

LIC Housing Finance

Margins remain steady; upgrade to ADD

LIC Housing Finance (LICHF) Q2FY26 earnings were largely in line with our estimates as lower opex was offset by higher credit costs (22bps). Loan growth continued to remain subdued (+6% YoY), driven by muted disbursements growth (-1% YoY), and continues to remain an area of concern. LICHF continues to prioritize margins over loan growth with broadly steady NIMs at 2.62%, although the company has recently tweaked its re-pricing rates in order to arrest the BT-outs, which had spiked in Q2. LICHF has delivered subdued loan growth (11% CAGR during FY15-FY25), with expected moderation in RoE. However, the current subdued valuations (0.7x Mar-27 ABVPS) factor in lower loan growth, turning incremental risk-reward favorable. We upgrade LICHF from REDUCE to ADD with a revised RI-based TP of INR 700 (implying 0.9x Sep-27 ABVPS).

- **Steady NIMs, driven by cost of funds tailwinds:** LICHF reported muted NII growth of 3.3% YoY, driven by subdued loan growth (+5.8% YoY). Cost of funds declined by 8bps sequentially with incremental cost of funds declining by 62bps during H1FY26. While LICHF has reduced its benchmark lending rate by only 25bps during CY26, it has reduced the re-pricing rate by 75bps leading to moderation in yields by 20bps QoQ. However, NIMs remained broadly steady at 2.62% (Q1FY26: 2.68%) amidst current interest rate environment and elevated competitive intensity. Management reiterated its stance of prioritization of NIMs over loan growth with NIM guidance of 2.6-2.8% during FY26.
- **Loan growth revival remains elusive:** LICHF's loan growth remained muted (+5.8% YoY) due to subdued disbursement (-1.0% YoY). With prioritization of margins, loan growth is likely to remain a challenge, particularly in retail home loans segment. Management has indicated certain initiatives to drive loan growth including scaling up lead channel and subsidiary channel (LICHFFSL) and is optimistic about double-digit loan growth during FY26E. Management indicated cautious approach in the developer loans segment, due to lower risk-adjusted returns in their view.
- **Asset quality improves sequentially:** GS-II/GS-III improved QoQ to 3.4%/2.51% (Q1FY26: 3.58%/2.62%). Management expects resolution of a few large ticket size accounts in the near term, aiding earnings. We expect the credit costs to remain rangebound at ~20bps in FY26E.
- **Subdued growth a concern; risk-reward turning favorable:** LICHF has delivered muted 11% AUM CAGR during FY25-FY25, with an average RoE of ~15% during the same period. We expect the RoE to moderate marginally due to marginal pressure on NIM and normalization of credit costs. However, the current valuations (0.7x Mar-27 ABVPS) factor in all these headwinds turning risk-reward favorable.

Financial Summary (Standalone)

Y/E Mar (INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	63.3	86.5	81.3	82.4	88.6	97.3
PPOP	55.0	77.0	71.4	73.8	78.9	86.3
PAT	28.9	47.7	54.3	53.2	56.8	62.2
EPS (INR)	52.6	86.6	98.6	96.6	103.2	112.9
ROAE (%)	11.2%	16.3%	16.0%	13.8%	13.0%	12.7%
ROAA (%)	1.1%	1.7%	1.8%	1.6%	1.6%	1.6%
ABVPS (INR)	372	486	591	677	764	859
P/ABV (x)	1.5	1.2	1.0	0.8	0.7	0.7
P/E (x)	10.9	6.6	5.8	5.9	5.5	5.1

Source: Company, HSIE Research

ADD

CMP (as on 30 Oct 2025)	INR 570
Target Price	INR 700
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	REDUCE	ADD
Price Target	INR 615	INR 700
EPS %	FY26E	FY27E
	-0.5%	0.5%

KEY STOCK DATA

Bloomberg code	LICHF IN
No. of Shares (mn)	550
MCap (INR bn) / (\$ mn)	314/3,537
6m avg traded value (INR mn)	1,033
52 Week high / low	INR 658/484

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.3)	(5.1)	(9.9)
Relative (%)	(6.9)	(10.3)	(15.5)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	45.2	45.2
FIs & Local MFs	22.2	22.1
FPIs	20.3	20.2
Public & Others	12.3	12.5
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Quarterly Financials

Exhibit 1: Quarterly Financials of LICHF

Y/E March (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)
Interest earned	70,335	68,534	2.6	71,131	-1.1
Interest expended	49,951	48,796	2.4	50,473	-1.0
Net interest income	20,385	19,739	3.3	20,658	-1.3
Other income	1,362	784	73.8	1,201	13.4
Total Income	21,747	20,522	6.0	21,859	-0.5
Operating expenses	3,018	3,105	-2.8	2,938	2.7
Staff expenses	1,429	1,703	-16.1	1,595	-10.4
Operating profit	18,729	17,417	7.5	18,920	-1.0
Non-tax provisions	1,682	773	117.4	1,929	-12.8
Share of profit of associates & JVs	0	0	0.0	0	0.0
Exceptional gains	0	0	0.0	0	0.0
Profit before tax	17,047	16,644	2.4	16,992	0.3
Provision for tax	3,508	3,355	4.6	3,392	3.4
Effective Tax rate (%)	21%	20%	0bps	20%	1bps
Recurring Profit after Tax	13,539	13,289	1.9	13,599	-0.4
Extraordinary income	0	0	0.0	0	0.0
Reported Profit after Tax	13,539	13,289	1.9	13,599	-0.4
AUM (INR bn)	3,118	2,946	5.8	3,096	0.7
Disbursements (INR bn)	163	164.8	-1.0	131.2	24.4
Borrowings (INR bn)	2,727	2,481	9.9	2,709	0.7
Cost of funds (%)	7.4%	7.8%		7.5%	
NIM (%)	2.6%	2.7%		2.6%	
Cost to income (%)	13.9%	15.1%		13.4%	
Credit costs (%)	0.2%	0.1%		0.2%	
ROA (%)	1.7%	1.8%		1.8%	
ROE (%)	15.0%	16.0%		15.0%	
GS III (%)	2.5%	3.1%		2.6%	
NS III (%)	1.2%	1.6%		1.3%	
GS II (%)	3.4%	3.9%		3.6%	
PCR (%)	53.1%	49.3%		50.8%	

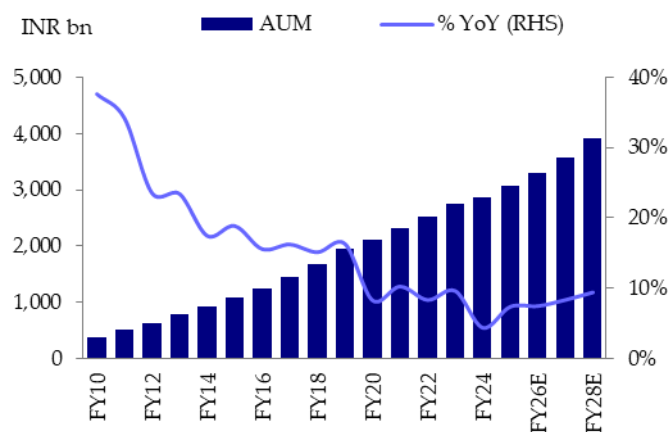
Source: Company, HSIE Research

Subdued loan growth remains a concern

- Portfolio growth nearing all-time lows:** LICHF has continued to grapple with muted loan growth with ~8% AUM CAGR during FY20-FY25 vs. home loans industry CAGR of 14%. This has been driven by subdued disbursements growth, owing to elevated competitive intensity from PSBs, limited expansion of the distribution network, and run-down of the developer finance portfolio (3.0% of AUM vs. 7% in FY21).

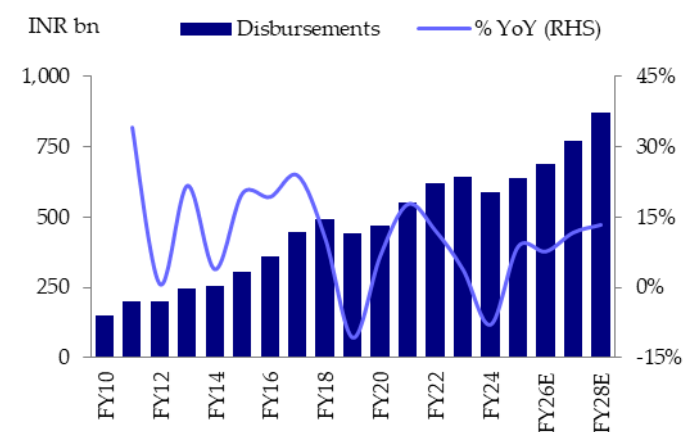
While disbursements growth is likely to have bottomed out (-1% YoY) amidst slowdown in broader housing demand, a meaningful uptick in the disbursements growth remains a key monitorable.

Exhibit 2: AUM growth on a declining trajectory



Source: Company, HSIE Research

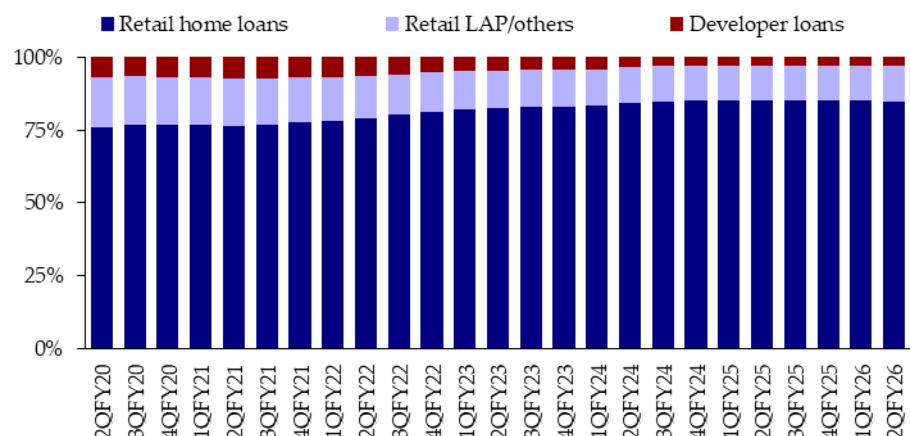
Exhibit 3: Disbursements growth



Source: Company, HSIE Research

- Increasing share of individual housing loans:** The share of individual home loans continues to increase steadily. LICHF has remained cautious on the developer loans post the elevated delinquencies witnessed in the portfolio. We expect the share of individual home loans to remain steady at current levels.

Exhibit 4: AUM mix – pivoting towards individual home loans

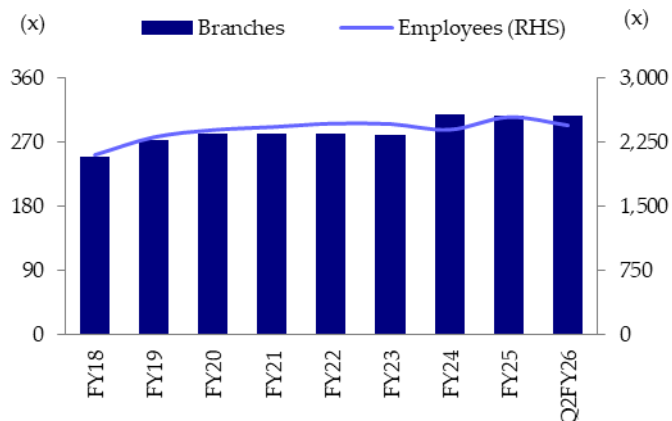


Source: Company, HSIE Research

LIC Housing Finance: Company Update

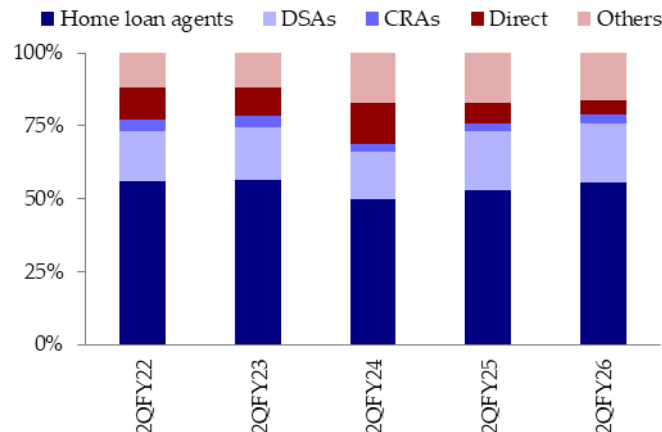
- Limited expansion of distribution network remains a handicap:** While LICHF has an established pan-India distribution network, muted addition in branches and employees over the past several years also remains a handicap for portfolio growth. With employee productivity at optimum levels, investments in distribution and sourcing channels remain a key monitorable for a strong uptick in loan growth.

Exhibit 5: Limited expansion of the distribution network



Source: Company, HSIE Research | Branches – marketing offices

Exhibit 6: Loan sourcing mix – remains skewed towards home loan agents



Source: Company, HSIE Research

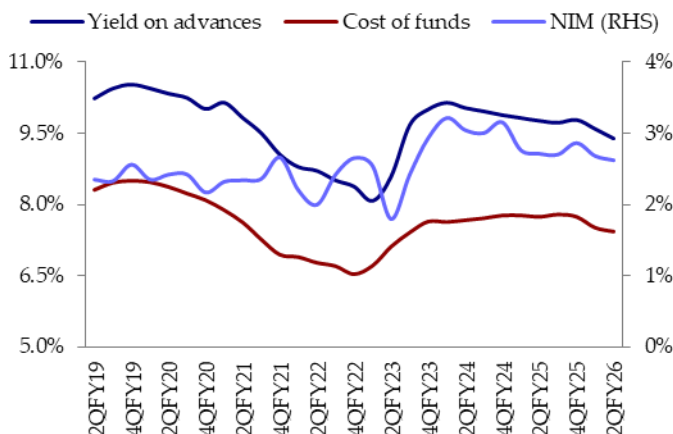
Steady margins amidst a challenging environment

- Steady margins in declining interest rate environment:** NIMs have remained broadly steady in a declining interest rate environment and elevated competitive intensity from PSBs. Cost of funds declined by 8bps sequentially with incremental cost of funds declining by 62bps during H1FY26. The pivot towards bank borrowings in recent years (particularly repo rate linked borrowings) compared to NCDs have aided in faster re-pricing of liabilities. With gradual reduction in MCLR by Banks and re-pricing of NCDs, cost of funds is likely to reduce further gradually.

On the assets side, LICHF has reduced its benchmark lending rate by only 25bps in Apr-25. However, in order to keep balance transfers under control, the re-pricing rate has reduced by 75bps (to existing customers), leading to moderation in yields by 20bps QoQ.

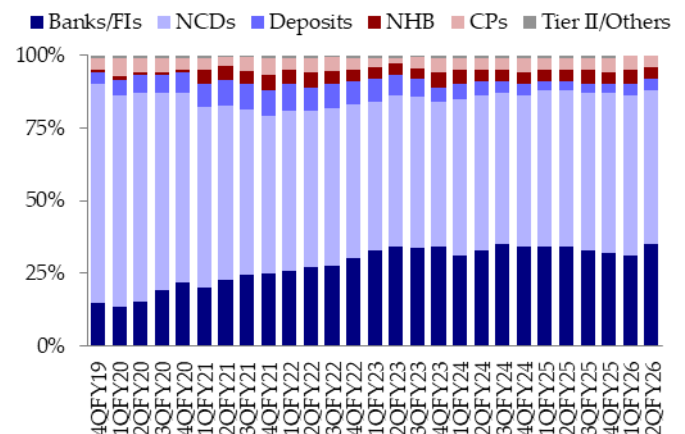
We expect the NIMs to broadly remain at these levels, with reduction in cost of funds to offset the reduction in yields due to lower incremental asset yields (starting from 7.5%).

Exhibit 7: NIMs have moderated marginally from the peak



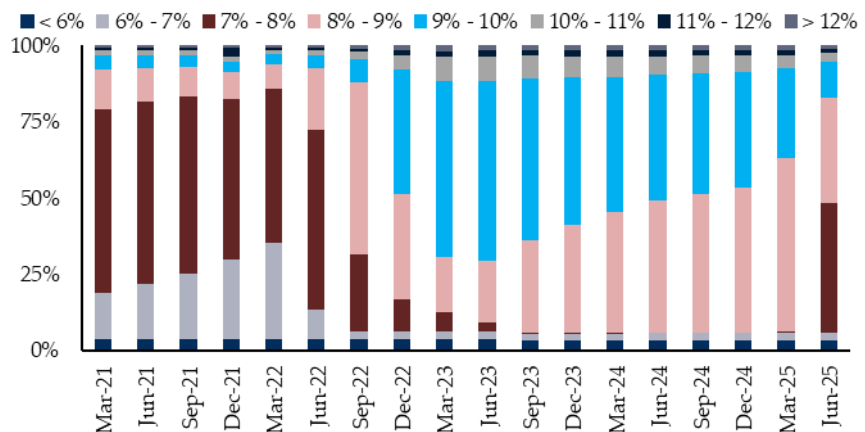
Source: Company, HSIE Research

Exhibit 8: Increasing share of bank borrowings in the liabilities mix



Source: Company, HSIE Research

Exhibit 9: Banks' home loans portfolio by interest rate slab



Source: RBI, HSIE Research

Exhibit 10: FY25 annual report dashboard

LICHF IN (INR mn)	Units	FY20	FY21	FY22	FY23	FY24	FY25
AUM (INR bn)	INR bn	2,106	2,320	2,511	2,751	2,869	3,077
As % of gross advances							
CRE exposure	%	8%	8%	10%	8%	8%	7%
Capital market exposure	%	0%	0%	0%	0%	0%	0%
Secured	%	100%	99%	99%	99%	99%	98%
RWA as % of assets	%	59%	59%	55%	54%	52%	51%
Productivity (per month)							
AUM/branch	INR mn	7,589	8,227	8,906	9,771	9,708	9,976
AUM/employee	INR mn	896	963	1,026	1,116	1,181	1,246
Disbursements/branch	INR mn	141	163	183	190	166	173
Disbursements/employee	INR mn	17	19	21	22	20	22
% YoY							
AUM/branch	%	2%	8%	8%	10%	-1%	3%
AUM/employee	%	2%	7%	7%	9%	6%	6%
Disbursements/branch	%	0%	16%	12%	4%	-12%	4%
Disbursements/employee	%	0%	15%	10%	3%	-7%	7%
Concentration metrics							
Top 20 - % of advances	%	4.0%	4.0%	3.4%	3.0%	2.6%	2.5%
Top 20 - % of exposure	%	3.9%	3.5%	3.5%	3.0%	2.5%	2.5%
Top 20 - % of deposits	%	35.8%	27.7%	28.2%	35.9%	40.2%	38.5%
Top 10 - % GNPA	%	28.0%	22.0%	33.4%	28.4%	34.5%	36.3%
Liabilities							
Borrowings mix							
Banks - Term loans	%	13%	17%	21%	25%	28%	24%
Banks - CC/OD	%	8%	7%	8%	9%	6%	8%
ECB	%	1%	1%	1%	0%	0%	0%
Debentures	%	65%	55%	53%	50%	53%	55%
CPs	%	4%	6%	4%	6%	5%	5%
Tier II	%	1%	1%	1%	1%	1%	1%
Deposits	%	7%	9%	8%	5%	4%	3%
NHB	%	1%	5%	4%	5%	4%	5%
Cost of funds	%	8.2%	7.2%	6.6%	6.9%	7.4%	7.5%
Debt securities	%	8.5%	7.7%	7.3%	7.2%	7.4%	7.5%
Other borrowings	%	6.5%	6.0%	5.2%	6.5%	7.3%	7.5%
Tier II	%	10.2%	5.9%	7.4%	7.4%	7.4%	7.4%
Deposits	%	8.7%	7.8%	6.5%	6.8%	7.2%	7.1%
LCR %	%			549%	173%	175%	163%
Employees							
Employee attrition rate %	%	NA	2%	4%	4%	5%	4%
Asset Quality							
GS II %	%	4.6%	6.2%	3.1%	5.3%	4.2%	3.4%
GS III %	%	3.0%	4.2%	4.6%	4.4%	3.3%	2.5%
Write-offs (%)	%	0.0%	0.1%	0.0%	0.2%	0.7%	0.4%
Gross Slippages (%)	%	1.9%	1.9%	1.3%	0.9%	0.2%	0.0%
Upgrades & recoveries (%)	%	0.2%	0.2%	0.5%	0.5%	0.5%	0.2%
Net Slippages (%)	%	1.7%	1.7%	0.9%	0.4%	-0.2%	-0.2%
PCR – Stage I (%)	%	0.0%	0.1%	0.2%	0.3%	0.2%	0.2%
PCR – Stage II (%)	%	0.0%	0.3%	3.1%	8.1%	6.4%	4.0%
PCR – Stage III (%)	%	41.4%	38.8%	43.2%	44.8%	51.4%	51.2%
Portfolio mix							
% assets (net of intangibles)							
Housing	%		80%	82%	83%	84%	84%
Housing (Individuals)	%		76%	80%	82%	84%	83%
Gross advances mix							
Housing	%	82%	83%	84%	85%	86%	86%
Non-Housing	%	18%	17%	16%	15%	14%	14%
GNPA (reported)							
% GNPA - Housing (Individuals)	%	1.2%	2.0%	1.9%	1.6%	1.5%	1.1%
% GNPA - Projects (Housing)	%	23.0%	24.3%	3.8%	0.2%	0.1%	0.1%
% GNPA - Non-Housing (Individuals)	%	3.0%	6.2%	8.4%	4.7%	3.9%	2.8%

Source: Company, HSIE Research

Exhibit 11: Peer comparison – 2QFY26

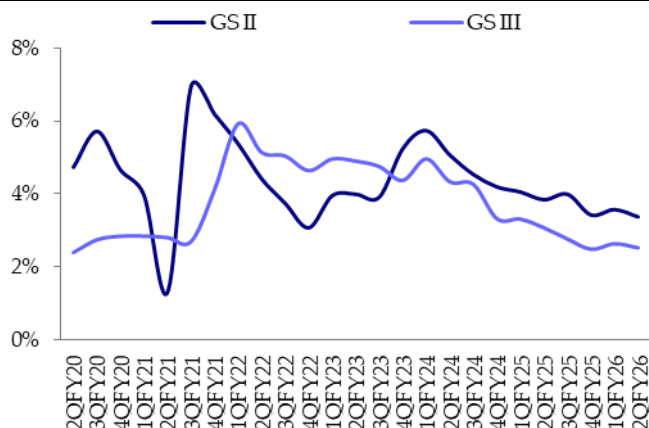
2QFY26	Units	LICHF	PNBHOUSING	CANF
AUM	INR bn	3,118	839	397
Disbursements	INR bn	163	60	25
Sep-27 P/ABVPS	x	0.7	1.1	1.7
Growth (% YoY)				
AUM	%	5.8%	12.3%	8.4%
Disbursements	%	-1.0%	12.2%	6.9%
Margins %				
Yield on advances	%	9.4%	10.0%	10.1%
Cost of funds	%	7.4%	7.8%	7.1%
Spread	%	2.0%	2.2%	2.9%
NIM	%	2.6%	3.5%	3.9%
Δ NIM	bps	-4	-4	35
% Borrowings				
Banks	%	35%	36%	57%
NCD + CPs	%	57%	16%	28%
NHB	%	4%	14%	14%
Off balance sheet	%	0%	5%	0%
Cost efficiency				
Cost-to-income ratio	%	14%	25%	19%
Opex-to-AUM ratio	%	0.4%	1.0%	0.8%
Other opex/branch	INR mn	18.8	12.1	5.5
Portfolio mix				
Home loans	%	85%	72%	87%
ATS - Home loans	INR mn	3.1	2.9	2.5
Productivity				
AUM/branch	INR mn	9,198	2,356	1,646
Disbursals/branch (/month)	INR mn	160.4	56.1	35.2
Repayment rate	%	18%	21%	17%
Asset Quality				
GS III	%	2.5%	1.0%	0.9%
NS III	%	1.2%	0.7%	0.5%
GS II	%	3.4%	2.2%	5.2%
PCR - Stage III	%	53%	34%	49%
Credit costs	%	0.2%	-0.6%	0.0%
(% of avg. assets)				
Interest earned	%	8.9%	9.5%	10.1%
Interest expended	%	6.3%	6.0%	6.2%
Net interest income	%	2.6%	3.5%	3.9%
Non-interest income	%	0.2%	0.5%	0.1%
Operating expenses	%	0.4%	1.0%	0.7%
Pre-provisioning profit	%	2.4%	3.0%	3.2%
Provisions	%	0.2%	-0.5%	0.0%
PBT	%	2.1%	3.6%	3.2%
ROAA	%	1.7%	2.7%	2.4%
Assets/Equity	x	8.5	4.8	7.7
RoAE	%	14.6%	13.1%	18.7%

Source: Company, HSIE Research

Risk-reward favorable; upgrade to ADD

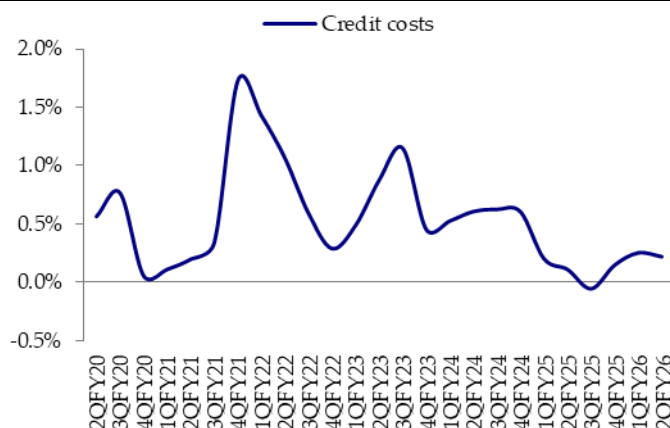
- **Other income remains strong driven by recoveries:** LICHF's other income has remained strong during FY25 and H1FY26 driven by recoveries from written off accounts. With a technically written off pool of INR 40bn as on Jun-25, we expect healthy recoveries during H2FY26.
- **Improving asset quality metrics:** LICHF's asset quality has been improving steadily over the last few quarters, driven by run-down of developer loans and increased collections and recoveries efforts in retail loans. With the resolution of large ticket size accounts, credit costs could remain subdued in the near-term.

Exhibit 12: Steady improvement in Gross stage II and Gross Stage III loans



Source: Company, HSIE Research

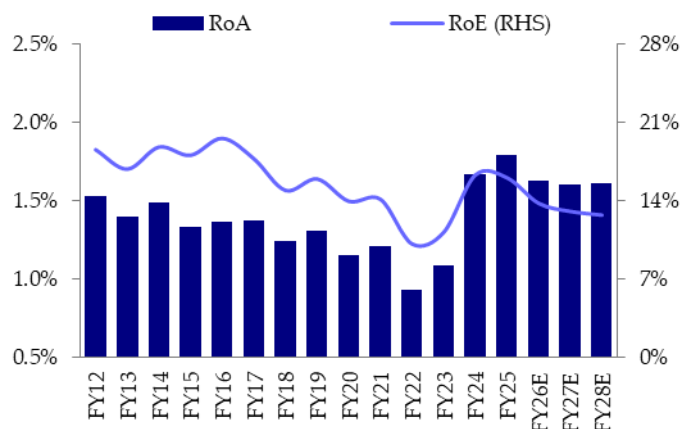
Exhibit 13: Credit costs have remained volatile post pandemic



Source: Company, HSIE Research

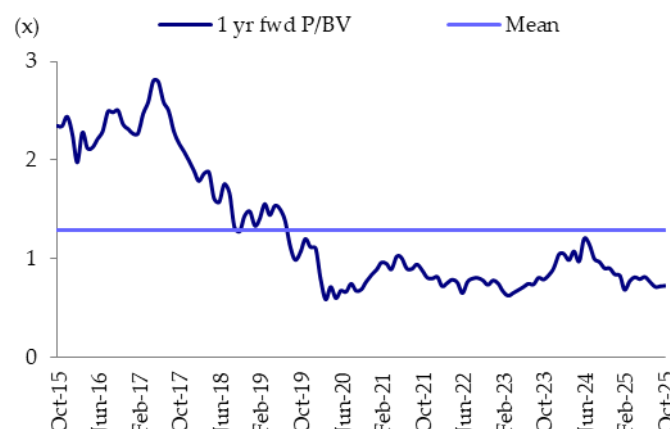
- **Valuations at attractive levels; upgrade to ADD:** LICHF's protracted muted loan growth has been an area of concern leading to muted shareholder returns. However, healthy performance on the margins front as well as current valuations (0.7x Mar-27 ABVPS) provides limited downside. We upgrade LICHF from REDUCE to ADD with a revised RI-based TP of INR 700 (0.9x Sep-27 ABVPS).

Exhibit 14: RoA/RoE



Source: Company, HSIE Research

Exhibit 15: Valuations have corrected



Source: Company, HSIE Research

Exhibit 16: Change in estimates

(INR bn)	FY26E			FY27E		
	Old	New	Change	Old	New	Change
AUM	3,316	3,304	-0.4%	3,605	3,577	-0.8%
NIM (%)	2.6	2.5	-5 bps	2.5	2.5	-1 bps
NII	84.3	82.4	-2.3%	89.8	88.6	-1.3%
PPOP	74.0	73.8	-0.4%	78.7	78.9	0.4%
PAT	53.5	53.2	-0.5%	56.5	56.8	0.5%
Adj. BVPS (INR)	678	677	-0.2%	759	764	0.7%

Source: Company, HSIE Research

Financials

Income Statement

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest earned	1,96,885	2,25,162	2,70,416	2,76,615	2,86,006	3,07,266	3,34,555
Interest expended	1,41,537	1,61,860	1,83,907	1,95,320	2,03,599	2,18,660	2,37,226
Net interest income	55,348	63,303	86,509	81,295	82,407	88,605	97,328
Other income	2,646	1,580	1,931	3,948	4,591	4,614	4,814
Total income	57,994	64,882	88,440	85,243	86,999	93,219	1,02,142
Operating expenditure	10,330	9,883	11,463	13,826	13,238	14,286	15,829
Pre-provisioning operating profit	47,664	55,000	76,976	71,416	73,760	78,933	86,313
Non-tax provisions	19,882	19,430	16,437	2,858	6,449	7,030	7,633
Profit before tax	27,782	35,570	60,539	68,558	67,311	71,903	78,680
Share of net profit of associates and joint ventures	0	0	0	0	0	0	0
Exceptional gain/(loss)	0	0	0	0	0	0	0
Tax expenditure	4,909	6,660	12,885	14,268	14,135	15,100	16,523
Profit attributable to non-controlling interests	0	0	0	0	0	0	0
Profit after tax	22,873	28,910	47,654	54,290	53,175	56,804	62,157
Adjusted Profit after tax	22,873	28,910	47,654	54,290	53,175	56,804	62,157

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,100	1,100	1,101	1,101	1,101	1,101	1,101
Reserves and surplus	2,45,618	2,69,903	3,12,846	3,61,467	4,09,139	4,59,888	5,15,991
Net worth	2,46,718	2,71,003	3,13,946	3,62,568	4,10,239	4,60,989	5,17,091
Borrowings	22,36,582	24,47,742	25,24,968	27,05,972	28,95,626	31,26,083	34,05,845
Other liabilities and provisions	62,375	65,375	73,132	70,726	84,645	91,687	1,00,298
Total equity and liabilities	25,45,675	27,84,120	29,12,046	31,39,266	33,90,510	36,78,759	40,23,234
Cash and cash equivalents	9,374	7,419	15,726	14,045	22,857	35,988	36,822
Investments	61,986	69,764	62,770	71,421	77,041	78,196	86,950
Advances	24,52,963	26,78,348	28,05,898	30,28,458	32,55,595	35,26,422	38,57,605
Fixed assets	2,876	3,570	3,610	4,020	4,503	5,043	5,648
Other assets	18,475	25,020	24,042	21,321	30,515	33,109	36,209
Total assets	25,45,675	27,84,120	29,12,046	31,39,266	33,90,510	36,78,759	40,23,234

Source: Company, HSIE Research

LIC Housing Finance: Company Update

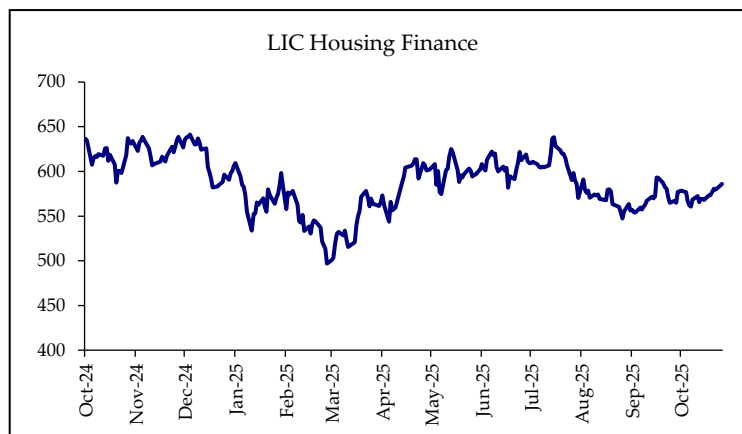
Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS							
EPS (INR)	41.6	52.6	86.6	98.6	96.6	103.2	112.9
Earnings Growth (%)	-16.3%	26.4%	64.8%	13.9%	-2.1%	6.8%	9.4%
BVPS (ex reval.) (INR)	449	493	570	659	745	838	939
Adj. BVPS (ex reval. & 100% cover) (INR)	329	372	486	591	677	764	859
ROAA (%)	0.9%	1.1%	1.7%	1.8%	1.6%	1.6%	1.6%
ROAE (%)	10.1%	11.2%	16.3%	16.0%	13.8%	13.0%	12.7%
P/E (x)	13.7	10.9	6.6	5.8	5.9	5.5	5.1
P/ABV (x)	1.74	1.53	1.17	0.96	0.84	0.75	0.66
P/PPOP (x)	6.6	5.7	4.1	4.4	4.3	4.0	3.6
Dividend yield (%)	1.5%	1.5%	1.6%	1.8%	1.8%	1.9%	1.9%
PROFITABILITY (%)							
Yield on Advances (%)	8.06%	8.43%	9.51%	9.20%	8.84%	8.81%	8.82%
Cost of Funds (%)	6.56%	6.91%	7.40%	7.47%	7.27%	7.26%	7.26%
Core Spread (%)	1.50%	1.52%	2.11%	1.73%	1.57%	1.55%	1.55%
NIM (%)	2.23%	2.34%	3.00%	2.66%	2.51%	2.50%	2.52%
OPERATING EFFICIENCY							
Cost to average AUM ratio (%)	0.43%	0.38%	0.41%	0.47%	0.41%	0.42%	0.42%
Cost-income ratio (%)	17.8%	15.2%	13.0%	16.2%	15.2%	15.3%	15.5%
BALANCE SHEET STRUCTURE RATIOS							
Loan growth (%)	7.5%	9.2%	4.8%	7.9%	7.5%	8.3%	9.4%
AUM growth (%)	8.2%	9.5%	4.3%	7.3%	7.4%	8.3%	9.3%
Borrowing growth (%)	7.6%	9.4%	3.2%	7.2%	7.0%	8.0%	8.9%
Debt/Equity (x)	9.1	9.0	8.0	7.5	7.1	6.8	6.6
Equity/Assets (%)	9.7%	9.7%	10.8%	11.5%	12.1%	12.5%	12.9%
Equity/Loans (%)	10.1%	10.1%	11.2%	12.0%	12.6%	13.1%	13.4%
Total Capital Adequacy Ratio (CAR) (%)	18.1%	18.2%	20.8%	23.2%	22.8%	23.5%	24.1%
Tier I CAR (%)	16.2%	16.6%	19.2%	21.7%	21.5%	22.3%	23.0%
ASSET QUALITY							
GS III (INR mn)	1,16,224	1,21,361	94,948	75,984	76,238	79,964	85,272
NS III (INR mn)	65,967	66,415	46,180	37,039	37,809	40,322	44,101
Slippages (%)	1.3%	0.9%	0.8%	0.5%	0.7%	0.6%	0.6%
GS III (%)	4.6%	4.4%	3.3%	2.5%	2.3%	2.2%	2.2%
NS III (%)	2.7%	2.5%	1.6%	1.2%	1.2%	1.1%	1.1%
Coverage Ratio (%)	43.2%	44.8%	51.4%	51.2%	50.4%	49.6%	48.3%
Provision/AUM (%)	0.82%	0.74%	0.59%	0.10%	0.20%	0.20%	0.20%
Provision/Gross advances (%)	0.82%	0.74%	0.59%	0.10%	0.20%	0.20%	0.20%
(% of average assets)							
Interest earned	8.0%	8.4%	9.5%	9.1%	8.8%	8.7%	8.7%
Interest expended	5.8%	6.1%	6.5%	6.5%	6.2%	6.2%	6.2%
Net interest income	2.3%	2.4%	3.0%	2.7%	2.5%	2.5%	2.5%
Non-interest income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Operating expenses	0.4%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%
Pre-provisioning profit	1.9%	2.1%	2.7%	2.4%	2.3%	2.2%	2.2%
Non-tax provisions	0.8%	0.7%	0.6%	0.1%	0.2%	0.2%	0.2%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for tax	0.2%	0.2%	0.5%	0.5%	0.4%	0.4%	0.4%
ROAA	0.9%	1.1%	1.7%	1.8%	1.6%	1.6%	1.6%
Average assets/Average equity (x)	10.8	10.3	9.7	8.9	8.4	8.1	7.9
ROAE	10.1%	11.2%	16.3%	16.0%	13.8%	13.0%	12.7%

Source: Company, HSIE Research

LIC Housing Finance: Company Update

Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

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