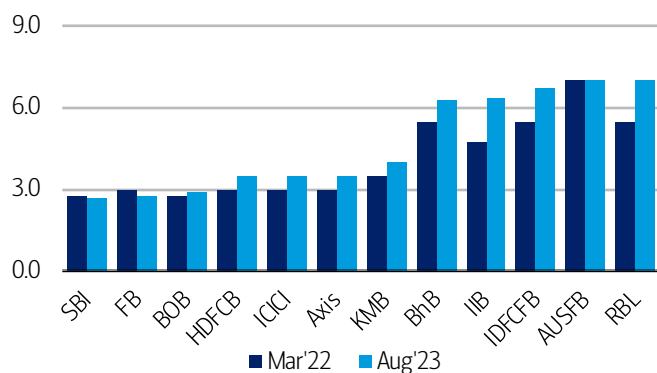
Source: BofA Global Research estimates, company

Note – Small SA refers to SA with less than Rs 50 lakhs of balance

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Exhibit 29: Large SA rate (%) - Aug'23 vs Mar'22

Federal continues to offer interest rate lower than its peers



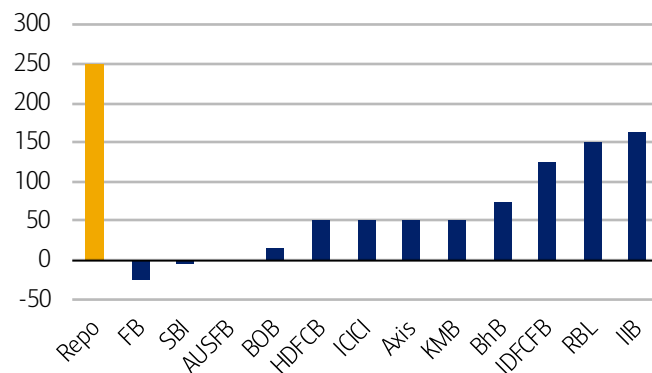
Source: BofA Global Research estimates, company

Note – Large SA refers to SA with more than Rs 50 lakhs of balance

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Exhibit 30: Large SA rate change (bps) - Aug'23 vs Mar'22

FB, AU stands out with negligible rate hike; MSBs have taken biggest hikes



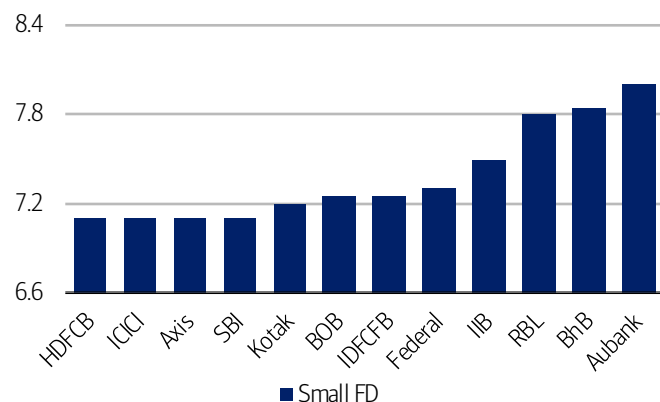
Source: BofA Global Research estimates, company

Note – Large SA refers to SA with more than Rs 50 lakhs of balance

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Exhibit 31: Peak interest rate on deposit tenure of upto 2 years

BOB and Kotak are offering higher peak rates among big banks

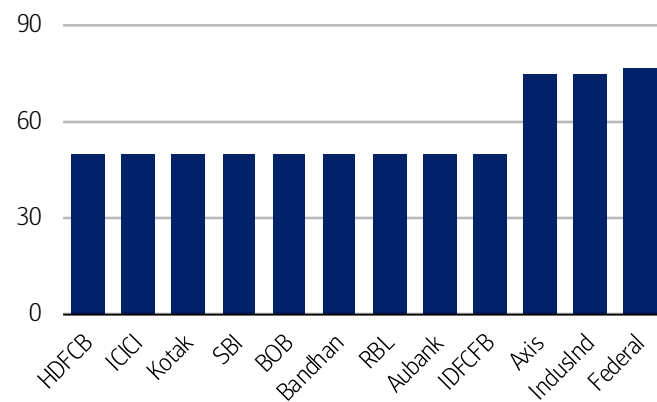


Source: BofA Global Research, Company website

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Exhibit 32: Diff. in general citizen and senior citizen FD rates (bps)

Axis, IIB and Federal have increased senior citizen bonus to ~75 bps



Source: BofA Global Research, Company website

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Exhibit 33: Special FD schemes by banks

PSBs have extended the scheme availability period on the special FD schemes and Big pvt banks have launched promotional rates in Aug'23

Bank	Scheme	Tenor	Deposit amount	Scheme availability	Rate
SBI	Amrit Kalash	400 days	Less than 2 Cr	Upto 31st Dec'23	7.1
BOB	Baroda Tiranga Plus Scheme	399 days	Less than 2 Cr		7.3
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Kotak	Promotional offer	690 days	Less than 2 Cr		7.2
Axis	Promotional offer	720 days	Less than 2 Cr		7.2
IndusInd	Promotional offer	360 days	Less than 2 Cr		7.5

Source: BofA Global Research, Company Websites

Note – all the mentioned schemes are for small FD and for normal citizen

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Exhibit 34: Sweep Account Details

IndusInd and ICICI have the lowest minimum balance requirement for auto-sweep

Bank	Scheme	Multiple	Default FD tenure	Minimum balance required
Kotak	ActivMoney	5,000	180 days	25,000
ICICI	Money Multiplier	5,000	365 days	15,000
Axis	Auto Fixed Deposits	5,000	180 days	25,000
HDFCB	Money Maximizer	25,000	366 days	100,000
IndusInd	Indus Multiplier Max Savings	1,000		20,000
SBI	Multi Option Deposits	10,000	365 days	35,000
Bank of Baroda	Super Savings Account	10,000		60,000

Source: BofA Global Research, Company websites

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Exhibit 35: Fixed deposit rate (%) – small deposits (< Rs 2Cr)

Small FD rates have bene flattish since Mar'23

	Dec-21	Mar-22	Jun-22	Sep-22	Dec'22	Mar'23	Jun'23	July'23	Aug'23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	4.90	5.00	5.35	5.50	6.50	6.60	6.60	6.60	6.60	0	0	125	160
ICICI	4.90	5.00	5.35	5.70	6.60	6.70	6.70	6.70	6.70	0	0	135	170
Kotak	4.90	5.10	5.65	6.00	7.00	7.20	7.20	7.20	7.20	0	0	145	210
Axis	5.10	5.10	5.25	5.45	6.75	6.75	6.80	6.75	6.75	-5	0	130	165
IndusInd	6.00	6.00	6.00	6.25	7.00	7.75	7.75	7.50	7.20	-55	-25	150	150
Federal	4.25	4.25	5.25	5.60	6.60	6.80	6.80	6.80	6.80	0	0	105	255
SBI	4.90	5.10	5.30	5.45	6.10	6.80	6.80	6.80	6.80	0	0	150	170
BOB	4.90	5.00	5.50	5.50	6.75	6.75	6.75	6.75	6.75	0	0	145	175
Bandhan	5.50	5.25	5.75	7.00	7.00	7.25	7.25	7.25	7.25	0	0	150	200
RBL	6.00	6.25	6.25	6.50	7.00	7.00	7.00	7.00	7.00	0	0	50	75
Aubank	5.85	6.50	6.60	6.60	7.35	7.60	7.50	7.50	7.50	0	-10	90	100
IDFCB	4.75	5.75	6.00	6.00	7.25	7.25	7.25	7.50	7.50	25	25	150	175
Big 3	4.97	5.03	5.32	5.55	6.62	6.68	6.70	6.68	6.68	-2	0	130	165
PSB	4.90	5.05	5.40	5.48	6.43	6.78	6.78	6.78	6.78	0	0	148	173
MSB	5.39	5.67	5.98	6.33	7.03	7.28	7.26	7.26	7.21	-5	-2	116	159
Avg FD rate	5.16	5.36	5.69	5.96	6.83	7.04	7.03	7.03	7.03	-3	-1	127	167

Source: BoFA Global Research Estimates, Company websites;

Note – FD rates for small deposits of <Rs 2Cr for 1 year. The heatmap shading represents incremental change in rates

BoFA GLOBAL RESEARCH

Exhibit 36: Fixed deposit rate (%) – medium deposits (Rs 2Cr – Rs 5 Cr)

MSBs have taken avg of 20 bps rate cut for medium Fd in last 3M

	Dec-21	Mar-22	Jun-22	Sep-22	Dec'22	Mar'23	Jun'23	July'23	Aug'23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	3.75	4.05	5.25	6.05	6.75	7.00	7.25	7.25	7.25	0	25	150	320
ICICI	4.00	4.15	4.95	5.50	6.90	7.25	7.25	7.25	7.25	0	0	165	310
Kotak	4.10	4.50	5.75	6.10	7.00	7.25	7.25	7.25	7.25	0	0	150	275
Axis	4.15	4.50	5.60	6.10	7.00	7.25	7.25	7.25	7.25	0	0	135	275
IndusInd	5.35	5.35	5.60	6.15	7.25	7.90	7.80	7.60	7.60	-43	-30	200	225
Federal	4.25	5.15	5.25	6.25	6.85	7.70	7.55	7.55	7.55	0	-15	180	240
SBI	3.10	3.10	4.75	6.00	6.50	6.75	6.75	6.75	6.75	0	0	200	365
BOB	3.80	4.25	5.25	6.50	6.63	7.23	7.15	6.50	6.98	-18	-5	60	285
Bandhan	5.00	5.00	5.25	7.25	7.90	8.10	7.50	7.50	7.65	15	-20	75	250
Aubank	NA	NA	NA	NA	NA	NA	NA	NA	NA				
IDFCB	4.45	4.90	5.95	6.70	7.45	7.50	7.35	7.30	7.35	0	-20	80	240
Big 3	3.97	4.23	5.27	5.88	6.88	7.17	7.25	7.25	7.25	0	8	150	302
PSB	3.45	3.68	5.00	6.25	6.56	6.99	6.95	6.63	6.86	-9	-3	130	325
MSB	5.01	5.33	5.66	6.57	7.36	7.80	7.55	7.49	7.48	-7	-21	127	216
Overall Avg	4.07	4.40	5.33	6.27	7.00	7.34	7.26	7.24	7.25	0	-4	133	284

Source: BoFA Global Research Estimates, Company websites;

Note – FD rates for medium deposits of Rs 2-5 Cr for 1 year. The heatmap shading represents incremental change in rates.

BoFA GLOBAL RESEARCH

Exhibit 37: Fixed deposit rate (%) – large (above Rs 25 Cr)

Banks have slowed down on rate cuts into large FD which has started in May-Jun'23

	Dec-21	Mar-22	Jun-22	Sep-22	Dec'22	Mar'23	Jun'23	July'23	Aug'23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	3.65	4.05	5.25	6.05	7.15	7.30	7.30	7.30	7.30	0	-10	150	325
ICICI	4.00	4.15	5.00	6.50	7.15	7.40	7.30	7.25	7.25	-5	-15	145	310
Kotak	4.05	4.50	5.95	6.20	7.40	7.45	7.35	7.35	7.35	0	0	140	285
Axis	4.15	4.45	5.15	6.50	7.35	7.65	7.30	7.40	7.40	10	0	160	295
IndusInd	NA	NA	NA	NA	NA	NA	NA	NA	NA				
Federal	4.25	4.25	5.25	5.75	6.85	7.70	7.55	7.55	7.55	0	-15	180	330
SBI	3.10	3.10	4.75	6.00	6.50	6.75	6.75	6.75	6.75	0	0	200	365
BOB	3.60	4.21	5.25	6.50	6.50	7.70	7.55	7.45	7.45	-10	-10	95	324
Bandhan	5.00	5.00	5.25	7.60	7.90	8.10	7.50	7.50	7.65	15	-20	75	250
RBL	NA	NA	NA	NA	NA	NA	NA	NA	NA				
Aubank	NA	NA	NA	NA	NA	NA	NA	NA	NA				

Exhibit 37: Fixed deposit rate (%) – large (above Rs 25 Cr)

Banks have slowed down on rate cuts into large FD which has started in May-Jun'23

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
IDFCFB	4.50	4.95	6.25	6.70	7.25	7.60	7.45	7.35	7.35	-10	-35	105	240
Big 3	3.93	4.22	5.13	6.35	7.22	7.45	7.30	7.32	7.32	2	-8	152	310
PSB	3.35	3.66	5.00	6.25	6.50	7.23	7.15	7.10	7.10	-5	-5	148	345
MSB	4.58	4.73	5.58	6.68	7.33	7.80	7.50	7.47	7.47	2	-23	120	273
Avg FD rate - large deposit	4.03	4.30	5.34	6.42	7.12	7.52	7.34	7.32	7.32	0	-12	139	303

Source: BofA Global Research Estimates, Company websites

Note – FD rates for large deposits of above 25 Cr for 1 year. The heatmap shading represents incremental change in rates.

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Exhibit 38: Savings deposit rate (%) - small deposits (< Rs 50 lakhs)

Big 4 banks and PSBs have seen no rate revision; IIB, Federal and AUSFB stands out with small rate increase of 50-75 bps in last 12M

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0	0	0	0
ICICI	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0	0	0	0
Kotak	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0	0
Axis	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0	0	0	0
IndusInd	4.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.25	-25	0	0	50
Federal	2.50	2.50	2.50	3.00	3.05	3.10	3.10	3.10	3.10	0	0	60	60
SBI	2.75	2.75	2.75	2.75	2.70	2.70	2.70	2.70	2.70	0	0	-5	-5
BOB		2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	0	0	0	0
Bandhan	3.00	3.00	3.00	3.00	4.50	4.50	4.50	4.50	4.50	0	0	150	150
RBL		4.25	4.25	4.25	5.25	5.25	5.25	5.25	5.25	0	0	100	100
Aubank	3.50	3.50	3.50	3.50	4.25	4.25	4.25	4.25	4.25	0	0	75	75
IDFCFB		4.00	5.00	5.00	5.13	5.38	5.38	5.50	5.50	13	13	50	150
Big 3	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0	0	0	0
PSB		2.75	2.75	2.75	2.73	2.73	2.73	2.73	2.73	0	0	-2	-2
MSB		3.54	3.79	3.88	4.45	4.50	4.50	4.52	4.48	-2	2	73	98
Avg savings rate	3.21	3.27	3.40	3.44	3.72	3.74	3.74	3.75	3.73	-1	1	36	48

Source: BofA Global Research Estimates, Company websites

Note – Interest rates on SA (<Rs 50 lakhs). The heatmap shading represents incremental change in rates.

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Exhibit 39: Savings deposit rate (%) - large deposits (> Rs 50 lakhs)

AUSFB, FB stands out amongst MSBs with no rate hike in past 12M vs avg of 85 bps for MSBs

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0	50
ICICI	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0	50
Kotak	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0	0	0	50
Axis	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0	50
IndusInd	4.75	4.75	4.75	6.00	6.00	6.00	6.38	6.38	38	38	163	163
SBI	2.75	2.75	2.75	2.70	2.70	2.70	2.70	2.70	0	0	-5	-5
BOB	2.75	2.83	2.83	2.88	2.88	2.88	2.90	2.90	2	2	7	15
Bandhan	5.50	6.00	6.00	6.25	6.25	6.25	6.25	6.25	0	0	25	75
RBL	5.50	6.00	6.25	6.50	7.00	7.00	7.00	7.00	0	0	100	150
Aubank	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	0	0	0	0
IDFCFB	5.50	6.00	6.00	6.25	6.75	6.75	6.75	6.75	0	0	75	125
Big 3	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0	50
PSB	2.75	2.79	2.79	2.79	2.79	2.79	2.80	2.80	1	1	1	5
MSB	5.65	5.95	6.00	6.40	6.60	6.60	6.68	6.02	-58	8	73	103
Avg savings rate	4.20	4.53	4.55	4.73	4.83	4.83	4.86	4.69	-14	4	33	66

Source: BofA Global Research Estimates, Company websites

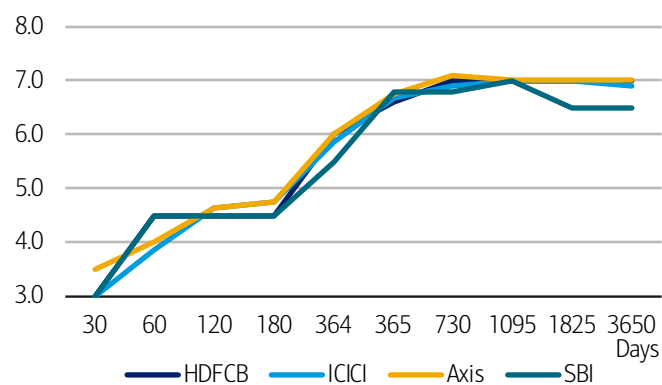
Note – Interest rates on SA (>Rs 50 lakhs). The heatmap shading represents incremental change in rates.

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Deposit yield curve for big banks

Exhibit 40: Small FD – Interest rate (%) vs tenure (days)

Rate gap between Big 3 pvt bks and SBI is wider for longer tenure FD

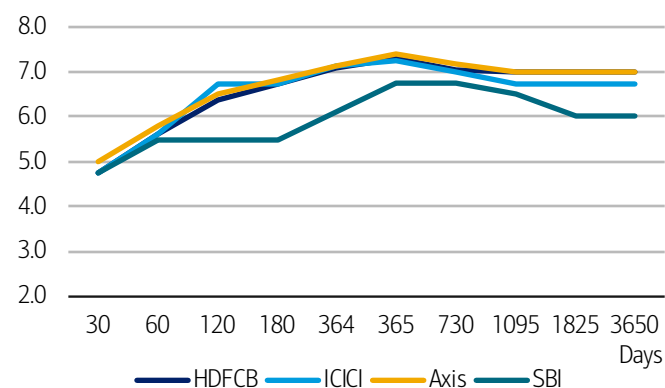


Source: BofA Global Research, Company

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Exhibit 41: Large FD – Interest rate (%) vs tenure (days)

SBI offers lower interest rate across tenure for large FD



Source: BofA Global Research, Company

BofA GLOBAL RESEARCH

Lending rates – rate revision slowed down for MCLR

MCLR rate increase of ~5 bps in Jul-Aug'23 – MCLR rate revision has significantly slowed down in last 3 months. Banks have seen avg of 5 bps increase in Jul-Aug'23 vs 12 bps increase in May-Aug'23. Moreover, banks are not able to fully pass on the increase in MCLR rate to protect demand.

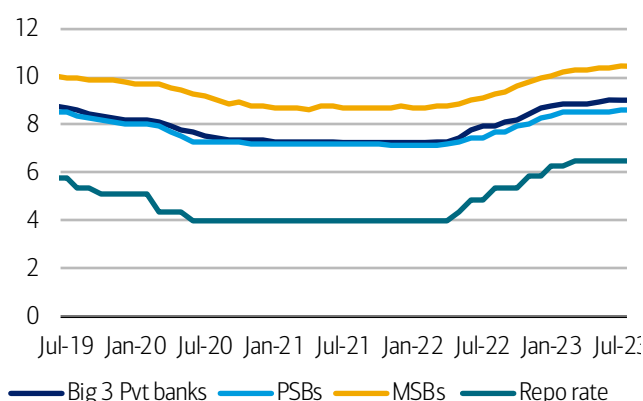
Mortgage – small rate cuts since May'23 – Banks have started seeing rate cuts in mortgage segments led by higher competition. Big banks and MSBs have cut rates by 45 bps in last 3 months but PSBs' rates continued to remain intact.

Auto – slowdown in rate hike – Banks have slowed down on rate revision in auto segment and even took some cuts in last 3 months.

MFI – Bandhan has increased rate by 50 bps in Jul'23 – Both Bandhan bank and Credit Access have increased rate by 25 bps in Jul'23.

Exhibit 42: MCLR -1 yr (%)

Revision in MCLR has really slowed down in last few months

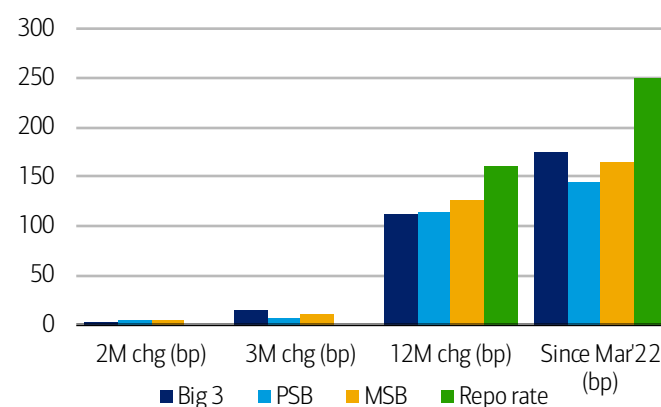


Source: BofA Global Research Estimates, Company websites

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Exhibit 43: MCLR (1 yr) change (bps)

MCLR rate hike has been just 5 bps in Jul'23-Aug'23

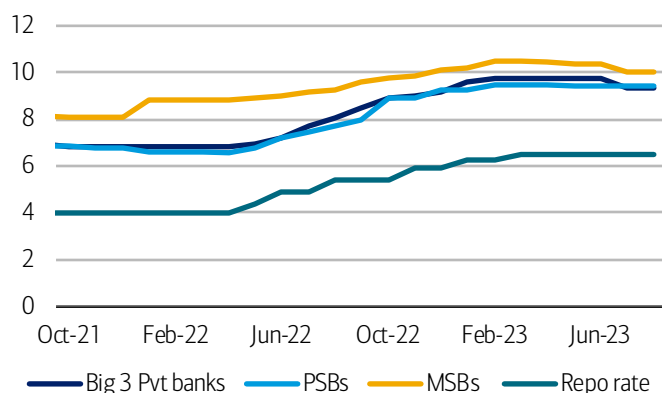


Source: BofA Global Research Estimates, Company websites

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Exhibit 44: Mortgage rates (%)

Rate cut up to 140 bps in mortgage loan in last 3 months



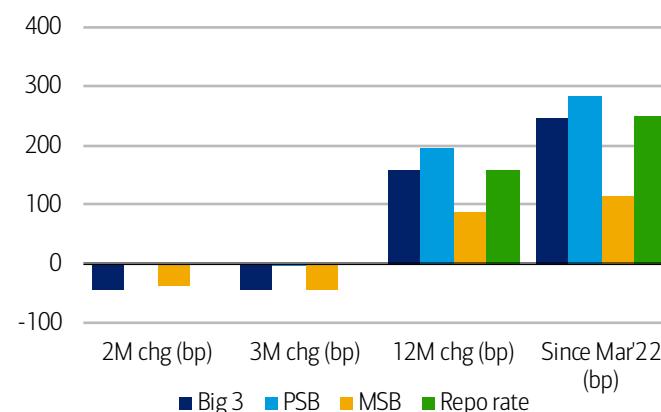
Source: BofA Global Research Estimates, Company websites

Note – Mortgage rates for Salaried customers, general category, male, amt between Rs 35-70 L

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Exhibit 45: Mortgage rate change (bps)

For PSBs & big 3 pvt bks, mortgage rate hike has been higher than repo rate

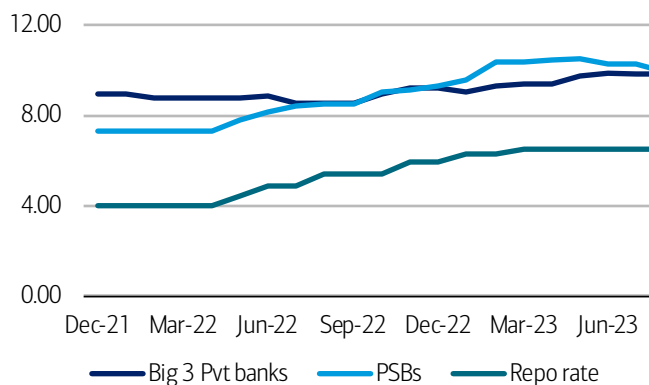


Source: BofA Global Research Estimates, Company websites

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Exhibit 46: Auto loan rates (%)

Pace of repricing has picked up for Big 3 bank in auto loan segment



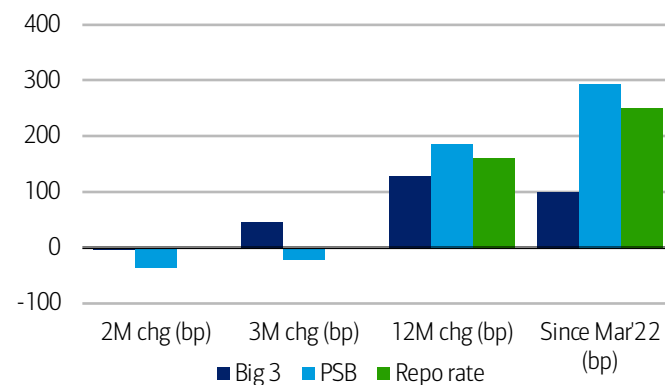
Source: BofA Global Research Estimates, Company websites

Note – Auto loan rate is taken as avg of upper and lower limit of auto loan rate

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Exhibit 47: Auto loan rate change (bps)

Both PSBs and big 4 banks saw rate pick in auto post Apr'23



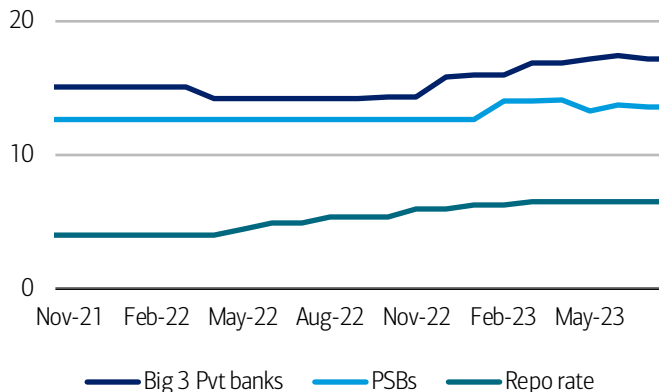
Source: BofA Global Research Estimates, Company websites

Note – Auto loan rate is taken as avg of upper and lower limit of auto loan rate

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Exhibit 48: SME loan rate (%)

Both big 3 pvt banks and PSBs seeing repricing of SME loans



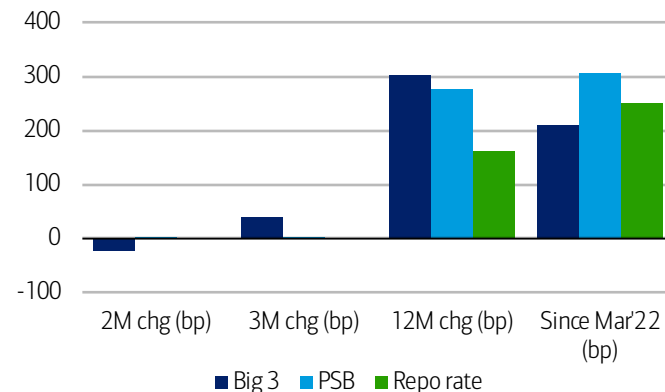
Source: BofA Global Research Estimates, Company websites

Note – SME loan rate is taken as avg of upper and lower limit of SME loan rate

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Exhibit 49: SME loan rate change (%)

Few banks saw rate cut in SME loan in Jul-Aug'23



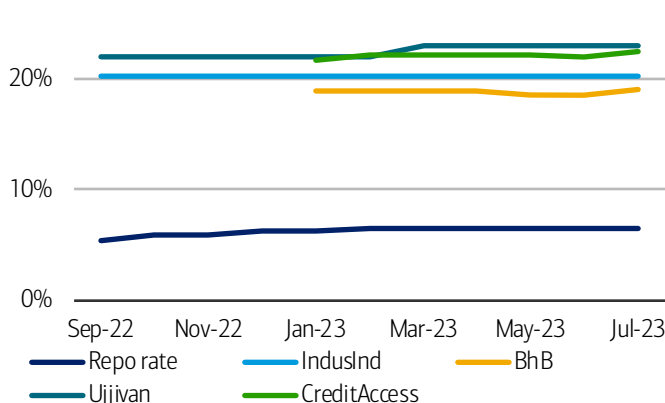
Source: BofA Global Research Estimates, Company websites

Note – SME loan rate is taken as avg of upper and lower limit of SME loan rate

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Exhibit 50: MFI loan rates (%)

Increase in MFI loan rate has been much lower vs other segments



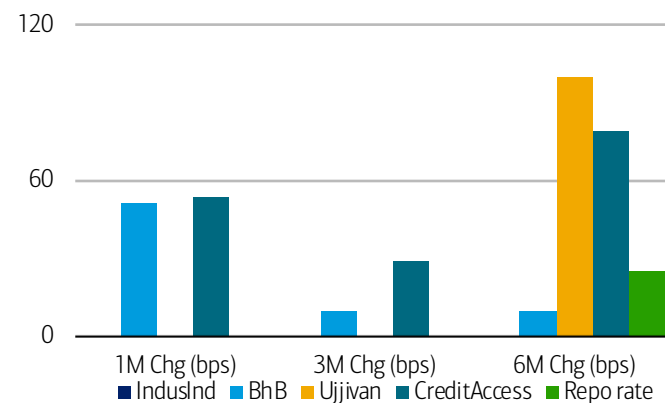
Source: BofA Global Research Estimates, Company websites

Note – MFI loan rate is average of rates offered on different MFI loan schemes by the bank

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Exhibit 51: MFI loan rate change (%)

BhB and Credit Access have saw 50 rate hike in Jul'23



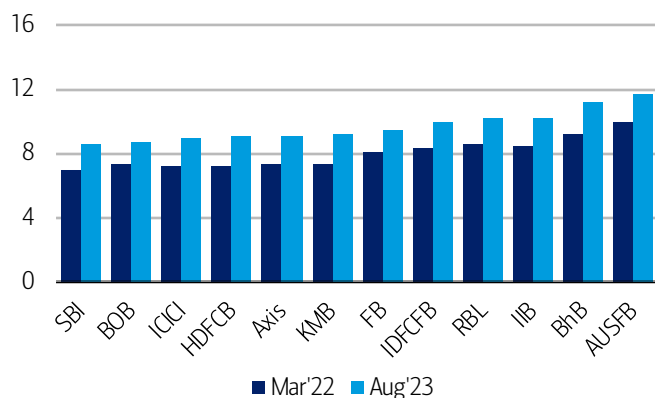
Source: BofA Global Research Estimates, Company websites

Note – MFI loan rate is average of rates offered on different MFI loan schemes by the bank

BofA GLOBAL RESEARCH

Exhibit 52: MCLR (%) – Aug'23 vs Mar'22

Larger banks are at lower MCLR level given their lower funding cost & opex

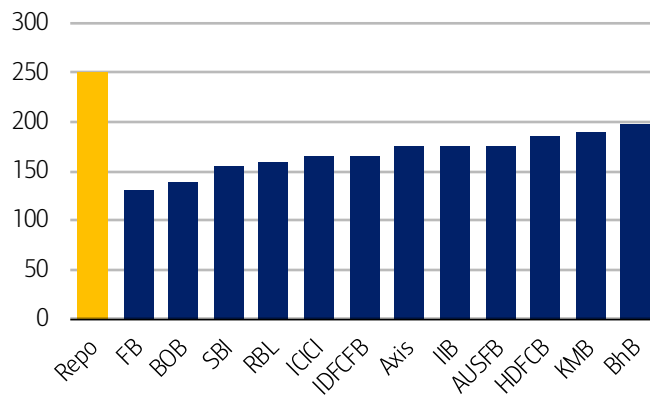


Source: BofA Global Research estimates, company

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Exhibit 53: MCLR (bps)- Aug'23 vs Mar'22

MCLR rate hike is in the range of 130-200 bps across banks under coverage

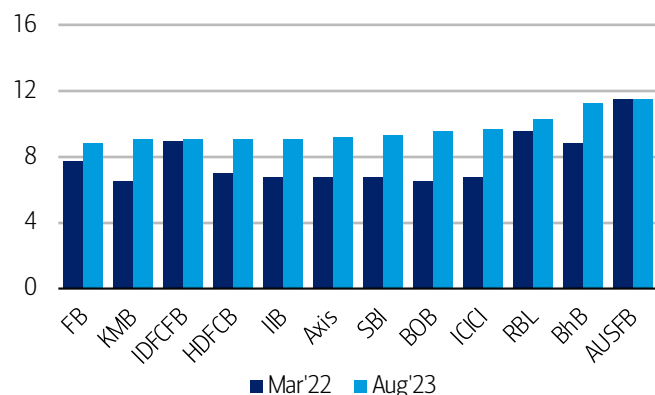


Source: BofA Global Research estimates, company

BofA GLOBAL RESEARCH

Exhibit 54: Mortgage rate (%) - Aug'23 vs Mar'22

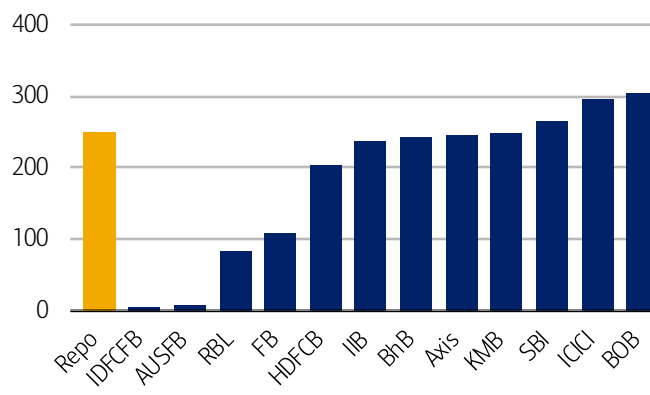
Rate differential for mortgage has reduced across banks



Source: BofA Global Research estimates, company

Note – Mortgage rates for Salaried customers, general category, male, amt between Rs 35-70 L
BofA GLOBAL RESEARCH**Exhibit 55: Mortgage rate (bps) - Aug'23 vs Mar'22**

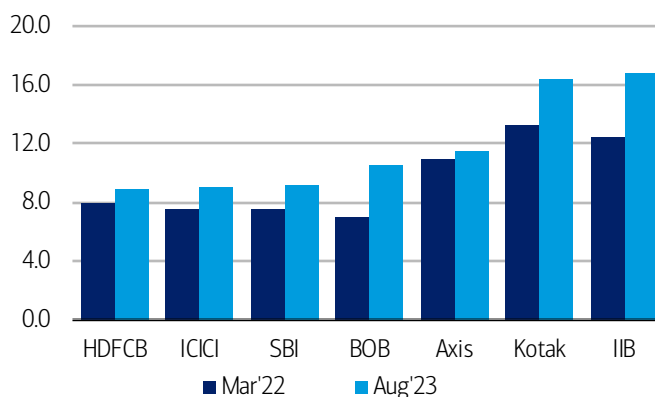
Big banks have taken 245-305 bps rate hike since Apr'23



Source: BofA Global Research estimates, company

Note – Mortgage rates for Salaried customers, general category, male, amt between Rs 35-70 L
BofA GLOBAL RESEARCH**Exhibit 56: Auto loan rate (%) - Aug'23 vs Mar'22**

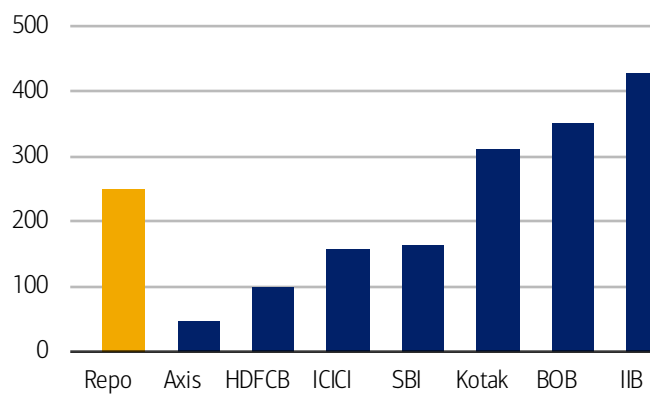
Big banks – SBI, HDFCB and ICICI are offering competitive rates



Source: BofA Global Research estimates, company

Note – Auto loan rate is taken as avg of upper and lower limit of auto loan rate
BofA GLOBAL RESEARCH**Exhibit 57: Auto loan rate (bps) - Aug'23 vs Mar'22**

IIB, BOB and Kotak have seen biggest rate hike since Mar'22



Source: BofA Global Research estimates, company

Note – Auto loan rate is taken as avg of upper and lower limit of auto loan rate
BofA GLOBAL RESEARCH

Exhibit 58: Mortgage rates (%)

Big banks and MSBs have cuts mortgage rate by 45 bps on average in last 3 months; mortgage rate for PSBs has been flat in last few months

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	7.05	7.05	7.45	8.65	9.50	9.50	9.50	9.08	9.08	-43	-43	113	203
ICICI	6.70	6.70	7.10	8.48	9.25	9.65	9.65	9.65	9.65	0	0	205	295
Kotak	6.55	6.55	7.50	8.25	8.83	9.10	9.10	9.05	9.05	-5	-5	155	250
Axis	6.75	6.75	7.00	8.28	8.78	10.10	10.10	9.20	9.20	-90	-90	160	245
IndusInd	6.70	6.70	6.70	7.35	8.60	9.08	9.08	9.08	9.08	0	0	238	238
Federal	7.70	7.70	8.60	9.10	9.95	10.20	10.20	8.80	8.80	-140	-140	20	110
SBI	7.05	6.70	7.05	8.05	9.10	9.25	9.35	9.35	9.35	0	10	180	265
BOB	6.50	6.50	7.40	7.95	9.40	9.70	9.55	9.55	9.55	0	-15	210	305
Bandhan	8.50	8.80	9.00	10.98	11.30	11.33	11.19	11.24	11.24	5	-9	174	244
RBL	8.65	9.50	9.50	9.50	9.50	10.33	10.33	10.33	10.33	0	0	82	82
Aubank	8.00	11.45	11.45	11.53	11.47	11.77	11.54	11.54	11.54	0	0	1	9
IDFCBk	9.00	9.00	9.00	9.00	10.00	10.25	10.05	9.05	9.05	-100	-120	5	5
Big 3	6.83	6.83	7.18	8.47	9.18	9.75	9.75	9.31	9.31	-44	-44	159	248
PSB	6.78	6.60	7.23	8.00	9.25	9.48	9.45	9.45	9.45	0	-2	195	285
MSB	8.09	8.86	9.04	9.58	10.14	10.49	10.40	10.00	10.00	-39	-45	87	115
Avg Mortgage rate	7.43	7.78	8.15	8.93	9.64	10.02	9.97	9.66	9.66	-31	-34	129	188

Source: BoFA Global Research Estimates, Company websites

Note – Mortgage rates for Salaried customers, general category, male, amt between Rs 35-70 lakhs. The heatmap shading represents incremental change in rates.

BoFA GLOBAL RESEARCH

Exhibit 59: MCLR – 1 yr(%)

MCLR rate revision has slowed down in last few months – 5 bps since Jul'23 and 10 bps since Apr'23

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	7.20	7.25	7.85	8.20	8.60	8.95	9.05	9.10	9.10	5	15	105	185
ICICI	7.25	7.25	7.55	8.00	8.65	8.75	8.85	8.90	8.90	5	15	115	165
Kotak	7.20	7.35	7.85	8.10	8.65	9.05	9.20	9.25	9.25	5	20	140	190
Axis	7.35	7.35	7.95	8.05	8.75	8.95	9.10	9.10	9.10	0	15	115	175
IndusInd	8.45	8.50	9.00	9.30	9.95	10.15	10.20	10.25	10.25	5	10	125	175
Federal	8.10	8.10	8.20	8.50	8.70	9.20	9.30	9.30	9.40	10	0	100	120
SBI	7.00	7.00	7.40	7.70	8.30	8.50	8.50	8.55	8.55	5	5	115	155
BOB	7.30	7.30	7.50	7.70	8.30	8.55	8.65	8.65	8.70	5	10	115	135
Bandhan	9.25	9.25	9.25	9.95	10.75	10.96	11.10	11.23	11.23	13	10	178	198
RBL	8.25	8.55	9.05	9.05	9.90	10.20	10.20	10.15	10.15	-5	-5	110	160
Aubank	10.05	9.90	10.25	10.70	11.05	11.75	11.65	11.65	11.65	0	40	110	175
IDFCBk	8.40	8.35	8.65	8.95	9.35	9.65	9.95	9.95	10.00	5	10	130	160
Big 3	7.27	7.28	7.78	8.08	8.67	8.88	9.00	9.03	9.03	3	15	112	175
PSB	7.15	7.15	7.45	7.70	8.30	8.53	8.58	8.60	8.63	5	8	115	145
MSB	8.75	8.78	9.07	9.41	9.95	10.32	10.40	10.42	10.45	5	11	126	165
Avg MCLR	7.98	8.01	8.38	8.68	9.25	9.56	9.65	9.67	9.69	4	12	122	166

Source: BoFA Global Research Estimates, Company websites

Note- MCLR is for 1 yr tenure. The heatmap shading represents incremental change in rates.

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Exhibit 60: Auto loan rates (%)

Avg auto loan rate is up 190 bps in last 12 months but pace of rate revision has slowed down in last 2 months

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	July-23	Aug-23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	7.95	7.95	7.95	7.95	8.18	8.36	8.78	8.95	8.95	17	59	100	100
ICICI	7.90	7.50	7.50	7.85	8.46	8.69	9.43	9.06	9.06	-37	37	121	156
Kotak	13.25	13.25	13.25	13.25	13.25	16.25	16.35	16.35	16.35	0	10	310	310
Axis	10.98	10.98	11.18	9.80	10.90	11.00	11.38	11.45	11.45	8	45	165	48
IndusInd	12.50	12.50	12.50	14.00	14.00	16.54	16.79	16.79	16.79	0	25	279	429
SBI	7.60	7.60	7.70	8.10	8.85	9.05	9.25	9.25	9.25	0	0	145	165
BOB	7.00	7.00	8.53	8.95	9.83	11.68	11.25	11.25	10.50	0	-42	230	425
Big 3	8.94	8.81	8.88	8.53	9.18	9.35	9.86	9.82	9.82	-4	47	129	101
PSB	7.30	7.30	8.11	8.53	9.34	10.36	10.25	10.25	9.88	0	-21	188	295
Avg Auto	9.60	9.54	9.80	9.99	10.50	11.65	11.89	11.87	11.76	-2	19	193	233

Source: BoFA Global Research Estimates, Company websites

Note – we are taking average of lower and upper limit of auto loan rate. The heatmap shading represents incremental change in rates.

Exhibit 60: Auto loan rates (%)

Avg auto loan rate is up 190 bps in last 12 months but pace of rate revision has slowed down in last 2 months

Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar'23	Jun'23	July'23	Aug'23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
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Exhibit 61: SME loan rates (%)

Banks saw rate cuts in SME segment in Jul-Aug'23 as competitive intensity remains very high

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar'23	Jun'23	July'23	Aug'23	2M chg (bp)	3M chg (bp)	12M chg (bp)	Since Mar'22 (bp)
HDFC Bk	11.90	11.90	11.90	11.90	16.25	16.25	16.25	16.25	16.25	0	0	435	435
ICICI	16.50	16.50	16.50	16.50	16.50	19.55	19.55	19.55	19.55	0	0	305	305
Kotak	16.00	16.00	16.00	16.00	16.00	21.00	21.00	21.00	21.00	0	0	500	500
Axis	17.00	17.00	14.25	14.25	14.65	14.65	16.50	15.88	15.80	-63	123	163	-113
IndusInd	21.00	21.00	21.00	21.00	21.00	22.00	22.00	22.00	22.00	0	0	100	100
SBI	11.20	11.20	11.20	11.20	11.20	12.60	11.80	11.85	11.85	5	-75	65	65
BOB	14.10	14.10	14.10	14.10	14.10	15.50	15.63	15.23	15.23	-40	-40	113	113
Big 3	15.13	15.13	14.22	14.22	15.80	16.82	17.43	17.23	17.20	-21	41	301	209
PSB	12.65	12.65	12.65	12.65	12.65	14.05	13.71	13.54	13.54	-17	-57	89	89
Avg SME	15.39	15.39	14.99	14.99	15.67	17.36	17.53	17.39	17.38	-14	1	240	201

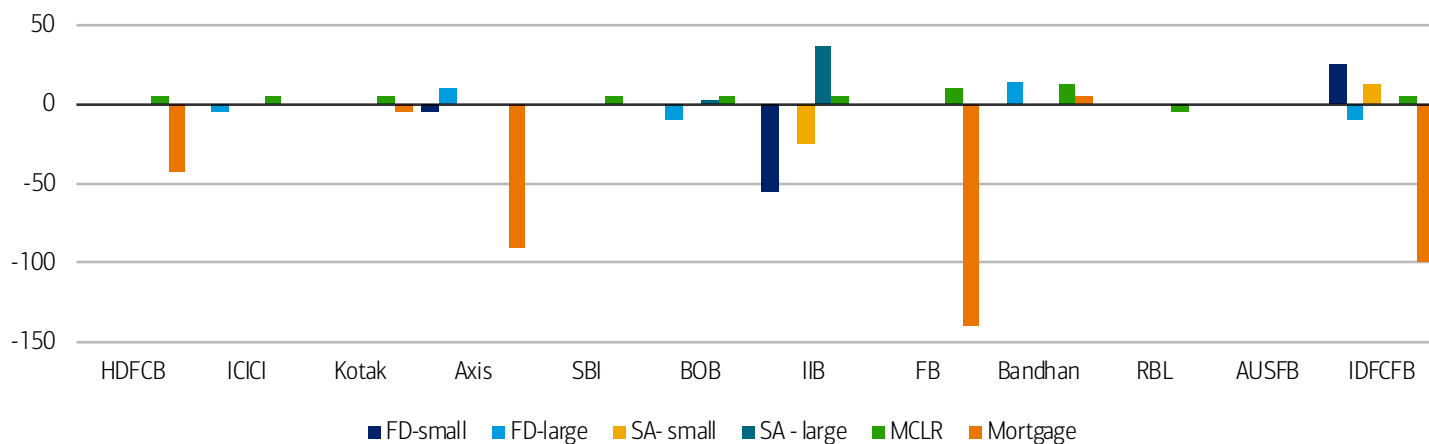
Source: BofA Global Research Estimates, Company websites

Note – we are taking average of lower and upper limit of SME loan rate. The heatmap shading represents incremental change in rates.

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Exhibit 62: Bank wise rate change (bps) – since Jul'23

Marginal rate revision in FDs, few banks too rate cut in mortgage segment

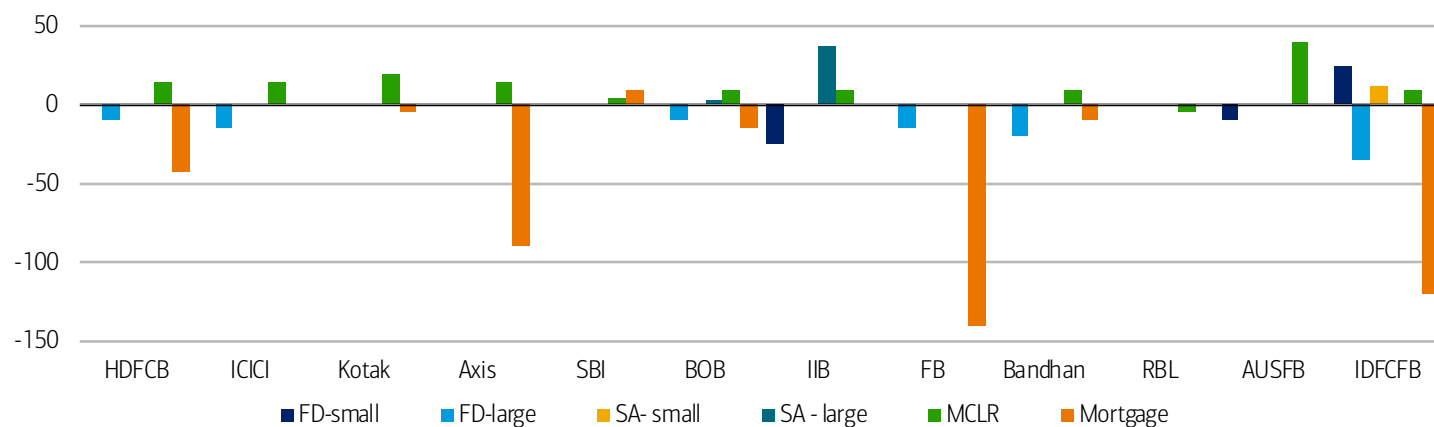


Source: BofA Global Research Estimates, Company websites

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Exhibit 63: Bank wise rate change (bps) – 3M

While MCLR has continued to rate revision, some rate cuts observed for mortgage and large FD in last 3 months

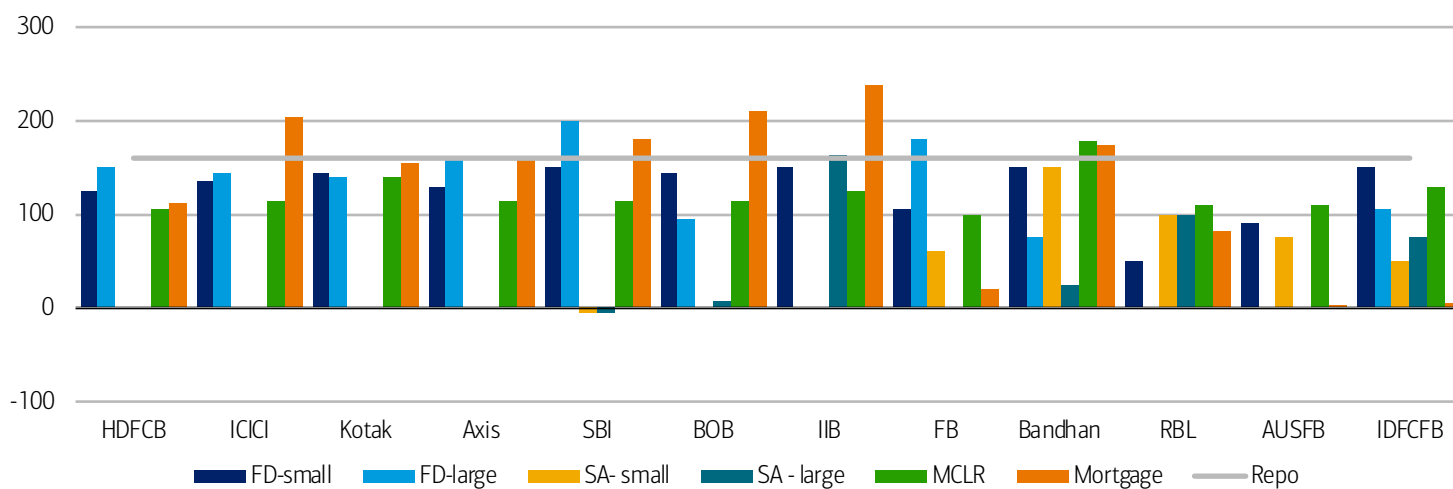


Source: BofA Global Research Estimates, Company websites

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Exhibit 64: Bank wise rate change (bps) – 12M

FD and mortgage rate hike has been close to repo rate hike of 160 bps in last 12 months



Source: BofA Global Research Estimates, Company websites

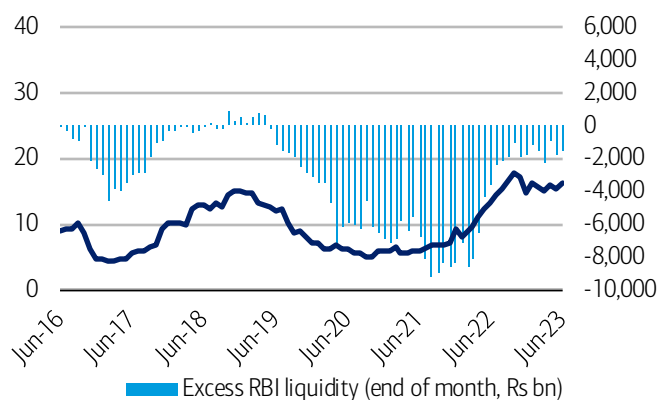
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Certificate of Deposits – volume and rate remain high

- **CD volume continues to remain high - ~3 Tn monthly volume in last 6 months** – The total CD volume continues to stay high – close to Rs 3 Tn since Feb'23. Jul'23 volume was Rs 3.07 Tn as banks continue to use CD for short term lending amidst tighter liquidity environment (~2 Tn surplus system liquidity).
- **CD rate recovered to 7.9% in Jul'23** – While repo rate has been stable since Feb'23, deposit competition continues to be intense leading to CD rate remaining above 7.5%. CD rate in Jul'23 was at 7.9%, up 151 bps in last 12M vs 160 bps hike in repo rate.

Exhibit 65: RBI liquidity operation (Rs bn) vs credit growth (%)

Surplus liquidity close to Rs 2 Tn in Jun'23



Source: BofA Global Research, Bloomberg

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Exhibit 66: India SCBs CD - volume (Rs bn)

CD volume has been holding up well at higher than last peak level



Source: BofA Global Research, Bloomberg

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Exhibit 67: India SCBs CD- avg interest rate (%)

CD rate recovered slightly to 7.9% in Jul'23

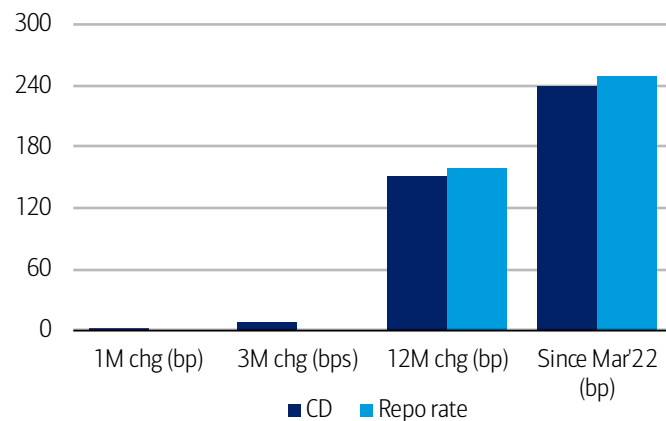


Source: BofA Global Research, Bloomberg

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Exhibit 68: Avg CD rate change (bps)

CD rate increase has been close to repo rate hike



Source: BofA Global Research, Bloomberg, RBI

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Acronyms and Abbreviations

FD – Fixed Deposits
 MSB- Mid-sized banks
 LCR – Liquidity Coverage Ratio
 LDR – Loan to Deposit Ratio
 SA – Savings Account
 CASA – Current Account Savings Account
 FD – Fixed deposits
 MCLR – Marginal cost of based lending rate
 NIM – Net Interest Margin
 PSB – Public Sector Bank
 SFB – Small Finance Bank
 MSB – Mid-sized Banks
 SME – Small and Medium Enterprises
 PL – Personal loans
 MFI – Micro Finance Institutions
 EBLR – External Benchmark Lending Rate
 CD – Certificate of deposits
 IIB – IndusInd bank
 HDFCB – HDFC Bank
 SBI – State Bank of India
 BOB- Bank of Baroda
 BhB- Bandhan Bank
 AUSFB – AU Small Finance Bank

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