

Banks - India

India Banks Macro Watch – festive demand trumps liquidity/rates pressure near term

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.

Underlying demand drivers (with a boost from festive period in Oct-Nov) and banks' risk appetite will likely continue to aid system credit growth in the near term. But NIM drivers have clearly turned adverse with peak loan pricing and still tightening funding costs. This likely means strong growth largely offsets NIM pressure in Dec qtr. But outlook for the next few quarters looks pretty tough (esp with the high base). This likely means the sector EPS upgrade cycle is at least a few months away. (see - [Banks - India: Pvt bks 2024 wrap – Funding takes center stage as the core issue 02 November 2023](#)).

Resilient credit growth drivers defy tight liquidity

- 1) Credit growth momentum remains robust, festive season likely to aid momentum – Credit growth was robust at 19.3% (13% YoY adj.) in Oct'23. Retail credit growth was 30.4% YoY and industry credit growth improved to 7.1% in Sep'23.
- 2) Healthy trend in deposits growth - Deposit growth momentum has been broadly stable at 13.5% YoY (11% YoY adj.) but is still trending lower than credit growth.
- 3) Improvement in IIP and strong PMI print – IIP improved to 10.3% with Industrial IIP up to 12.6% and consumer IIP at 5.7% after many months of negative prints. PMI was strong at 61% and 55.5% for manufacturing.
- 4) Net surplus liquidity turned negative – Liquidity shortage of Rs 547 Bn in Oct'23 on ICRR leading to higher liquidity absorption.
- 5) Auto sales at 17.7% YoY in Sep'23, likely to remain healthy led by festive demand.

NIMs– MCLR repricing has peaked, deposits not yet

- 1) MCLR flat MoM, lower rates for fresh loans – MCLR revision has moderated in last few months and was flat MIM in Sep'23. Lending rates for new loans for PSBs was down 17 bps in Sep'23 led by pricing pressure across corporate, SME and mortgage as well as festive offers. Avg loan rates has been flat for both PSBs/pvt banks in last 3M.
- 2) But deposit rate continued to inch up - Increase in deposit rate was 7 bps for PSBs and 2 bps for pvt banks in Sep'23. Avg deposit rates are up 73/69 bps for PSBs/pvt banks Feb'23 and 164/156 bps up since Apr'22 level
- 3) Inflation easing off gradually - CPI was lower at 5% in Sep'23; WPI at -0.3%.
- 4) Term premium remains steady and close to zero - short term and long term bond yield remain flat MoM with marginal difference in yield.

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PMI – Purchasing Manager's Index

PV – Passenger vehicles

CV – Commercial Vehicles

IIP – Index of industrial production

MCLR – Marginal cost of funds-based lending rate

PSBs– Public sector banks

PVT – Private Banks

WATDR – Weighted Avg Term Deposit Rate

WALR – Weighted Avg Lending Rate

CPI – Consumer price index

WPI – Wholesale price index

MF AUM – Mutual funds' assets under management

NIM – Net Interest Margin

LDR – Loan Deposit Ratio

MOM – Month on Month

ICRR – Incremental Cash Reserve Ratio

Macro watch – Heat map

Exhibit 1: India Banks macro watch heat map

Robust credit growth and healthy pick up in deposits, NIM drivers are mostly flat and mixed trend in fee drivers

	Momentum	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Growth drivers														
Credit growth (YoY%)	↑	19.3	20.0	19.8	19.7	16.2	15.4	15.9	15.0	15.5	16.3	14.9	17.2	17.9
Retail Credit (YoY%)	↑		30.4	30.8	31.7	21.0	19.3	19.7	20.7	21.4	24.5	27.4	27.3	27.6
Industry Credit (YoY%)	↑		7.1	6.7	5.8	8.1	6.0	6.9	5.8	5.0	7.9	10.3	15.0	15.3
Deposit growth (YoY%)	↑	13.5	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5	11.0	9.6	9.5
IIP (%)	↑			10.3	6.0	3.8	5.7	4.6	1.9	6.0	5.8	5.1	7.6	-4.1
IIP Industrial goods (%)	↑			12.6	4.5	2.0	8.1	4.4	10.0	11.0	10.5	7.8	20.7	-2.9
IIP Consumer goods (%)	↑			5.7	-2.6	-6.7	1.5	-2.3	-8.0	-4.1	-8.2	-11.2	5.0	-18.1
PMI(%) -Composite	↑	61.0	61.0	60.9	61.9	59.4	61.6	61.6	58.4	59.0	57.5	59.4	56.7	55.5
PMI(%) -Manufacturing	↑	55.5	57.5	58.6	57.7	57.8	58.7	57.2	56.4	55.3	55.4	57.8	55.7	55.3
PV Sales (YoY%)	↓		17.7	27.7	19.2	2.0	13.5	31.7	4.5	11.0	17.2	7.2	28.1	28.6
GST (YoY%)	↓		10.2	10.8	10.8	2.9	11.5	31.6	13.6	12.4	12.7	15.2	10.9	16.6
NIM Drivers														
Policy rate (%)	↔		6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	6.3	6.2	5.9	5.9
MCLR (%) -All SCB	↔	8.7	8.7	8.7	8.6	8.6	8.6	8.6	8.5	8.4	8.3	8.1	8.0	7.8
Big 4 Pvt banks -MCLR(%)	↔		9.1	9.1	9.1	9.1	9.0	8.9	8.9	8.9	8.8	8.6	8.5	8.3
PSB MCLR (%)	↔		8.6	8.6	8.6	8.6	8.6	8.6	8.5	8.5	8.5	8.3	8.1	8.0
WATDR-Pvt banks (%)	↔		6.7	6.7	6.6	6.5	6.4	6.4	6.2	6.1	6.0	5.9	5.7	5.6
WATDR-PSB(%)	↔		6.8	6.6	6.5	6.5	6.4	6.3	6.2	6.0	5.9	5.8	5.6	5.5
Fresh loans WALR - PSB (%)	↓		8.6	8.8	8.7	8.5	8.6	8.5	8.7	8.6	8.4	8.2	8.3	8.0
Fresh loans WALR - PVT (%)	↔		10.2	10.2	10.0	10.0	9.9	9.6	10.1	9.9	9.7	9.7	9.5	9.5
1Y Gsec (%)	↔		7.1	7.1	7.0	6.9	6.9	6.9	7.3	7.1	6.7	6.8	6.9	6.8
10Y Gsec (%)	↔		7.2	7.2	7.1	7.0	7.0	7.2	7.4	7.4	7.3	7.3	7.3	7.4
10Y-1Y Term premium (%)	↔		0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.6	0.5	0.5	0.6
AAA Bond- Gsec1 yr (%)	↔		0.5	0.5	0.4	0.6	0.6	0.7	0.6	0.8	0.9	0.7	0.7	0.4
BBB Corp - AAA Corp (%)	↔		4.0	4.0	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.1	4.0	4.1
Liquidity														
System LDR (%)	↑	75.8	76.1	75.0	74.6	75.1	75.6	75.7	75.8	75.3	75.3	75.0	74.9	74.9
Dep growth (YoY%)	↑	13.5	13.2	13.2	12.9	13.0	10.9	10.2	9.6	10.1	10.5	11.0	9.6	9.5
RBI Net liquidity ops (Rs bn)	↑	548	59	-1,140	-1,915	-1,533	-1,800	-903	-2,242	-1,500	-1,199	-1,801	-1,957	-1,045
M1 Supply (YoY%)	↓	7.0	7.3	6.4	7.2	10.7	7.6	7.7	6.8	8.7	10.0	7.6	9.7	10.6
M3 Supply (YoY%)	↑	10.8	10.8	10.8	10.6	11.3	10.1	9.5	9.0	9.5	9.8	8.7	8.9	9.1
Opex Drivers														
CPI Inflation (%)	↑		5.0	6.8	7.4	4.8	4.3	4.7	5.7	6.4	6.5	5.7	5.9	6.8
Wholesale Inflation (%)	↓		-0.3	-0.5	-1.4	-4.1	-3.5	-0.9	1.4	3.9	4.8	5.0	5.9	8.4
Fee drivers														
Sensex+Nifty Turnover (\$ bn)	↓	63,543	68,067	72,641	60,309	67,552	50,715	58,752	55,316	56,229	47,664	54,912	45,132	
Sensex+Nifty Turnover YoY%	↓	-2.3	27.1	27.6	5.1	-3.5	-24.3	-28.8	-15.1	-17.5	-22.3	-18.2	-43.9	
New insurance premium (Rs cr)	↑	30,716	26,789	27,867	36,962	23,478	12,565	52,081	22,848	26,424	26,838	35,459	24,917	
New insurance premium (YoY%)	↑	-15.5	-18.5	-28.7	18.3	-4.1	-30.0	-12.6	-16.8	20.3	9.7	30.5	15.3	
MF Net flows (Rs cr)	↓	-66,192	14,386	82,046	-2,022	57,420	121,435	-19,264	9,575	11,373	4,491	13,264	14,047	
Equity MF net flows (Rs cr)	↑	14,091	20,245	7,626	8,637	3,240	6,480	20,534	15,686	12,547	7,303	2,258	9,390	
MF AUM (month avg., YoY%)	↑	21.2	18.5	22.9	24.6	16.1	9.4	4.9	5.1	1.9	5.7	8.1	5.8	
Credit card payments (YoY%)	↑	25.5	27.8	37.5	45.0	34.3	28.3	27.8	52.3	44.1	54.2	72.7	106.6	78.0
Real rates														
Real Policy rate (using CPI) (%)	↓		1.5	-0.3	-0.9	1.7	2.3	1.8	0.8	0.0	-0.3	0.5	0.0	-0.9
Real MCLR (%) (CPI)	↑	8.7	3.7	1.8	1.2	3.8	4.3	3.9	2.9	2.0	1.8	2.4	2.1	1.1
Real Gsec (%) (CPI)	↑		2.1	0.2	-0.4	2.1	2.6	2.2	1.6	0.7	0.2	1.1	1.0	0.0

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

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

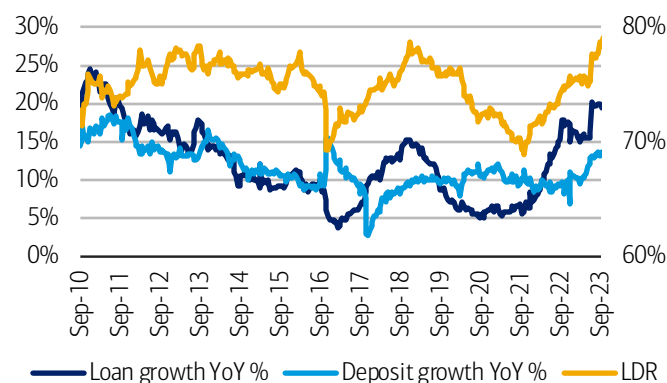
Jul'23 credit growth includes merger of a large NBFC and bank, adjusting for it credit growth would have been 14.4% YoY

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Macro watch – Key charts of the month

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

Credit growth remains resilient, LDR stable at higher level

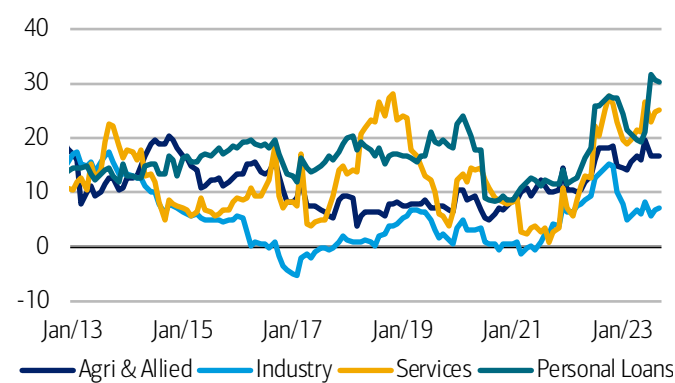


Source: BofA Global Research, RBI

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Exhibit 3: Sector-wise loan growth YoY%

Strong growth momentum in personal loan, services and agri

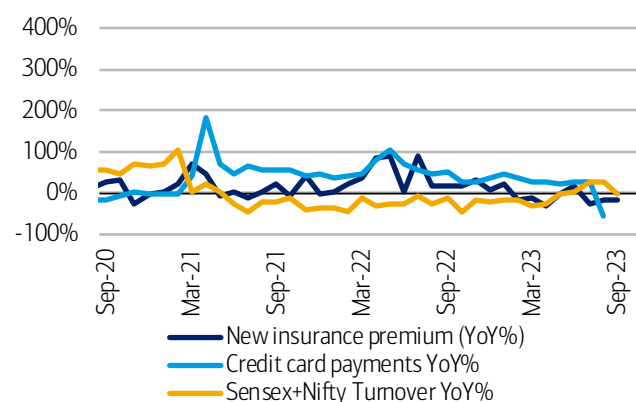


Source: BofA Global Research, RBI

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

Moderation in insurance premium growth and credit card payments

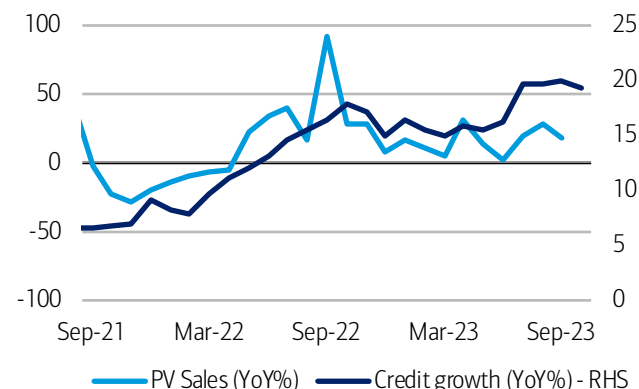


Source: BofA Global Research, RBI, IRDAI

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Exhibit 5: Credit growth vs PV sales YoY%

PV sales trending at healthy level

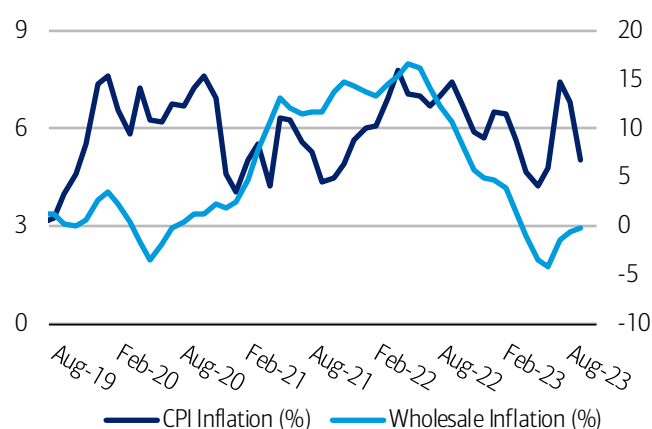


Source: BofA Global Research, CEIC

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Exhibit 6: CPI and wholesale inflation (%)

Inflation coming off gradually – CPI/WPI at 5%/-0.3% in Sep'23

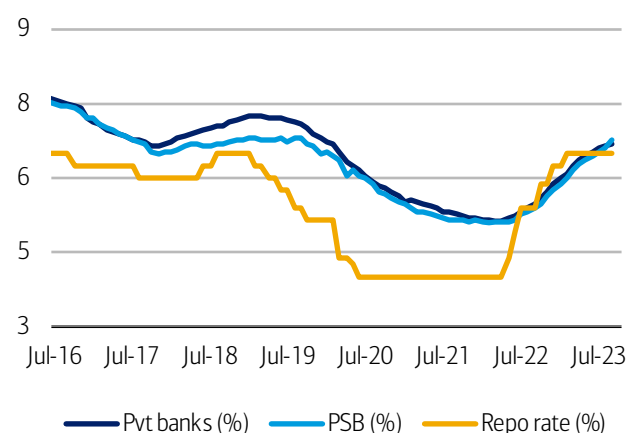


Source: BofA Global Research, RBI

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Exhibit 7: WATDR vs Policy rates (%)

Deposit rate for PSBs are now marginally higher than Pvt banks



Source: BofA Global Research, RBI

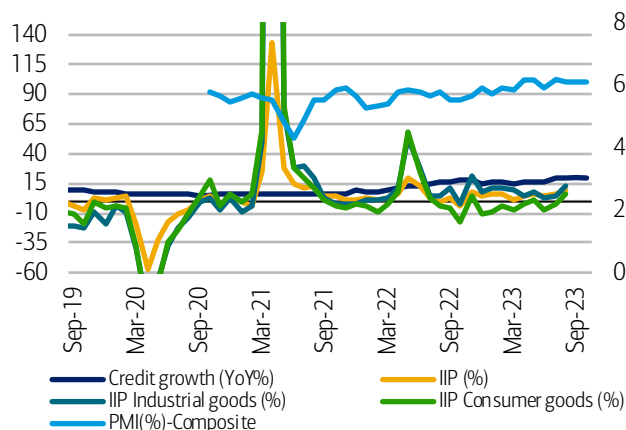
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Loan growth drivers

- **Credit growth momentum remains resilient, festive season likely to aid momentum** – Credit growth was robust at 19.3% (13% YoY adj. for HDFCB-HDFC Ltd merger) in Oct'23 despite last year's high base. Retail credit growth was 30.4% YoY (including impact of HDFC bank merger) but industry credit growth has also improved to 7.1% in Sep'23 (vs 5.8% in Jul'23).
- **Healthy trend in deposits growth** - Deposit growth momentum has been broadly stable at 13.5% YoY (11% YoY adj.) which is still trending lower than credit growth. The higher credit growth appetite for banks and higher rate environment has led to intense competition in deposit market.
- **Improvement in IIP and strong PMI print** – IIP improved to 10.3% with Industrial IIP up to 12.6% and consumer IIP at 5.7% after many months of negative prints. PMI was strong at 61% and 55.5% for manufacturing.
- **Auto sales growing at healthy pace** – PV sales was 17.7% in Sep'23, likely to increase with festive demand.

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

Healthy IIP and PMI print continues to support robust loan growth

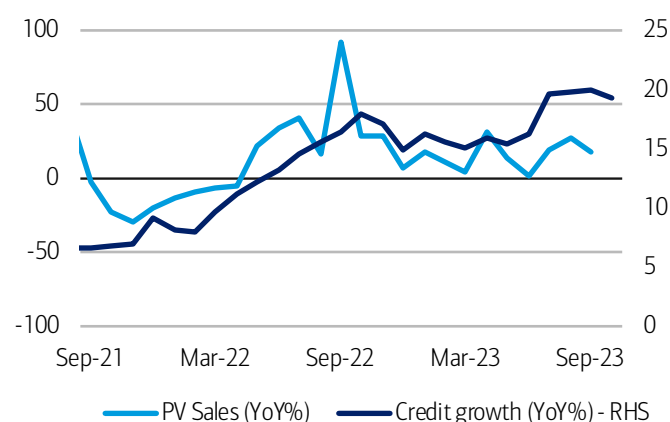


Source: BofA Global Research, RBI

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Exhibit 9: Credit growth vs PV sales YoY%

PV volume growth has recovered post Jul'23

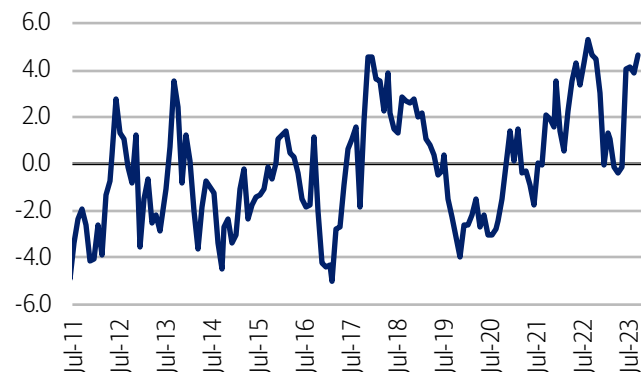


Source: BofA Global Research, CEIC

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

Credit impulse stable at elevated level of 4.6% in Sep'23



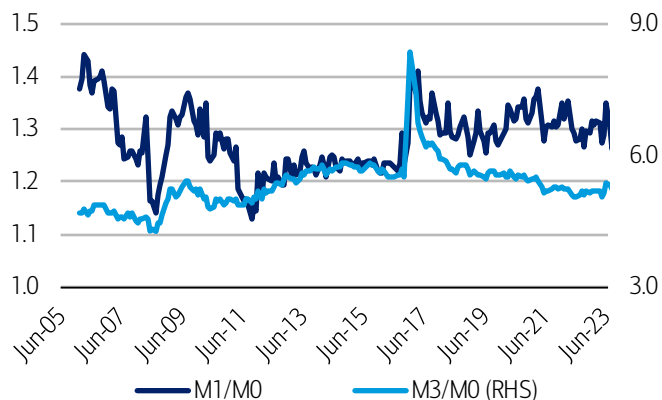
Source: BofA Global Research, RBI, CEIC

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Liquidity and Macro drivers

Exhibit 11: M1/M0 & M3/M0

M1 and M3 supply relative to M0 increased in Oct'23

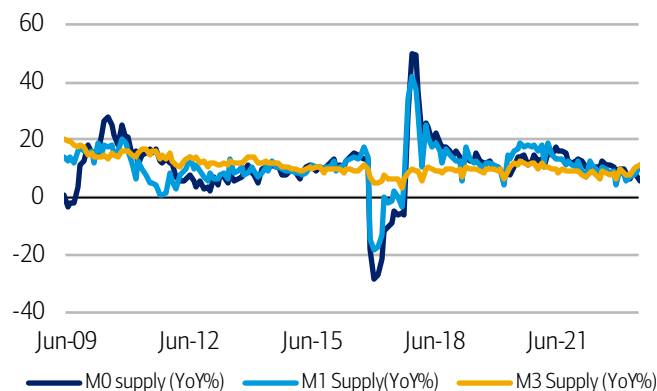


Source: RBI

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Exhibit 12: M0, M1, M3 Supply YoY%

Decline in M0 supply but M1 and M3 improved last month

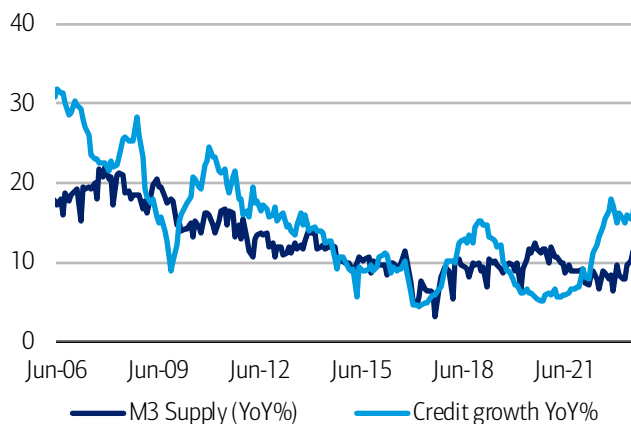


Source: RBI

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

M3 supply picked up and credit growth holding up very well

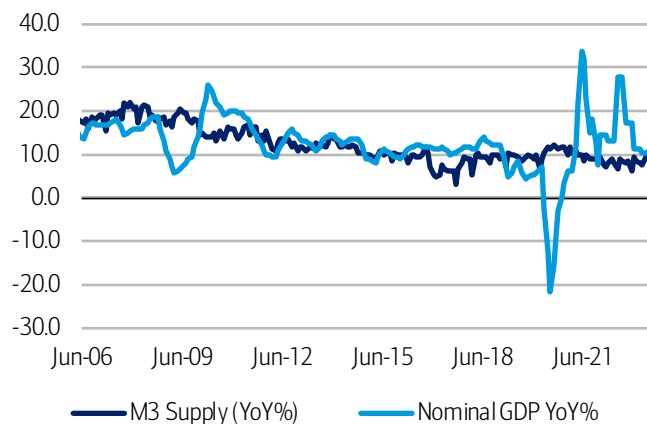


Source: RBI

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Exhibit 14: M3 vs Nominal GDP YoY%

Nominal GDP growth at 9.7% in 1Q; M3 supply up at 10.3% YoY in Oct'23

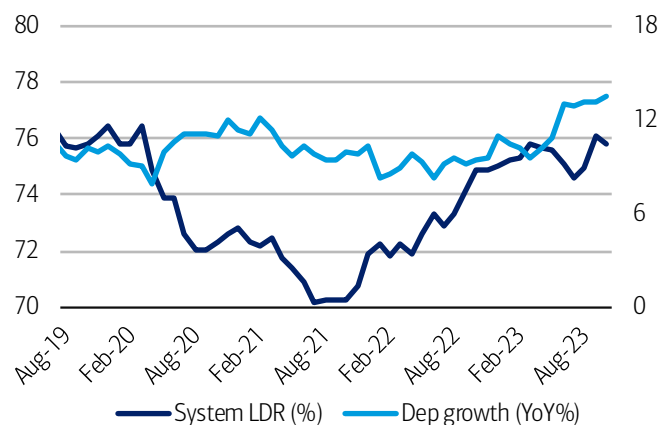


Source: RBI

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

System LDR continued to moderate on improvement in deposit growth

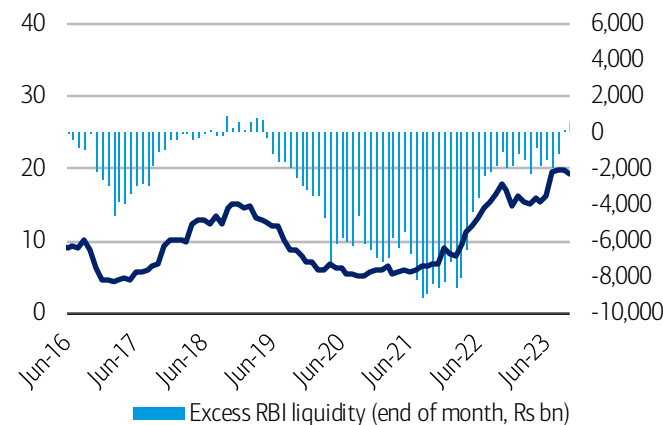


Source: BofA Global Research, RBI

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

Net surplus liquidity has turned negative



Source: BofA Global Research, RBI

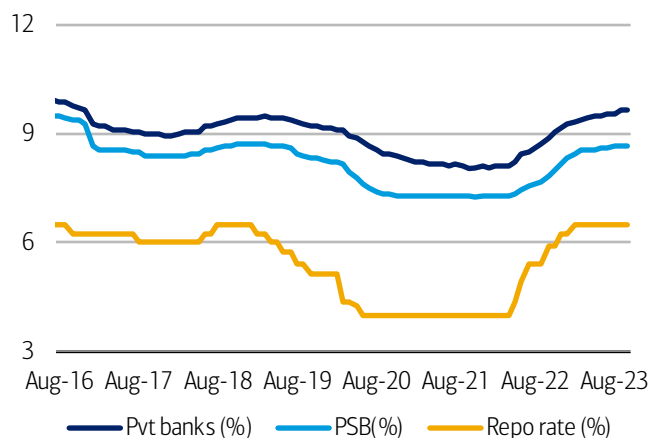
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NIM Drivers

- **MCLR flat MoM in Sep'23** – MCLR revision has moderated in last few months and was almost flat MoM in Sep'23. Since Feb'23, PSBs have seen 25 bps MCLR rate increase and 30 bps for pvt banks. Overall, the MCLR revision has been much lower vs repo rate hike in current cycle.
- **Lending rate for fresh loan declined for PSBs**–Lending rates for new loans for PSBs was down 17 bps in Sep'23 led by pricing pressure across corporate, SME and mortgage as well as festive offers. Avg fresh loan rates for pvt banks was broadly flat on MoM basis.
- **Avg lending rate flat to slightly lower in last 3 months** – Avg lending rate banks have flat since Jul'23 – PSB's avg lending rate is 9.2% and Pvt banks are close to 10.6%.
- **But deposit rate continued to inch up** - Increase in deposit rate was 7 bps for PSBs and 2 bps for pvt banks in Sep'23. Avg deposit rates are up 73/69 bps for PSBs/pvt banks Feb'23 and 164/156 bps up since Apr'22 level.
- **Term premium remains stable and close to zero** - short term and long term bond yield remain flat MoM with marginal difference in yield.

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

MCLR almost flat MoM in Oct'23, up 25-30 bps since Feb'23

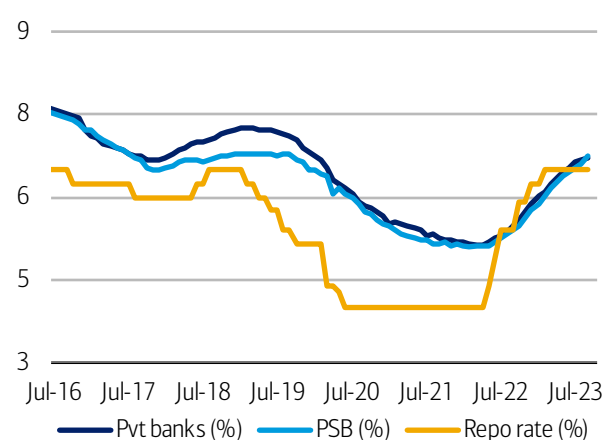


Source: BofA Global Research, RBI

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Exhibit 18: WATDR vs Policy rates (%)

Deposit rate for PSBs increased 13 bps in Sep'23 vs just 2 bps for pvt banks

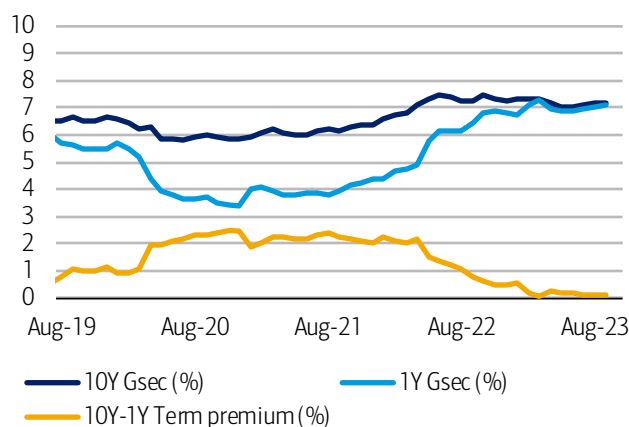


Source: BofA Global Research, RBI

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Exhibit 19: Gsec yields and term premiums (%)

Both short term and long term Gsec yield is flat in Sep'23

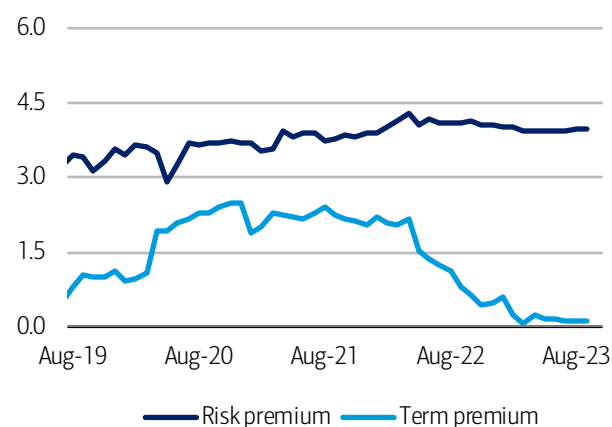


Source: BofA Global Research, RBI

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

Term premium close to zero and risk premium flat



Source: BofA Global Research, RBI

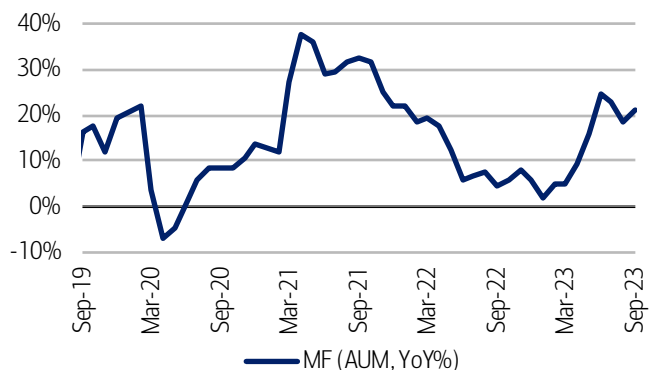
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Fee Drivers

- Mutual fund AUM growth has been holding up strongly – 21.2% YoY in Sep'23
- Market turnover growth moderated to -2.3% YoY in Sep'23.
- New insurance premium has been on declining trend in past 3 months but pace of decline is slowing down – down 18.5% YoY in Sep'23

Exhibit 21: MF (AUM, YoY %)

AUM growth continues to be quite robust

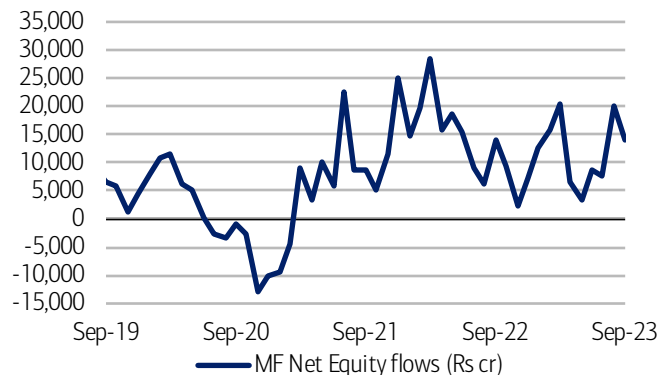


Source: BofA Global Research, AMFI

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

MF net equity flows declined meaningfully in Sep'23

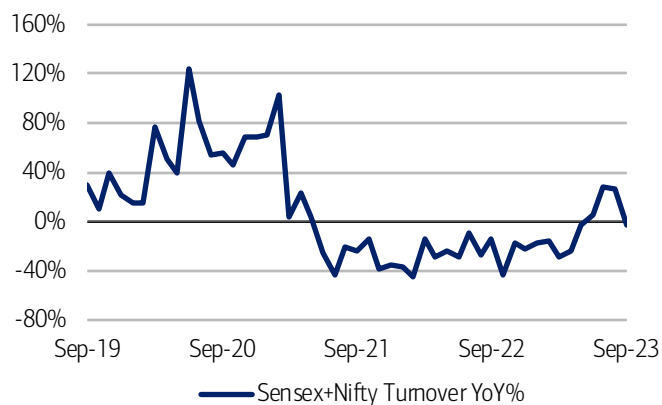


Source: BofA Global Research, AMFI

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Exhibit 23: SENSEX + Nifty Turnover YoY%

Market turnover moderated in Sep'23 after strong months of Jul-Aug

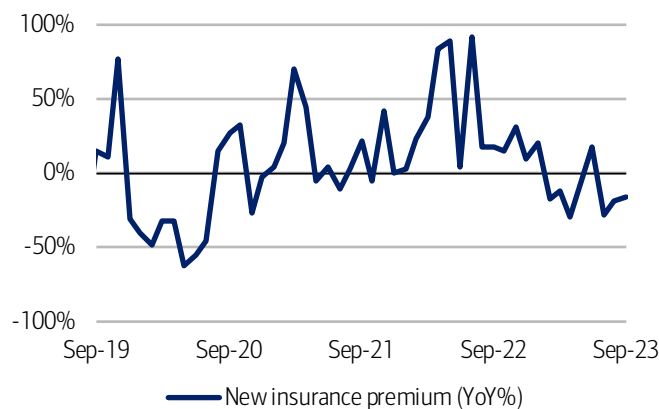


Source: BofA Global Research, Bloomberg

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Exhibit 24: New insurance premium (Rs Cr)

New insurance premium muted for another month, -15.5% YoY



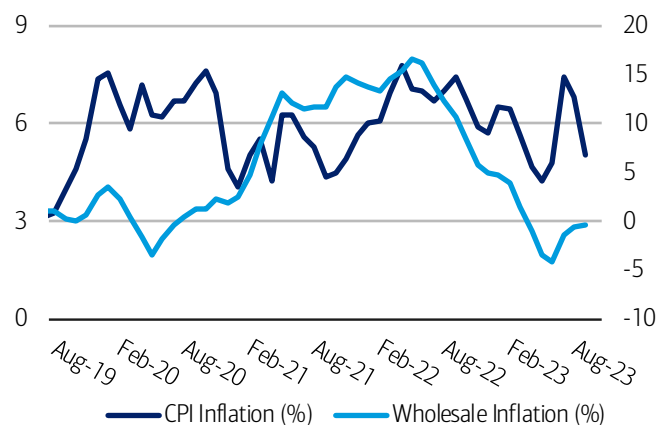
Source: BofA Global Research, IRDAI

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Opex and Real rates

Exhibit 25: CPI and wholesale inflation (%)

CPI inflation coming off gradually, WPI close of zero in Sep'23

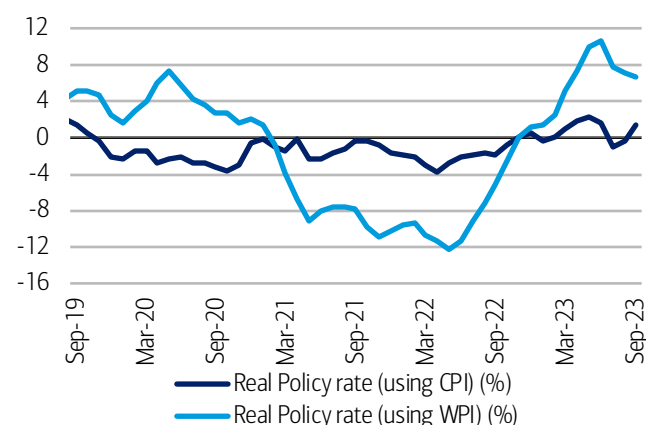


Source: BofA Global Research, RBI

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Exhibit 26: Real policy rates (%)

Real policy rate increased on easing of inflation

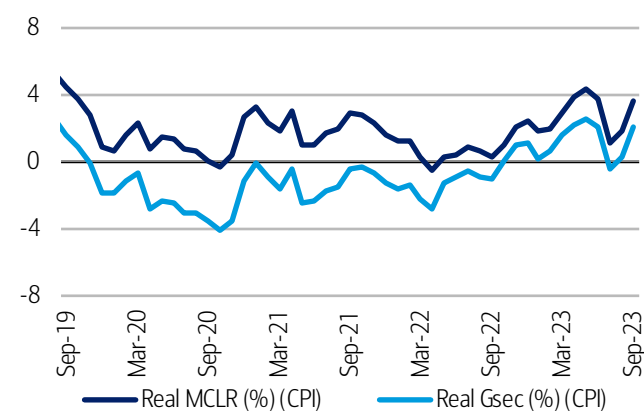


Source: BofA Global Research, RBI

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

Real MCLR and real Gsec increased by 2% on decline in CPI



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 moderated to 6.3% in 2Q23 on relatively normalized base and slowdown in economic growth

Exp Real (YoY%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total GDP	21.6	9.1	5.2	4.0	13.1	6.2	4.5	6.1	7.8
PCE	17.6	14.2	10.8	4.7	19.8	8.3	2.2	2.8	6.0
GCE	-2.1	11.7	5.8	11.8	1.8	-4.1	-0.6	2.3	-0.7
GFCF	61.0	12.4	1.2	4.9	20.4	9.6	8.0	8.9	8.0
Net exp	154.7	60.7	-24.0	-60.9	-653.1	216.8	6.8	-90.4	199.0
Others	-109.6	-84.9	-114.5	-133.8	625.9	242.5	-241.8	30.9	-387.7
Exp Real (% share)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
PCE	55	58	63	57	58	59	62	55	57
GCE	12	9	9	12	11	9	9	11	10
GFCF	33	33	31	34	35	34	32	35	35
Net exp	0	-1	-2	-2	-2	-4	-2	0	-6
Others	0	1	0	-1	-2	2	0	-1	4

Source: BofA Global Research , RBI ,CEIC

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Exhibit 31: Supply heatmap

While growth was impacted across segments, Transport & storage, Financial services and public administration grew relatively well in 2Q'23

Supply real (YoY%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total GVA	20.2	9.3	4.7	3.9	11.9	5.4	4.7	6.5	7.8
Agri, Forest, Fish	3.4	4.8	2.3	4.1	2.4	2.5	4.7	5.5	3.5
Mining	12.2	10.6	5.4	2.3	9.5	-0.1	4.1	4.3	5.8
Mfg	51.5	6.6	1.3	0.6	6.1	-3.8	-1.4	4.5	4.7
Utilities	16.3	10.8	6.0	6.7	14.9	6.0	8.2	6.9	2.9
Construction	77.0	10.8	0.2	4.9	16.0	5.7	8.3	10.4	7.9
Trans & stor	41.4	13.1	9.2	5.0	25.7	15.6	9.6	9.1	9.2
Fin Service	2.8	7.0	4.3	4.6	8.5	7.1	5.7	7.1	12.2
Public admin, defence & others	6.5	16.8	10.6	5.2	21.3	5.6	2.0	3.1	7.9
Supply real (%share)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Agri, Forest, Fish	16	12	19	15	14	12	19	15	14
Mining	2	2	2	3	2	2	2	2	2
Mfg	19	19	18	19	18	18	16	19	18
Utilities	3	2	2	2	3	2	2	2	2
Construction	8	8	8	9	8	8	8	10	8
Trans & stor	15	17	18	20	17	19	19	20	17
Fin Service	26	26	20	19	25	26	20	19	26
Public admin, defence & others	12	13	13	13	13	13	13	12	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 Indian 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	58.6	18.0	18.0	HDFC Bk	85	88	85	104	99	95
ICICI	13.2	15.7	18.0	17.0	17.0	17.0	ICICI	79	81	86	87	88	89
Kotak	1.5	20.3	17.6	18.0	18.0	18.0	Kotak	90	98	99	99	100	101
Axis	8.7	11.5	18.8	15.5	17.0	17.0	Axis	88	86	89	89	90	91
IndusInd	3.3	12.0	21.0	20.0	19.0	19.0	IndusInd	83	81	86	88	88	89
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
Net interest income growth (%)							Net interest margin (%) (BofA)						
HDFC Bk	15.5	11.0	20.6	28.9	34.6	20.3	HDFC Bk	4.1	3.9	4.1	3.8	3.9	4.0
ICICI	17.2	21.7	30.9	19.0	13.9	15.7	ICICI	3.6	3.8	4.4	4.5	4.3	4.3
Kotak	13.0	11.8	25.0	18.8	15.2	17.3	Kotak	4.5	4.5	5.0	5.0	4.9	4.9
Axis	16.0	13.3	29.6	16.0	14.3	15.7	Axis	3.4	3.4	3.8	3.9	3.8	3.8
IndusInd	12.2	10.9	17.3	18.5	20.7	17.2	IndusInd	4.4	4.2	4.4	4.4	4.6	4.6
SBI	12.9	9.0	20.0	9.1	9.1	8.7	SBI	2.9	2.8	3.0	3.0	3.0	2.9
BOB	4.9	13.2	26.8	11.9	11.0	13.1	BOB	2.6	2.8	3.2	3.2	3.1	3.1
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	22
Kotak	-3.1	29.4	47.7	25.0	20.0	20.0	Kotak	13	16	20	21	22	23
Axis	-3.0	21.7	24.7	20.0	20.0	20.0	Axis	24	27	27	28	29	29
IndusInd	-19.1	25.7	30.6	20.0	20.0	18.0	IndusInd	23	26	30	30	30	30
SBI	-0.9	4.5	6.8	7.0	9.0	9.0	SBI	15	15	14	14	14	14
BOB	-10.1	9.0	9.2	10.0	12.0	12.0	BOB	12	12	11	11	11	11
Non-interest income growth (%)							Revenue growth (%)						
HDFC Bk	8.4	17.1	5.8	36.6	14.3	19.5	HDFC Bk	13	13	16	31	29	20
ICICI	15.3	-2.4	7.1	19.2	18.3	18.0	ICICI	17	14	24	19	15	16
Kotak	42.1	3.9	3.6	18.0	16.1	16.2	Kotak	27	7	14	18	16	17
Axis	-4.5	2.6	8.4	25.2	19.7	19.7	Axis	8	10	23	19	16	17
IndusInd	-5.6	12.8	10.4	20.7	19.7	17.8	IndusInd	6	12	15	19	20	17
SBI	-3.8	-6.7	-9.7	24.3	6.7	10.3	SBI	8	5	13	12	9	9
BOB	19.8	-7.1	-12.7	26.6	14.2	14.2	BOB	9	7	16	15	12	13
Operating expense growth (%)							Cost-income ratio (%)						
HDFC Bk	6.6	14.4	27.3	31.4	24.0	21.3	HDFC Bk	36	37	40	41	39	39
ICICI	-0.2	24.0	23.0	22.3	18.2	16.8	ICICI	37	41	40	41	42	43
Kotak	33.9	12.2	9.3	20.0	16.0	16.0	Kotak	63	65	63	64	64	63
Axis	6.2	28.5	15.1	27.3	20.0	17.0	Axis	42	49	46	49	51	51
IndusInd	1.5	14.3	19.4	21.8	17.5	17.5	IndusInd	42	43	44	45	44	44
SBI	9.9	13.0	4.7	14.7	8.4	8.4	SBI	54	58	54	55	55	55
BOB	13.6	5.7	12.9	11.8	11.1	10.0	BOB	50	49	48	46	46	45
PPOP growth (%)							PPOP ROA (%)						
HDFC Bk	18	12	10	31	32	19	HDFC Bk	3.5	3.4	3.1	2.8	3.0	3.1
ICICI	30	8	25	17	13	16	ICICI	3.1	3.0	3.3	3.3	3.2	3.1
Kotak	18	0	22	16	15	18	Kotak	3.6	3.2	3.4	3.5	3.5	3.5
Axis	10	-4	30	11	12	17	Axis	2.7	2.3	2.6	2.5	2.4	2.5
IndusInd	9	9	12	17	23	17	IndusInd	3.5	3.4	3.3	3.4	3.5	3.5
SBI	5	-5	23	9	9	10	SBI	1.7	1.4	1.6	1.6	1.6	1.5
BOB	5	9	20	18	12	16	BOB	1.8	1.8	2.0	2.0	2.0	2.0
Provisions (bp of loans)							Provisions / PPOP (%)						
HDFC Bk	146	119	80	54	60	60	HDFC Bk	27	24	17	13	14	14
ICICI	225	105	69	65	85	95	ICICI	45	22	14	13	17	20
Kotak	128	27	13	50	70	75	Kotak	20	5	2	9	12	13
Axis	271	107	36	60	75	85	Axis	66	30	9	15	20	23
IndusInd	379	295	167	118	130	130	IndusInd	68	52	31	23	24	25
SBI	177	91	54	50	80	100	SBI	62	36	20	19	31	40
BOB	202	166	80	80	100	115	BOB	73	58	27	26	34	38
NPL ratio (%)							NPL coverage (%)						
HDFC Bk	1.3	1.2	1.1	1.4	1.5	1.6	HDFC Bk	70	73	76	72	72	81
ICICI	5.3	3.8	3.0	2.4	2.1	1.8	ICICI	78	79	83	78	75	73
Kotak	3.2	2.4	1.8	1.9	2.2	2.5	Kotak	62	71	77	75	76	77
Axis	3.9	3.0	2.2	1.5	1.1	0.9	Axis	72	75	81	79	78	78
IndusInd	2.7	2.3	2.0	1.8	2.0	2.1	IndusInd	75	72	71	78	78	77

Exhibit 32: Operational metrics comparison

Summary of key operational metrics for Indian banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
SBI	5.0	4.0	2.8	2.0	1.6	1.6	SBI	71	75	76	73	72	71
BOB	8.9	6.6	3.8	3.5	3.1	2.8	BOB	67	75	77	69	71	74
Tier 1 CAR (%)							RWA growth (%)						
HDFC Bk	17.6	17.9	17.1	19.1	18.3	17.9	HDFC Bk	14	20	17	49	18	18
ICICI	18.1	18.3	17.6	18.1	18.1	18.1	ICICI	3	13	21	16	16	16
Kotak	22.6	21.7	22.3	23.9	23.6	23.4	Kotak	7	14	17	15	15	15
Axis	16.5	16.3	14.6	15.2	15.2	15.2	Axis	4	13	18	14	15	15
IndusInd	16.8	16.8	16.4	16.9	16.9	16.8	IndusInd	6	8	14	15	15	15
SBI	11.4	11.4	12.1	12.0	11.8	11.3	SBI	15	3	12	12	12	12
BOB	12.7	13.2	14.0	14.4	14.4	14.2	BOB	2	4	8	12	13	13
Core RoE (%)							RoRWA (%)						
HDFC Bk	16.6	16.7	17.0	15.8	17.2	17.7	HDFC Bk	2.9	3.0	3.0	2.9	3.0	3.1
ICICI	12.3	14.7	17.2	17.1	15.8	15.4	ICICI	2.1	2.8	3.3	3.2	3.0	2.9
Kotak	13.1	12.9	14.1	13.1	12.7	13.0	Kotak	3.0	3.2	3.5	3.2	3.1	3.1
Axis	7.1	12.0	18.3	16.7	15.3	15.0	Axis	1.1	1.9	2.8	2.5	2.3	2.3
IndusInd	7.3	10.1	14.4	16.5	17.2	17.4	IndusInd	1.1	1.6	2.3	2.7	2.8	2.8
SBI	8.4	11.9	16.5	15.8	13.2	11.7	SBI	0.9	1.3	1.9	1.9	1.5	1.3
BOB	1.1	8.9	15.3	17.0	15.1	14.6	BOB	0.1	1.1	2.1	2.4	2.2	2.1

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	28.0	28.0	28.0	Au SFB	96	88	84	86	89	91
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	105	103	100
RBL	1.7	3.3	16.0	15.0	15.0	15.0	RBL	80	76	83	85	87	88
Net interest income growth (%)							Net interest margin (%) (BofA)						
Bandhan	19.6	15.2	6.3	13.2	29.6	18.7	Bandhan	7.4	7.1	6.7	6.7	7.4	7.5
Au SFB	23.9	36.7	36.8	18.6	24.9	27.0	Au SFB	5.2	5.5	5.7	5.4	5.6	5.7
Federal	19.0	7.7	21.3	15.3	21.9	18.0	Federal	3.1	3.0	3.2	3.2	3.2	3.2
IDFCFB	31.0	31.5	30.4	26.2	21.3	20.0	IDFCFB	5.1	5.9	6.2	6.3	6.3	6.3
RBL	4.4	6.3	10.5	16.5	16.4	14.7	RBL	4.2	4.1	4.3	4.4	4.4	4.5
Fee income growth (%)							Fee income / total income (%)						
Bandhan							Bandhan						
Au SFB	-0.2	43.0	46.4	25.0	25.0	25.0	Au SFB	11	14	16	17	17	17
Federal	-4.1	28.3	36.7	22.0	20.0	20.0	Federal	16	19	22	22	22	22
IDFCFB	5.6	63.9	68.5	33.0	20.0	20.0	IDFCFB	16	19	24	25	25	25
RBL	-5.7	30.7	11.2	18.0	19.0	19.0	RBL	25	29	30	32	33	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	42.2	22.5	22.2	Au SFB	46	11	29	23	24	26
Federal	0.4	8.2	11.9	26.6	18.5	18.6	Federal	14	8	19	18	21	18
IDFCFB	30.9	43.0	38.6	31.9	19.9	19.9	IDFCFB	31	34	32	28	21	20
RBL	7.7	13.7	6.4	-0.6	19.0	19.0	RBL	6	9	9	10	17	16
Operating expense growth (%)							Cost-income ratio (%)						
Bandhan	16.1	25.1	31.6	24.4	23.2	20.5	Bandhan	29	31	40	42	41	41
Au SFB	17.0	45.5	42.6	26.9	22.5	22.0	Au SFB	43	57	63	65	64	62
Federal	9.4	16.3	11.1	21.3	16.9	15.4	Federal	49	53	50	51	49	48
IDFCFB	30.9	36.0	26.2	25.2	21.2	19.4	IDFCFB	74	75	71	70	70	69
RBL	-1.2	31.5	30.8	15.8	15.9	15.9	RBL	47	57	68	72	71	71
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	17	28	33	Au SFB	4.6	3.0	2.5	2.4	2.5	2.6
Federal	18	0	28	15	25	21	Federal	2.0	1.8	2.0	1.9	2.0	2.1
IDFCFB	31	29	51	34	20	21	IDFCFB	1.6	1.9	2.3	2.5	2.4	2.4
RBL	12	-11	-20	-1	21	17	RBL	3.3	2.7	2.0	1.8	1.9	1.9
Provisions (bp of loans)							Provisions / PPOP (%)						
Bandhan	527	848	403	195	185	175	Bandhan	57	98	59	29	25	24

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
Au SFB	224	64	29	38	45	55	Au SFB	32	15	8	11	13	15
Federal	127	86	46	25	50	60	Federal	44	32	16	9	17	20
IDFCFB	216	278	121	135	155	170	IDFCFB	81	95	34	36	43	47
RBL	404	469	153	160	170	170	RBL	78	104	46	57	58	57
NPL ratio (%)							NPL coverage (%)						
Bandhan	6.6	6.4	4.9	5.9	5.4	4.6	Bandhan	50	75	77	69	72	72
Au SFB	4.3	2.0	1.7	1.1	1.2	1.2	Au SFB	50	71	71	84	69	66
Federal	3.4	2.8	2.4	1.7	1.5	1.4	Federal	66	66	71	71	73	74
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	2.6	1.9	1.3	RBL	52	70	68	68	72	80
Tier 1 CAR (%)							RWA growth (%)						
Bandhan	22.5	18.9	18.7	18.5	18.8	19.2	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	23.1	20.6	18.6	RBL	10	3	12	15	15	15
Core RoE (%)							RoRWA (%)						
Bandhan	13.5	0.7	11.9	20.2	22.8	22.4	Bandhan	3.3	0.2	2.3	3.9	4.3	4.3
Au SFB	22.0	17.8	15.4	13.7	15.0	16.7	Au SFB	4.6	3.8	3.4	2.9	2.9	3.0
Federal	10.3	10.9	15.0	14.9	14.0	14.4	Federal	1.5	1.6	2.2	2.2	2.2	2.2
IDFCFB	2.7	0.7	10.5	11.6	11.1	11.0	IDFCFB	0.4	0.1	1.6	1.7	1.6	1.5
RBL	4.4	-0.6	6.7	5.0	5.7	6.5	RBL	0.7	-0.1	1.1	0.8	0.8	0.8

Source: BofA Global Research estimates, company report

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Valuation metrics comparison

Exhibit 34: Valuations Table

Summary of key valuation metrics for large India 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	610,876	782,102	934,317	HDFC Bk	18.5	18.8	19.3	38.5	28.0	19.5
ICICI	161,936	233,394	318,936	372,333	397,525	448,024	ICICI	49.3	44.1	36.7	16.7	6.8	12.7
Kotak	99,902	117,210	147,640	156,749	172,837	201,886	Kotak	16.3	17.3	26.0	6.2	10.3	16.8
Axis	65,883	130,259	220,696	226,979	240,158	271,244	Axis	304.8	97.7	69.4	2.8	5.8	12.9
IndusInd	28,364	46,111	73,897	97,098	121,419	135,752	IndusInd	-35.8	62.6	79.0	25.3	17.4	16.4
SBI	204,101	316,761	502,339	552,306	510,248	490,191	SBI	40.9	55.2	58.6	9.9	-7.6	-3.9
BOB	8,285	72,721	141,098	179,017	180,663	195,410	BOB	51.6	777.7	94.0	26.9	0.9	8.2
Core EPS (Rs)							Core EPS growth (%)						
HDFC Bk	56.3	66.3	79.1	80.3	102.2	121.4	HDFC Bk	18.2	17.8	19.1	1.6	27.3	18.7
ICICI	23.1	33.0	45.7	52.8	55.8	62.3	ICICI	40.3	42.7	38.5	15.6	5.7	11.6
Kotak	51.0	59.1	74.3	78.0	85.0	98.1	Kotak	14.0	15.9	25.8	4.9	9.0	15.4
Axis	22.1	42.4	71.5	72.6	75.9	84.8	Axis	269.8	91.7	68.8	1.6	4.6	11.6
IndusInd	37.4	59.5	95.2	123.7	151.2	168.8	IndusInd	-41.3	59.1	76.9	23.8	16.0	15.0
SBI	22.9	35.5	56.3	61.9	57.2	54.9	SBI	41.0	55.2	58.6	9.9	-7.6	-3.9
BOB	1.79	14.06	27.25	34.55	34.80	37.56	BOB	31.3	685.3	94.0	26.6	0.7	7.9
Core ROE (%)							Core ROA (%)						
HDFC Bk	16.6	16.7	17.0	15.8	17.2	17.7	HDFC Bk	1.9	1.9	1.9	1.9	2.0	2.0
ICICI	12.3	14.7	17.2	17.1	15.8	15.4	ICICI	1.4	1.8	2.1	2.2	2.0	1.9
Kotak	13.1	12.9	14.1	13.1	12.7	13.0	Kotak	2.2	2.3	2.5	2.4	2.3	2.3
Axis	7.1	12.0	18.3	16.7	15.3	15.0	Axis	0.7	1.2	1.8	1.6	1.5	1.4
IndusInd	7.3	10.1	14.4	16.5	17.2	17.4	IndusInd	0.8	1.2	1.9	2.0	2.0	2.0
SBI	8.4	11.9	16.5	15.8	13.2	11.7	SBI	0.5	0.7	1.0	1.0	0.8	0.7
BOB	1.11	8.93	15.33	16.99	15.12	14.60	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	17.2	17.7	HDFC Bk	26.5	22.2	19.3	19.0	14.9	12.5
ICICI	12.3	14.7	17.2	17.1	15.8	15.4	ICICI	25.0	22.1	20.6	17.8	16.9	15.1
Kotak	17.1	16.7	17.6	14.2	12.7	13.0	Kotak	34.8	29.7	23.5	22.4	20.5	17.8
Axis	7.1	12.0	18.3	16.7	15.3	15.0	Axis	31.6	18.0	14.0	13.7	13.1	11.8
IndusInd	7.3	10.1	14.4	16.5	17.3	17.3	IndusInd	25.5	15.6	15.3	11.8	9.6	8.6
SBI	8.4	11.9	16.5	15.8	13.2	11.7	SBI	15.6	13.9	10.2	9.2	10.0	10.4
BOB	1.1	8.9	15.3	17.0	15.1	14.6	BOB	39.5	7.9	7.5	5.9	5.9	5.5

Exhibit 34: Valuations Table

Summary of key valuation metrics for large India banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
Book value per share (Rs)							P/B (x) (Consol)						
HDFC Bk	370	433	502	558	637	735	HDFC Bk	4.04	3.40	3.03	2.73	2.39	2.07
ICICI	213	245	287	331	379	432	ICICI	2.71	2.98	3.27	2.84	2.48	2.18
Kotak	428	490	565	636	712	801	Kotak	4.14	3.58	3.09	2.74	2.45	2.18
Axis	332	375	408	470	534	607	Axis	2.11	2.03	2.45	2.12	1.87	1.64
IndusInd	561	620	704	801	943	1046	IndusInd	1.70	1.49	2.07	1.82	1.54	1.39
SBI	284	314	367	414	453	488	SBI	1.26	1.57	1.56	1.38	1.26	1.17
BOB	149	166	190	217	243	272	BOB	0.47	0.67	1.08	0.95	0.84	0.76
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
HDFC Bk	361	425	494	543	620	720	HDFC Bk	4.13	3.46	3.08	2.81	2.45	2.11
ICICI	200	235	280	322	368	421	ICICI	2.89	3.10	3.36	2.92	2.55	2.24
Kotak	314	367	457	625	699	785	Kotak	5.64	4.77	3.81	2.79	2.50	2.22
Axis	309	357	396	460	525	599	Axis	2.26	2.13	2.52	2.17	1.90	1.66
IndusInd	542	600	682	783	929	1001	IndusInd	1.76	1.54	2.13	1.86	1.57	1.45
SBI	243	283	343	391	432	465	SBI	1.47	1.75	1.67	1.46	1.32	1.23
BOB	107	140	174	194	222	251	BOB	0.66	0.80	1.18	1.06	0.93	0.82
Leverage - asset / equity (x)							Growth in equity (%)						
HDFC Bk	8.6	8.6	8.8	8.7	8.9	9.0	HDFC Bk	19.1	17.9	16.7	51.5	14.8	16.0
ICICI	8.3	8.3	7.9	8.0	8.1	8.3	ICICI	26.6	15.6	17.7	16.4	15.5	15.3
Kotak	5.6	5.6	5.3	5.5	5.6	5.8	Kotak	26.4	14.5	15.6	13.8	13.4	13.8
Axis	9.8	10.2	10.5	10.4	10.5	10.6	Axis	19.6	13.4	8.9	16.6	15.1	15.0
IndusInd	8.4	8.4	8.4	8.5	8.6	8.7	IndusInd	24.9	10.7	15.0	16.9	17.2	15.3
SBI	17.9	17.8	16.8	16.4	16.6	17.1	SBI	9.4	10.3	17.0	12.8	9.5	7.7
BOB	15.0	14.9	14.8	14.7	14.9	15.2	BOB	7.2	11.5	14.3	14.5	12.4	11.8
Dividend per share (Rs\$)							Dividend yield (%)						
HDFC Bk	3.3	15.5	19.0	18.0	20.0	20.0	HDFC Bk	0.2	1.0	1.2	1.2	1.3	1.3
ICICI	0.0	5.0	8.0	5.0	5.0	5.0	ICICI	0.0	0.5	0.9	0.5	0.5	0.5
Kotak	0.9	1.1	1.5	0.8	0.8	0.8	Kotak	0.1	0.1	0.1	0.0	0.0	0.0
Axis	0.0	1.0	1.0	6.0	6.0	6.0	Axis	0.0	0.1	0.1	0.6	0.6	0.6
IndusInd	8.5	8.5	14.0	18.0	13.0	30.0	IndusInd	0.6	0.6	1.0	1.2	0.9	2.1
SBI	4.0	7.1	11.3	15.0	18.0	20.0	SBI	0.7	1.2	2.0	2.6	3.1	3.5
BOB	0.0	1.2	5.5	7.0	8.0	9.0	BOB	0.0	0.6	2.7	3.4	3.9	4.4
Market cap / PPOP (x)							Market cap / deposits (%)						
HDFC Bk	14	13	16	13	9	8	HDFC Bk	86	74	61	48	38	31
ICICI	11	13	13	11	10	9	ICICI	71	62	56	48	41	35
Kotak	21	21	17	15	13	11	Kotak	124	112	96	81	70	60
Axis	8	9	10	9	8	7	Axis	43	37	32	28	24	21
IndusInd	6	5	8	7	5	5	IndusInd	44	39	33	28	24	21
SBI	4	6	6	6	5	5	SBI	14	13	12	10	9	8
BOB	2	3	4	3	3	3	BOB	11	10	9	8	7	6

Source: BofA Global Research estimates, company report, Bloomberg

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Exhibit 35: Valuations Table - MSBs

Summary of key valuation metrics for large India 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	58,377	69,780	Bandhan	-27.1	-94.3	1644.6	96.6	35.3	19.5
Au SFB	6,748	11,707	12,268	14,268	20,035	25,941	Au SFB	73.5	4.8	16.3	12.5	24.9	29.5
Federal	15,424	15,834	18,967	30,266	42,945	50,133	Federal	2.7	19.8	59.6	24.0	14.4	16.7
IDFCFB	-28,642	4,523	1,455	24,571	33,993	37,897	IDFCFB	-115.8	-67.8	1588.9	29.0	7.2	11.5
RBL	5,057	5,078	-747	8,827	8,302	9,885	RBL	0.4	-114.7	-1281.1	-20.9	18.9	19.1
Core EPS (Rs)							Core EPS growth (%)						
Bandhan	18.76	13.69	0.78	13.62	36.09	43.05	Bandhan	-27.0	-94.3	1644.8	96.2	35.0	19.3
Au SFB	11.16	18.99	19.48	21.40	29.34	37.54	Au SFB	70.1	2.6	9.9	11.1	23.4	27.9
Federal	7.70	7.91	9.02	14.30	18.13	21.06	Federal	2.8	14.0	58.5	11.4	13.8	16.2
IDFCFB	-5.91	0.82	0.23	3.71	5.02	5.52	IDFCFB	-113.9	-71.8	1503.0	27.5	6.0	10.2
RBL	9.91	9.05	-1.25	14.72	13.52	15.91	RBL	-8.7	-113.8	-1281.5	-21.8	17.5	17.7
Core ROE (%)							Core ROA (%)						
Bandhan	22.9	13.5	0.7	11.9	22.8	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	15.0	16.7	Au SFB	2.5	2.0	1.8	1.6	1.6	1.7
Federal	11.1	10.3	10.9	15.0	14.0	14.4	Federal	0.8	0.9	1.3	1.3	1.3	1.3

Exhibit 35: Valuations Table - MSBs

Summary of key valuation metrics for large India banks

	FY21	FY22	FY23	FY24E	FY25E	FY26E		FY21	FY22	FY23	FY24E	FY25E	FY26E
IDFCFB	-17.1	2.7	0.7	10.5	11.1	11.0	IDFCFB	0.3	0.1	1.1	1.2	1.0	1.0
RBL	5.6	4.4	-0.6	6.7	5.7	6.5	RBL	0.5	-0.1	0.8	0.6	0.6	0.6
Core RONTA (%)							P/E (x)						
Bandhan	22.9	13.5	0.7	11.9	22.8	22.4	Bandhan	12.2	16.7	293.4	16.8	6.3	5.3
Au SFB	17.9	22.0	17.8	15.4	15.0	16.7	Au SFB	63.1	37.1	36.1	32.9	24.0	18.7
Federal	11.1	10.3	10.9	15.0	14.0	14.4	Federal	19.1	18.6	16.3	10.3	8.1	7.0
IDFCFB	-17.1	2.7	0.7	10.5	11.1	11.0	IDFCFB	-15.3	110.2	391.2	24.4	18.1	16.4
RBL	5.6	4.4	-0.6	6.7	5.7	6.5	RBL	25.0	27.4	-198.9	16.8	18.3	15.6
Book value per share (Rs)							P/B (x) (Consol)						
Bandhan	94.4	108.1	107.9	121.6	173.9	211.7	Bandhan	3.59	2.84	2.12	1.88	1.32	1.08
Au SFB	72.0	100.5	119.3	164.6	209.9	243.0	Au SFB	8.53	6.20	5.90	4.27	3.35	2.90
Federal	72.9	80.8	89.4	101.6	133.0	150.6	Federal	1.04	1.21	1.65	1.45	1.11	0.98
IDFCFB	31.9	31.9	33.8	38.9	47.8	52.9	IDFCFB	1.75	1.24	2.68	2.33	1.89	1.71
RBL	208.0	211.7	210.5	226.4	241.3	251.4	RBL	1.00	0.61	1.18	1.09	1.03	0.99
Adjusted book value per share (Rs) (BofA)							P/ABV (x) (Consol)						
Bandhan	92.0	90.3	98.2	114.0	159.4	196.5	Bandhan	3.69	3.40	2.33	2.01	1.44	1.17
Au SFB	68.4	88.4	115.0	160.3	208.7	239.4	Au SFB	8.98	7.05	6.12	4.39	3.37	2.94
Federal	64.8	72.9	82.8	95.9	129.0	146.1	Federal	1.17	1.34	1.78	1.53	1.14	1.01
IDFCFB	30.2	28.6	30.9	36.9	45.9	50.2	IDFCFB	1.84	1.39	2.93	2.46	1.97	1.81
RBL	184.7	191.0	197.0	213.6	233.1	246.9	RBL	1.12	0.68	1.26	1.16	1.06	1.00
Leverage - asset / equity (x)							Growth in equity (%)						
Bandhan	6.0	6.6	8.0	8.0	8.0	7.9	Bandhan	14.6	-0.2	12.7	17.9	21.8	21.9
Au SFB	9.6	8.2	9.2	8.2	9.4	10.0	Au SFB	43.4	19.7	46.1	13.5	15.1	17.2
Federal	12.4	12.5	11.8	12.1	11.3	11.6	Federal	11.1	16.6	14.4	33.6	13.1	13.8
IDFCFB	9.7	9.2	9.1	9.3	11.1	11.9	IDFCFB	16.1	17.9	22.5	12.5	12.0	11.9
RBL	8.4	7.9	8.4	8.5	10.1	10.8	RBL	19.7	-0.4	7.6	4.3	4.6	5.5
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	2.0	2.0	2.0	Au SFB	0.0	0.0	0.1	0.3	0.3	0.3
Federal	0.0	0.7	1.8	1.0	2.2	2.2	Federal	0.0	0.5	1.2	0.7	1.5	1.5
IDFCFB	0.0	0.0	0.0	0.0	0.0	0.0	IDFCFB	0.0	0.0	0.0	0.0	0.0	0.0
RBL	0.0	0.0	0.0	1.5	3.0	3.0	RBL	0.0	0.0	0.0	0.6	1.2	1.2
Market cap / PPOP (x)							Market cap / deposits (%)						
Bandhan	8	6	5	4	3	3	Bandhan	71	52	34	28	24	20
Au SFB	17	21	7	6	5	4	Au SFB	102	71	68	54	43	35
Federal	4	5	8	7	5	4	Federal	9	11	16	14	12	10
IDFCFB	13	7	13	10	8	7	IDFCFB	37	22	44	35	28	22
RBL	4	3	21	22	18	15	RBL	17	10	18	16	14	12

Source: BofA Global Research estimates, company report, Bloomberg

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Underperform	N/A	≥ 20%

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