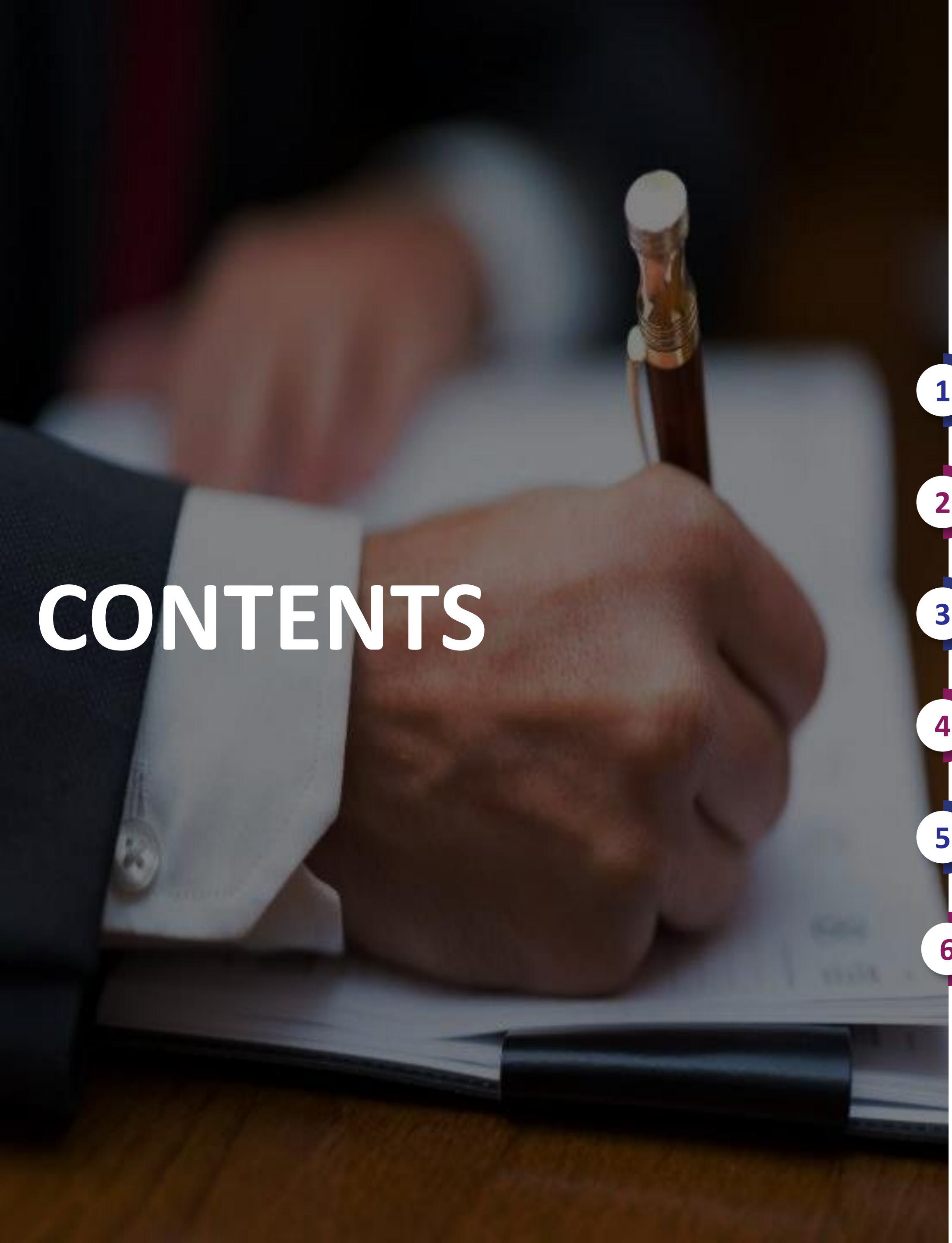
REPORT ON INDIAN BANKING SECTOR

Rate Race: Entering The Next Phase Of The Banking Cycle

May 2025



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EXECUTIVE SUMMARY (1/2)

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Credit and deposit growth likely to unite after 5 fiscals with the liquidity pump aiding deposits

Credit growth exceeded deposit growth for four consecutive fiscals through FY25 — only the second such occurrence in the past 50 years. However, the gap is gradually narrowing and the two may converge in FY26. This shift would be supported by surplus liquidity, which has historically fuelled deposits more than credit. As we expect nominal GDP growth closer to 9% y/y, credit and deposit growth are expected to be around 10-12% y/y.

Industry growth likely to remain bounded as global uncertainty and fierce competition from alternate funding sources afflicts banks

Industry credit growth remained a weak spot in FY25, expanding at just ~8% y/y, weighed down by structural shifts in the economy. The outlook for FY26 appears equally subdued, with the NSO projecting a 26% y/y contraction in private capex. In FY25, specialised project financiers disbursed more than twice the net amount lent by banks in infrastructure credit — highlighting their growing dominance. Also, ~70% of incremental industry bank credit over the 12 months ending Dec’24 was directed toward working capital rather than new investments. Further, FY25 saw record corporate bond issuances, and this momentum may persist in FY26, particularly as the spread between MCLR and bond yields has widened to multi-year highs.

NBFCs look to diversify funding away from banks, impacting services growth… Personal loans to be saving grace on regulatory relaxations

- For the first time in several years, the share of bank loans in NBFC liabilities has declined, indicating increased funding diversification — particularly among highly rated NBFCs, which have benefited from access to lower-cost bond markets. In contrast, lower-rated NBFCs are likely to remain reliant on bank financing. Meanwhile, the RBI’s draft guidelines aimed at expanding the co-lending framework are expected to support credit flow to the MSME sector
- On a brighter note, personal loans are expected to be a key driver of credit growth, supported by the easing of regulatory restrictions on select unsecured segments. Further tailwinds may come from potential direct tax relief in the Union Budget, ample system liquidity, and a declining interest rate environment — all of which could stimulate retail borrowing

Deposit growth reverting to long-term mean as C/D scramble eases and competitive dynamics of rates is changing

In FY25, ~86% of incremental deposits came via term deposits, with wholesale term deposits accounting for 50% of total outstanding term deposits as of Dec’24. PVBs outperformed their peers, capturing a higher share of incremental CASA and term deposits relative to their share in outstanding deposits in FY25. They achieved while maintaining a WADTDR (o/s) lower than PSBs for more than 1.5 years, largely attributable to differences in the mix. Indeed, with interest rates trending lower, leading PVBs are now positioned to offer savings rates on par PSBs, marking a shift in competitive dynamics.

EXECUTIVE SUMMARY (2/2)

Banks would use borrowings opportunistically in FY26

Amid deposit pressures in FY25, many banks turned to alternative funding channels, issuing nearly Rs. 1 trn in infrastructure bonds and actively tapping the certificates of deposit (CD) market. CDs may retain a rate advantage in the near term, as bond markets typically price in policy rate cuts faster than deposit rates adjust. While easing short-term rates could reduce borrowing needs, NBFCs and mid-sized banks must remain vigilant on asset-liability management (ALM) to avoid repeating past missteps.

NIM squeeze to ensue as the first rate cut cycle in an EBLR dominated world promises interesting times

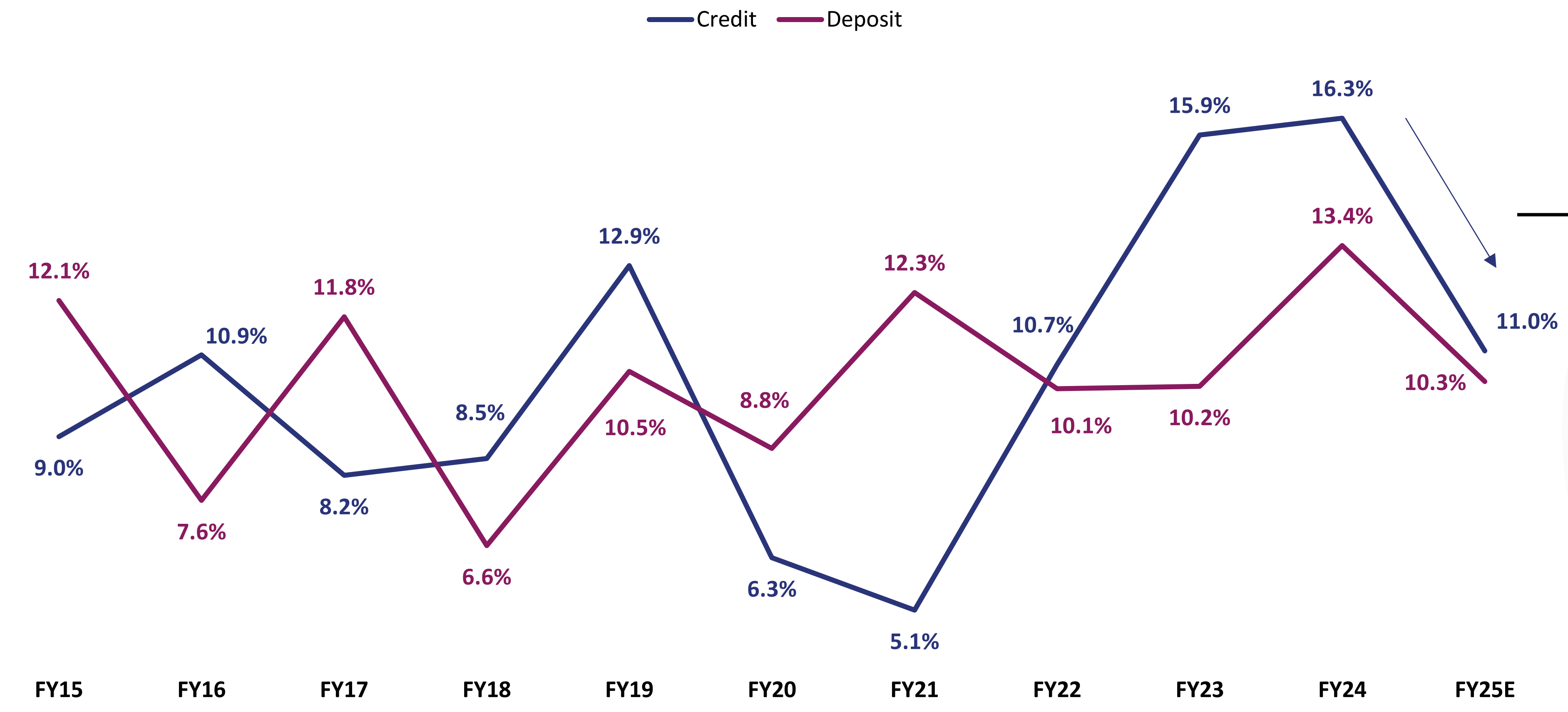
With the onset of the rate cut cycle, lending yields are expected to decline more swiftly than in past cycles, owing to the elevated share of EBLR loans — now comprising ~61% of floating rate credit, up from just 9% in Mar'20. However, nearly half of system-wide credit still remains tied to fixed-rate and MCLR-linked loans, which are likely to see minimal repricing in the near term. With only ~21% of term deposits maturing over the next year, deposit repricing will lag loan yields. As RBI cuts rates by another 50–75 bps and liquidity remains ample, a compression in NIMs appears inevitable in FY26, as transmission equalises across fresh loans and deposits.

Ample banking system liquidity and subdued credit demand are expected to drive a sharp decline in deposit rates along with reduction in rates on EBLR loans. Banks with a strong deposit franchise and faster balance sheet growth will be better positioned to pass on rate cuts effectively. Furthermore, the anticipated relaxation of the LCR norms, combined with currently elevated LCR buffers, could allow banks to reduce their excess liquidity by up to 6pp — unlocking additional capacity for credit expansion. Supported by trading gains, robust fee income, and historically low NPAs, banks are well-placed to sustain record profits in FY26.

AMPLE LIQUIDITY TO SUPPORT CREDIT, BUT ARE THERE TAKERS?

CLOSING GAP BETWEEN CREDIT AND DEPOSIT GROWTH IN FY26

O/S CREDIT AND DEPOSIT OF SCB* (GROWTH Y/Y)



CD RATIO	73%	76%	73%	74%	76%	74%	70%	70%	74%	77% (75%)*	81%

CREDIT growth has normalised in FY25 due to moderate private capex, and RBI's injunctions on loans

DEPOSIT growth retreated to with long-term average in FY25

Outpacing of deposit by credit growth for 4 years on trot has only happened twice in 50+ years

Gap between deposit and credit growth will close in FY26

Source: RBI, MoSPI, SBICAPS; *FY24 Data excludes impact of HDFC merger

MODERATE SERVICES AND MFG. SEGMENTS TO BE MET BY REBOUNDING PERSONAL LOANS

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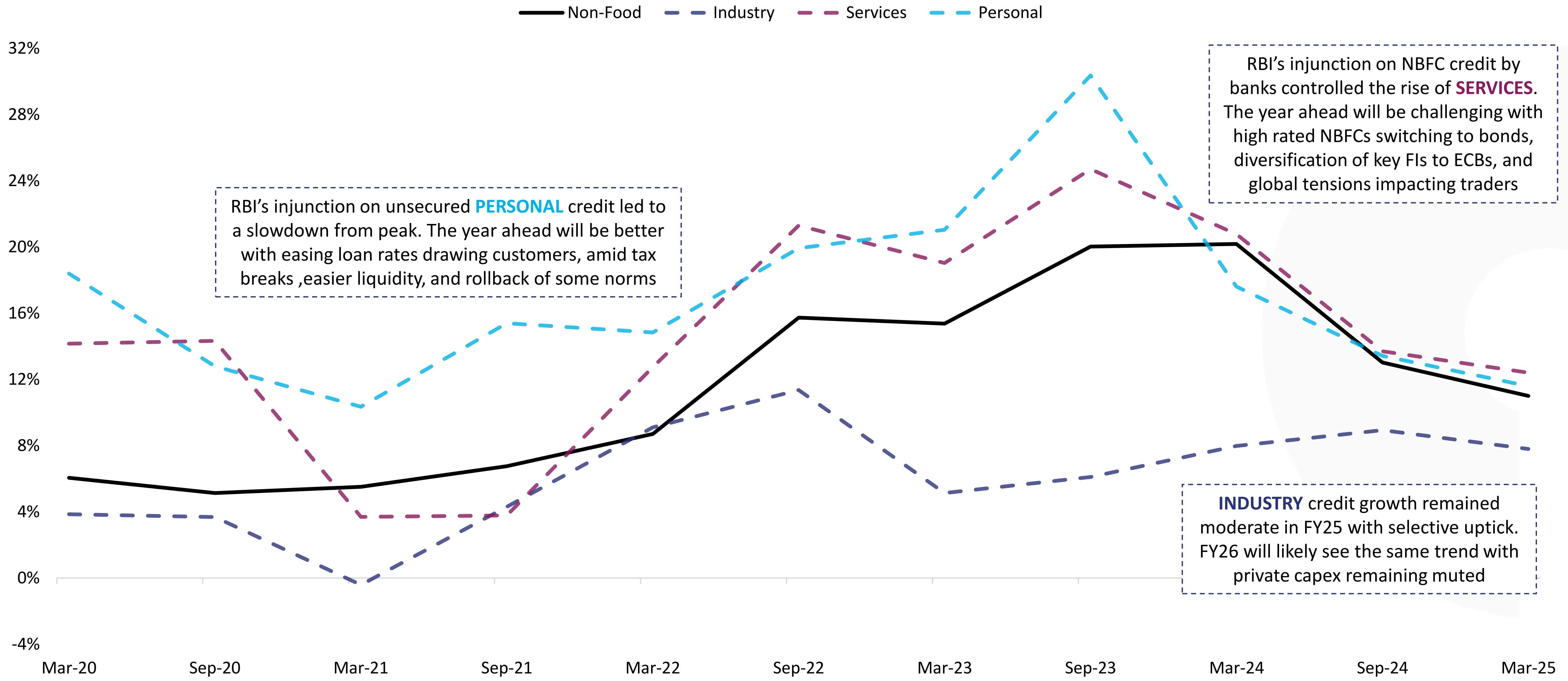
BANK CREDIT OUTSTANDING (GROWTH Y/Y)



Source: RBI, SBICAPS

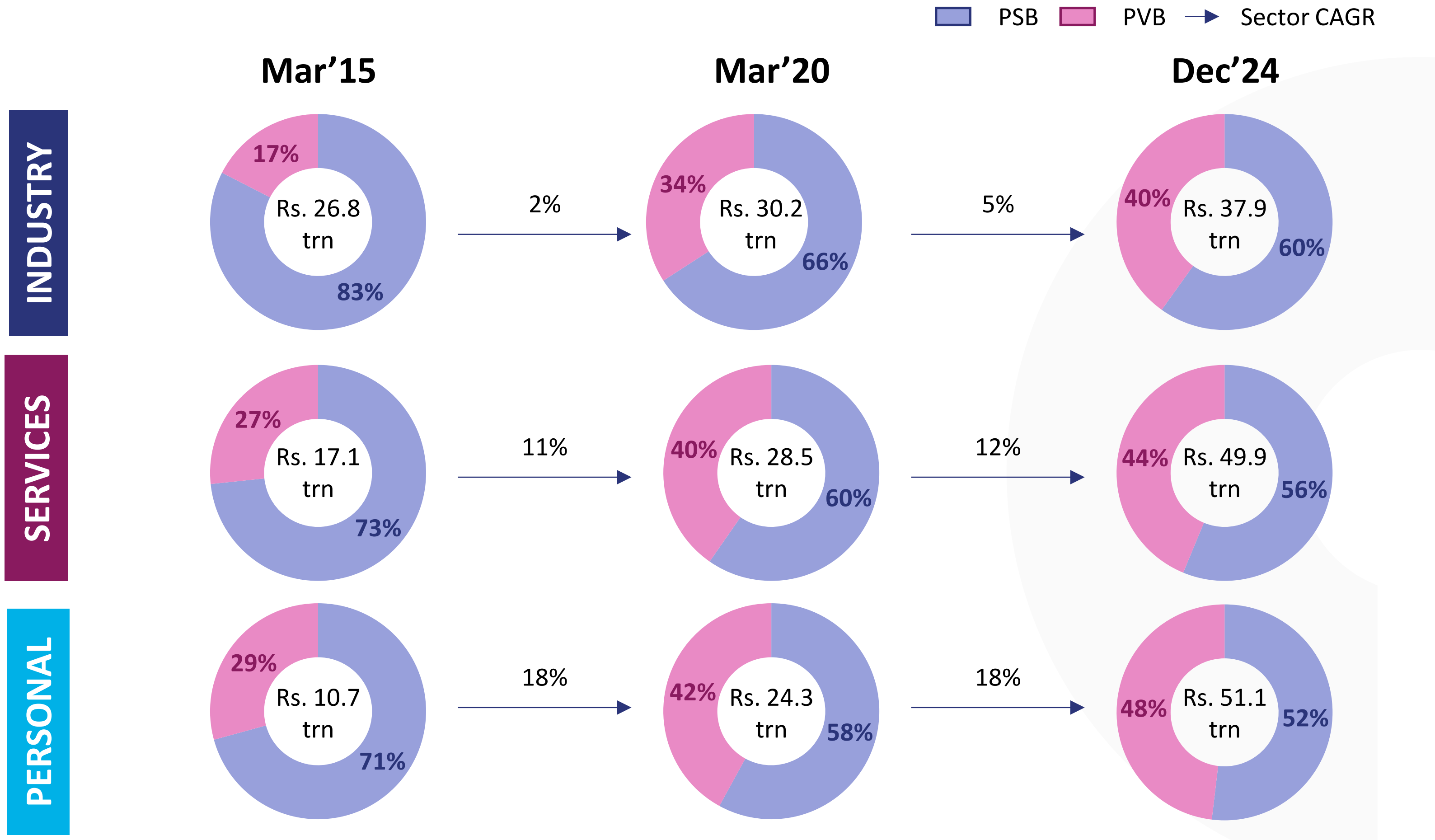
PSB OUTPACE PVB IN CREDIT GROWTH FOR THE FIRST TIME IN 15 YEARS

NON-FOOD BANK CREDIT (GROWTH Y/Y) – DEC'24

	PSB	PVB
INDUSTRY	9%	6%
SERVICES	15%	9%
PERSONAL	17%	10%
AGRICULTURE	7.5%	18%
NON-FOOD CREDIT OUTSTANDING	12.5%	11%

- Slow credit offtake by large PVBs, especially HDFC Bank and Axis Bank has led to PSBs overtaking PVBs
- PSBs, with their moderate C/D ratio were able to lend freely in FY25

SHARE* OF CREDIT O-S – SPLIT BY BANK GROUP



- PSBs have stemmed the loss of share in key segments to PVBs, and are likely to reverse some losses in FY25
- Loss of share in Dec'24 vs. Mar'20 would be even smaller if HDFC were excluded

Source: RBI, SBICAPS; *Share in credit o/s by the two bank groups only, which constitute ~95% of total credit o/s

INDUSTRY CREDIT: LARGE PRIVATE CAPEX PICKUP REMAINS SELECTIVE

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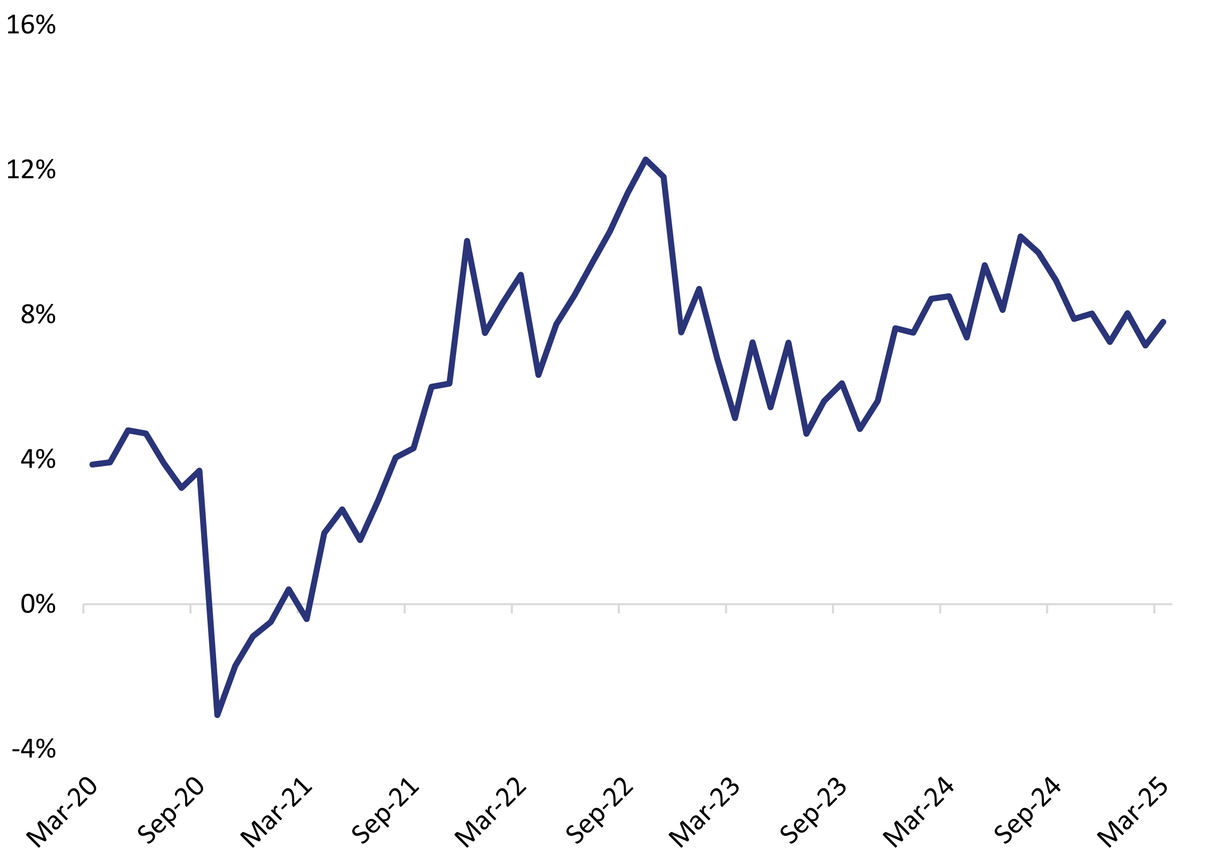
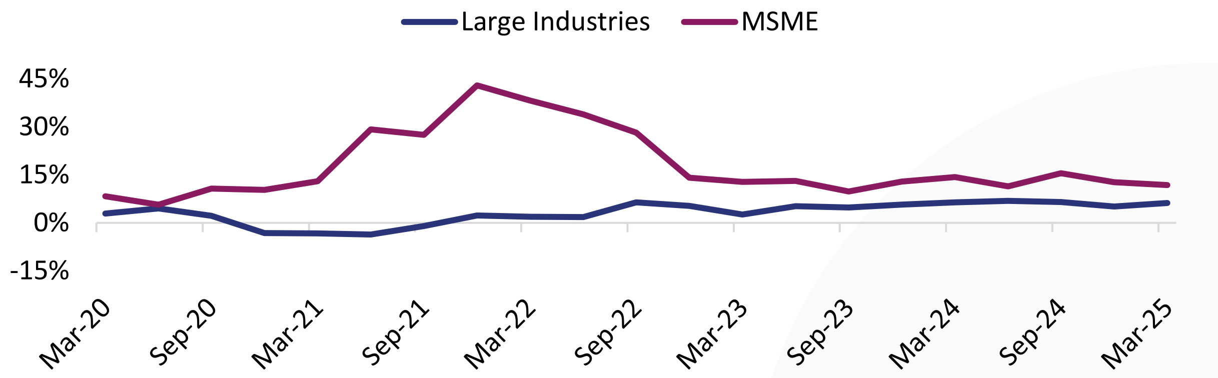
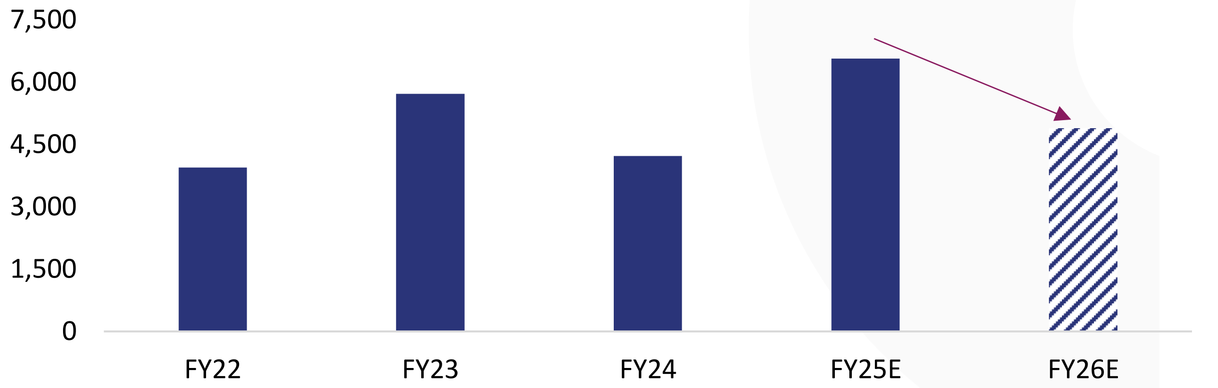
INDUSTRY CREDIT OUTSTANDING (GROWTH Y/Y)



INDUSTRY CREDIT OUTSTANDING BY SIZE (GROWTH Y/Y)



PRIVATE CAPEX AND ITS INTENT AS PER NSO SURVEY (Rs. bn)



- Industry credit growth has been led by surge in MSMEs, initially stoked by credit guarantee schemes of the pandemic. Credit extended to large industries has been ambling along due to teo reasons: low impetus for private capex and shifting of credit demand to bond markets and key FIs
- With an NSO survey indicating that private capex intent is set to drop by 26% in FY26 and global uncertainty putting off plans, industry credit may remain at similar levels in FY26 as well. Selective pickup is expected in interest-rate sensitive sectors and those looking to opportunistically duplicate supply chains amidst protectionist tendencies

Source: RBI, NSO, SBICAPS

MID SIZED INDUSTRIES SHOWING FAIR TRACTION

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NON-FOOD BANK CREDIT TO INDUSTRIES – MAR'25

	O-S (Rs. Trn)	SHARE ANALYSIS		GROWTH ANALYSIS		
		SHARE	INC SHARE*	1Y CAGR	3Y CAGR	5Y CAGR
INFRASTRUCTURE	13.2	34%	7% ● (red)	1.4% ↔	2.9%	4.1%
METALS	4.3	11%	17% ● (green)	12.8% ↔	14.9%	5.3%
TEXTILE	2.8	7%	7%	8.3% ↑	7.3%	7.5%
CHEMICALS	2.7	7%	6%	7.4% ↔	9.7%	6.1%
FOOD PROCESSING	2.2	6%	4% ● (red)	5.1% ↔	8.5%	8.8%
ENGINEERING	2.4	6%	15% ● (green)	22.1% ↑	12.2%	8.1%
CONSTRUCTION	1.5	4%	6% ● (green)	12.9% ↑	8.0%	3.3%
PETROLEUM	1.5	4%	8% ● (green)	16.5% ↑	13.1%	14%
OTHERS	7.9	21%	29% ● (green)	13.1% ↑	7.2%	7.0%
TOTAL INDUSTRY CREDIT	39.4			8.3% ↑	7.1%	6.0%

LEGEND

SHARE ANALYSIS

- ● (green) Share of incremental credit > Total share in FY25
- ● (red) Total share in FY25 > Share of incremental credit

GROWTH ANALYSIS

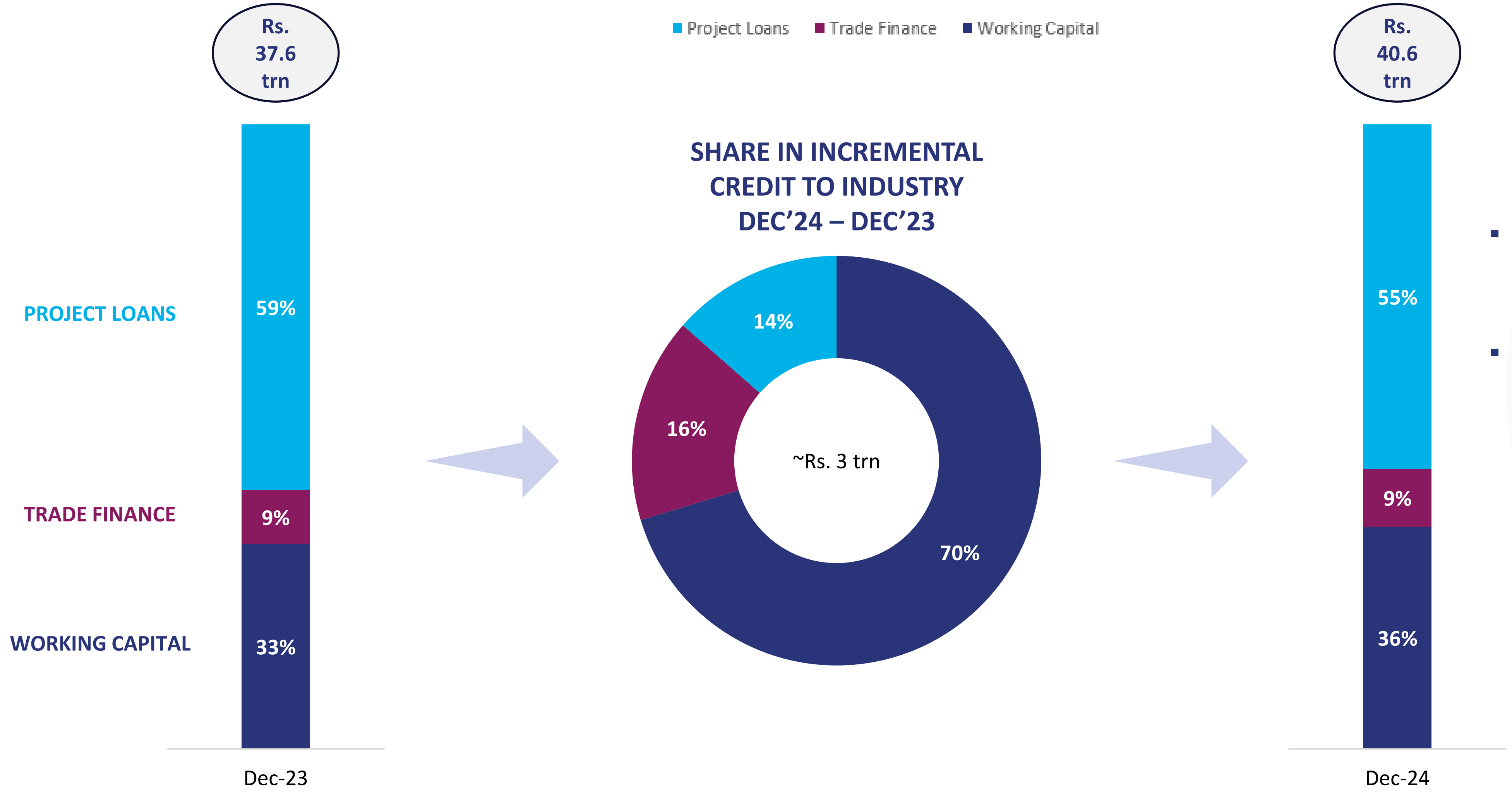
- ↑ Growing credit offtake
- ↔ Moderating credit growth

- Bank lending to infra sectors has slowed due to competition from key FIs. Lighter than expected project finance provisions could benefit key FIs more than banks
- Credit offtake has excelled in export-oriented engineering sector due to electronics and capex driven petroleum sector. This could be impacted due to trade slowdown and by protectionism
- Smaller industries such as paper, plastic, and wood have shown traction as these segments are unable to access other lenders

Source: RBI, SBICAPS; *Share of the industry in incremental credit between Mar'25 and Mar'24

BANKS SHIFT TO WORKING CAPITAL AS DFI CAPTURE PROJECT LOANS

COMPOSITION OF INDUSTRY CREDIT BY INSTRUMENT TYPE



- Bank credit lines are extensively being used for short term financing needs
- Project financing is done through alternate sources, chiefly key FIs

SERVICES CREDIT: NBFC DIVERSIFY FUNDING SOURCES OPPORTUNISTICALLY

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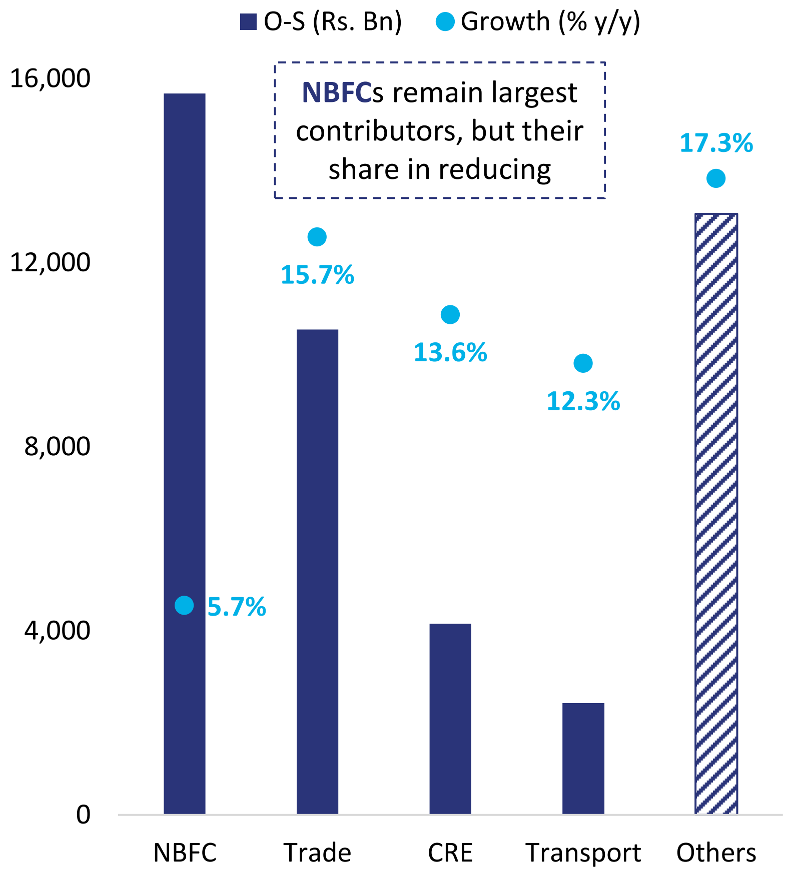
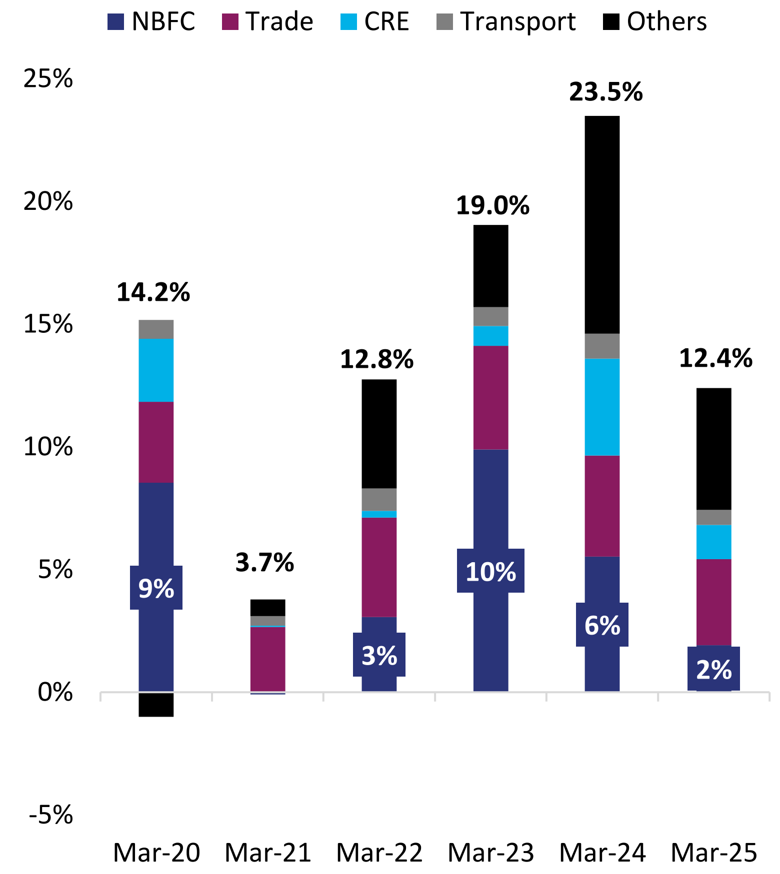
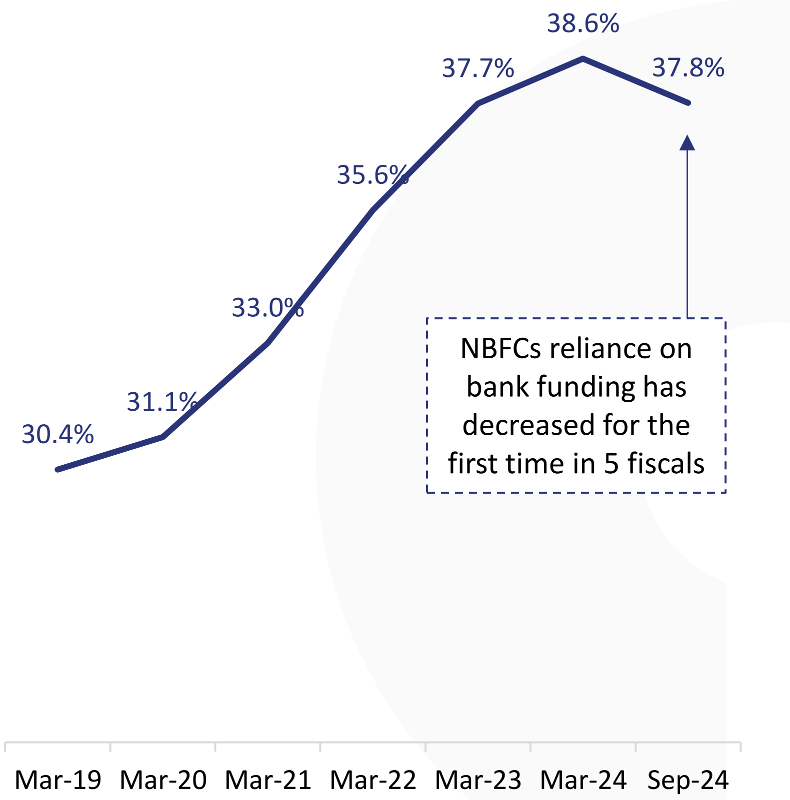
SERVICES CREDIT – MAR'25



CONTRIBUTION TO Y/Y GROWTH



SHARE OF BANK BORROWINGS IN LIABILITIES OF NBFC

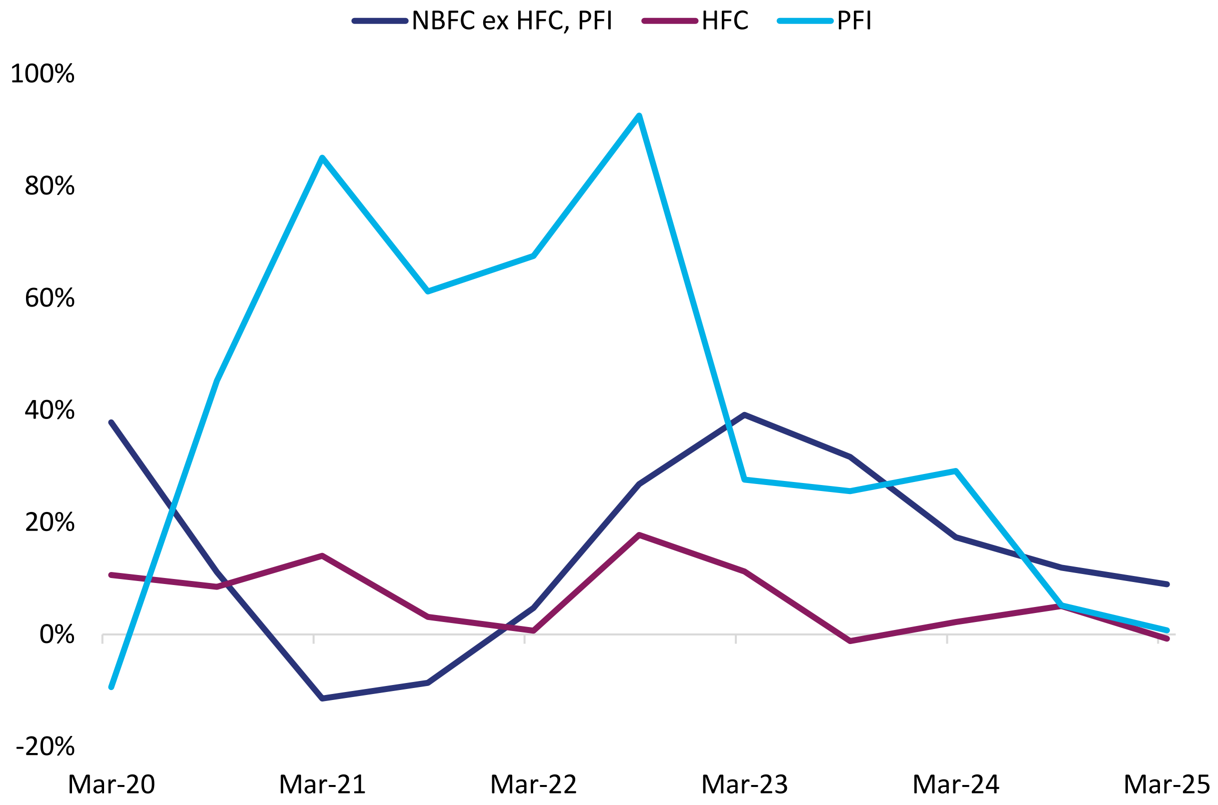


- Pace of NBFC credit offtake has dipped to 1/4 of its highs after being impacted by RBI's injunctions. Rollback of RBI's diktat could yield higher growth for the segment, although rate cuts have made it easier for higher rated NBFCs to raise funding from capital markets
- Trade segment could be impact by global slowdown and tariff tensions. Outlook for other segments remains moderate

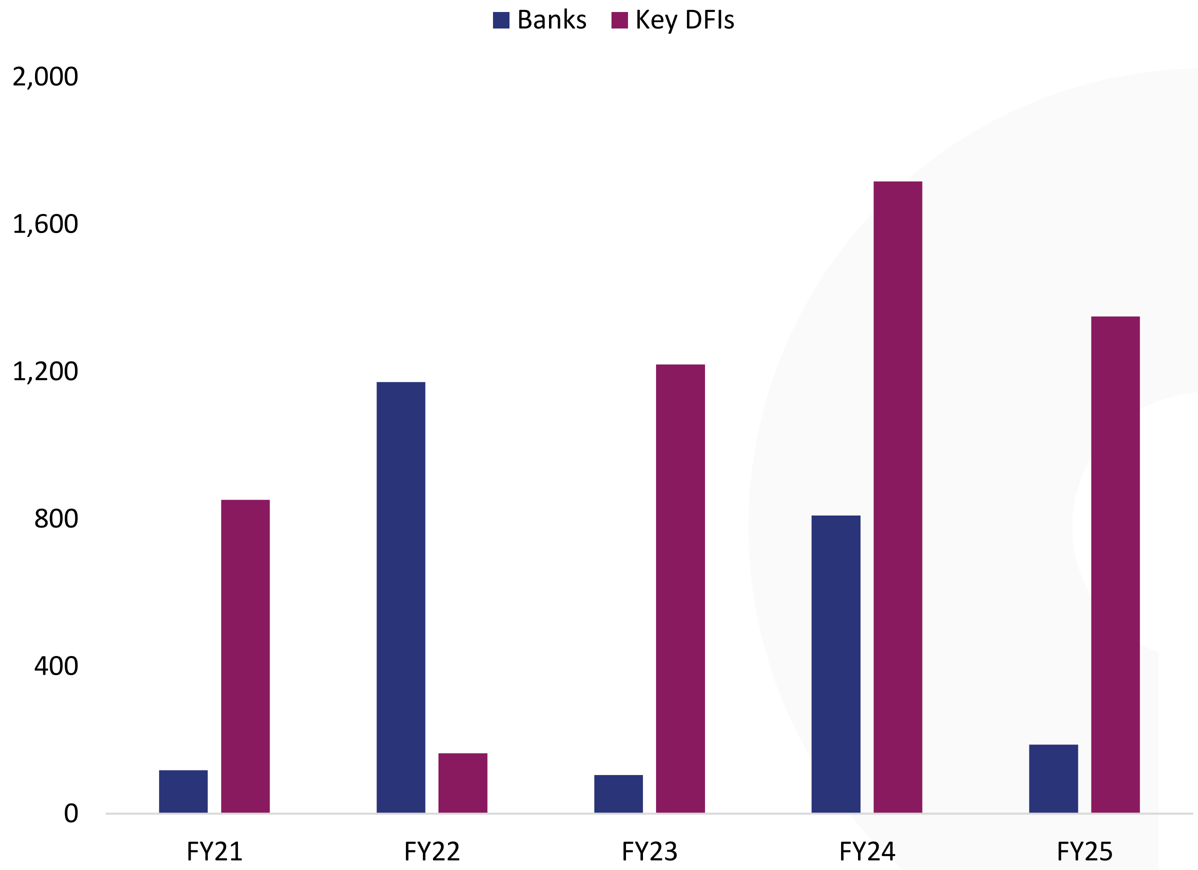
Source: RBI, SBICAPS

PFI DOMINATE AND DIVERSIFY, REDUCE DIRECT & INDIRECT INFRA EXPOSURE OF BANKS

CREDIT TO NBFC (GROWTH Y/Y)



INCREMENTAL O/S CREDIT OF KEY Fis (Rs. bn.)*



- Lending to infrastructure segments has been catered to by specialised DFIs. Specialised project financing have cornered >2x times as much of the net credit given to infrastructure as banks, doling out Rs. 5.3 trn in the last five fiscals
- In the initial phase of this movement, indirect exposure of banks remained high as the latter were largely using bank borrowings for on-lending. In FY25, PFIs have diversified to bonds and ECBs. Notably, PFC and REC both figure in top 3 ECB borrowers in the past 5 fiscals

Source: RBI, SBICAPS; *Key FIs include PFC, REC, IREDA, NaBFiD, and IIFCL

NBFC CONTINUE TO LEAD BANKS IN CREDIT GROWTH

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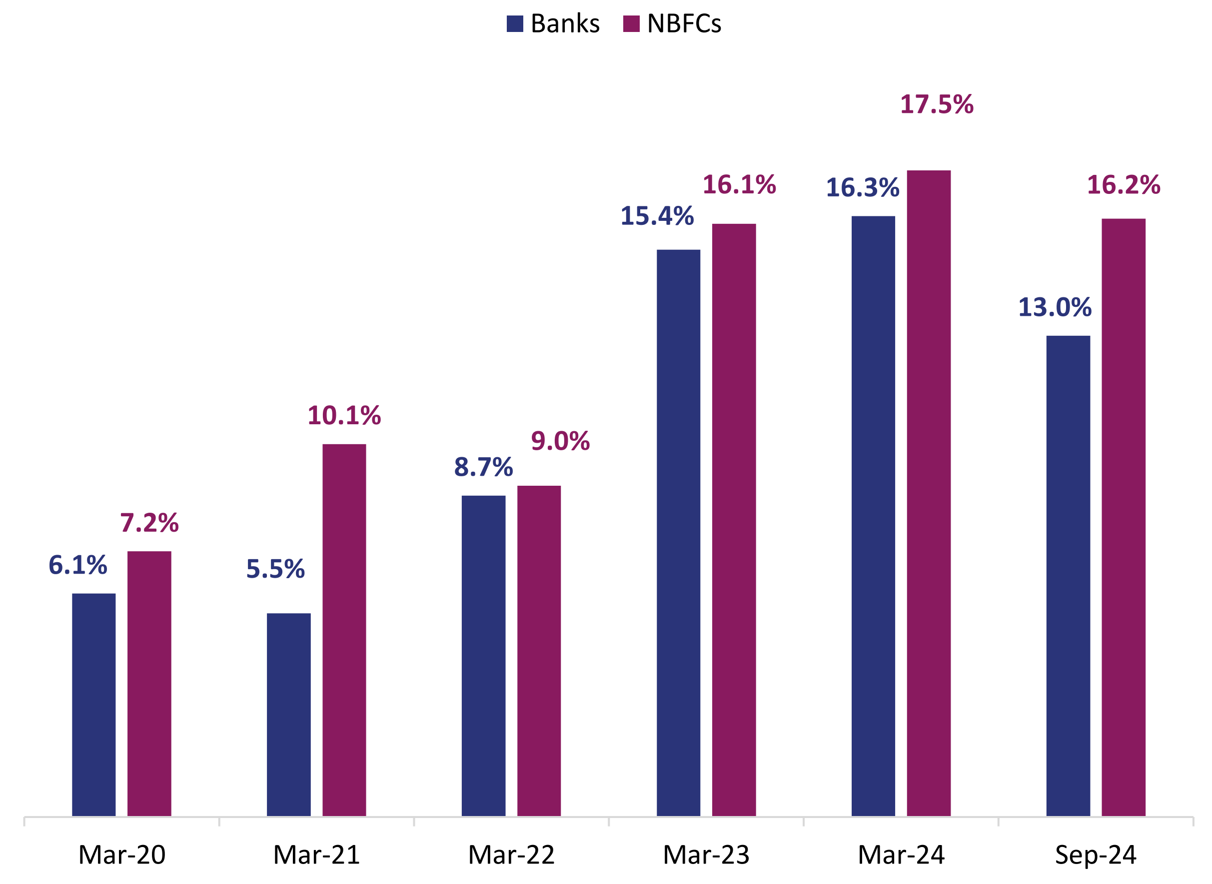
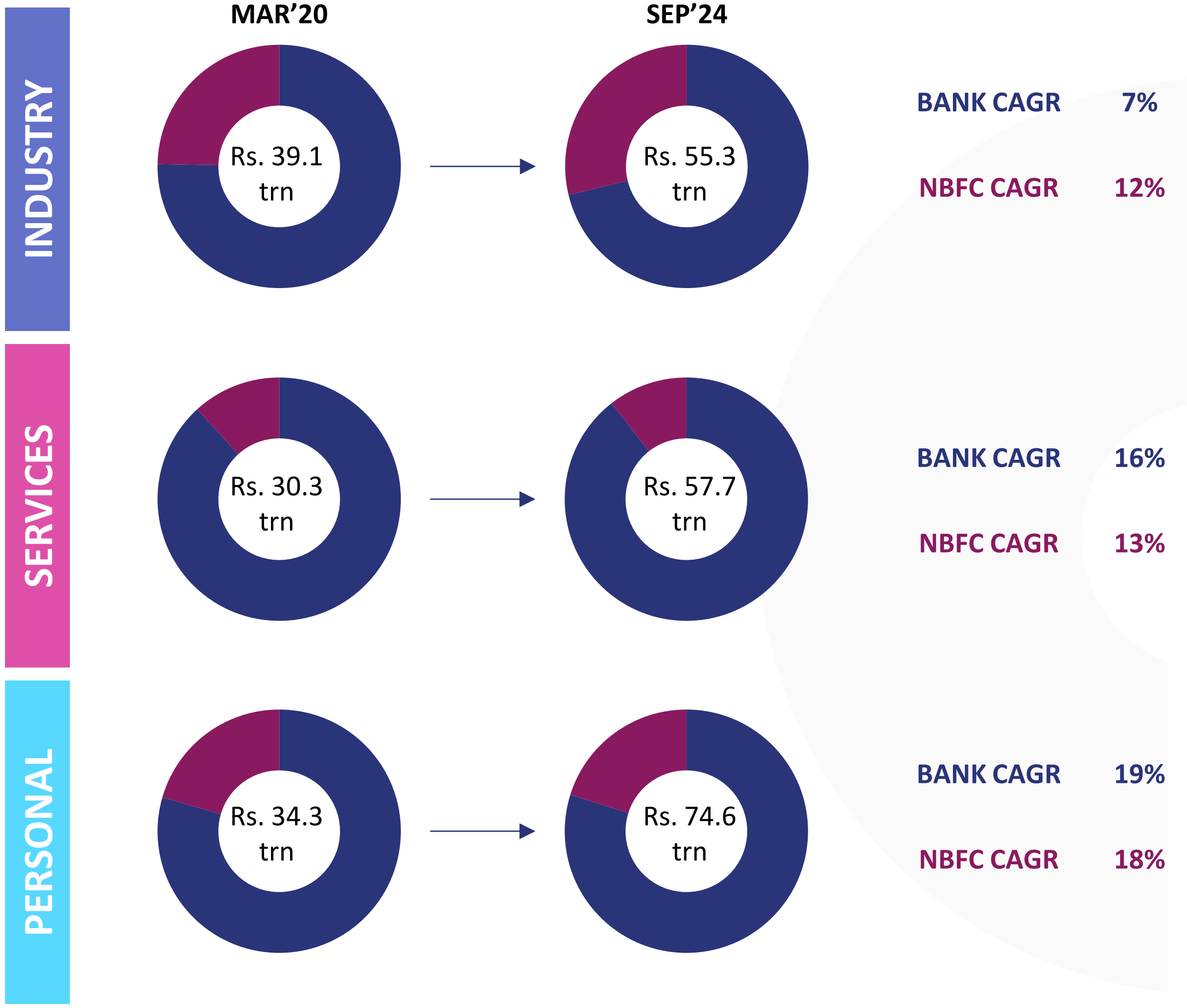
CREDIT OF NBFC VS BANKS* (GROWTH Y/Y)



AUM SHARE – NBFC VS BANKS

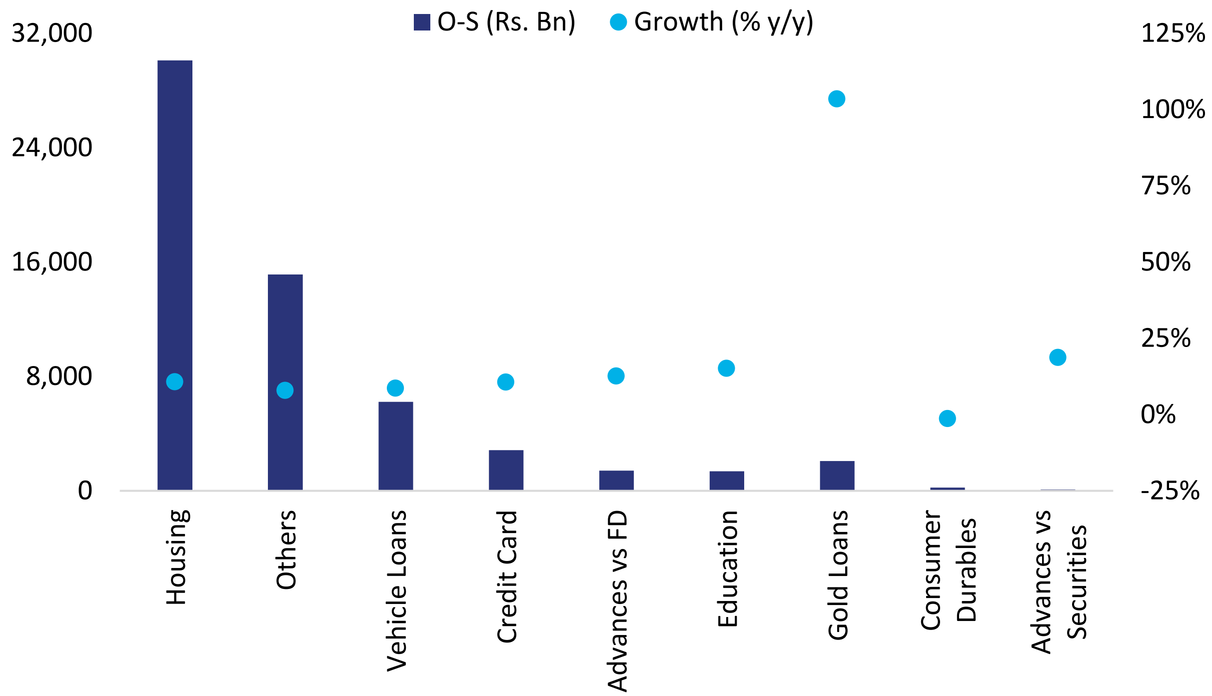


- NBFCs have dominated banks in industry credit growth. Growth in services and personal categories is supported by absorption of HDFC into HDFC Bank. Excluding this, bank credit growth of personal loans stands at 16% (now trailing NBFC), and services loans stands at 13% (matching NBFC)

Source: RBI, SBICAPS; *Data excludes impact of HDFC merger

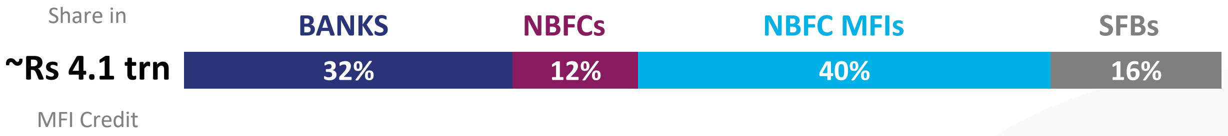
PERSONAL LOANS: MFI STRESS RISING ALBEIT IN CHECK

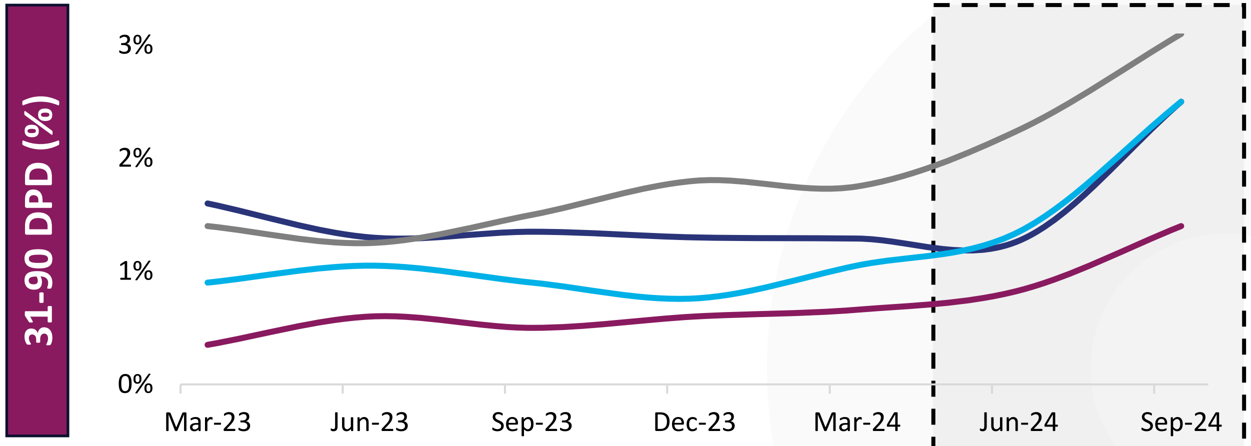
PERSONAL LOANS – MAR'25

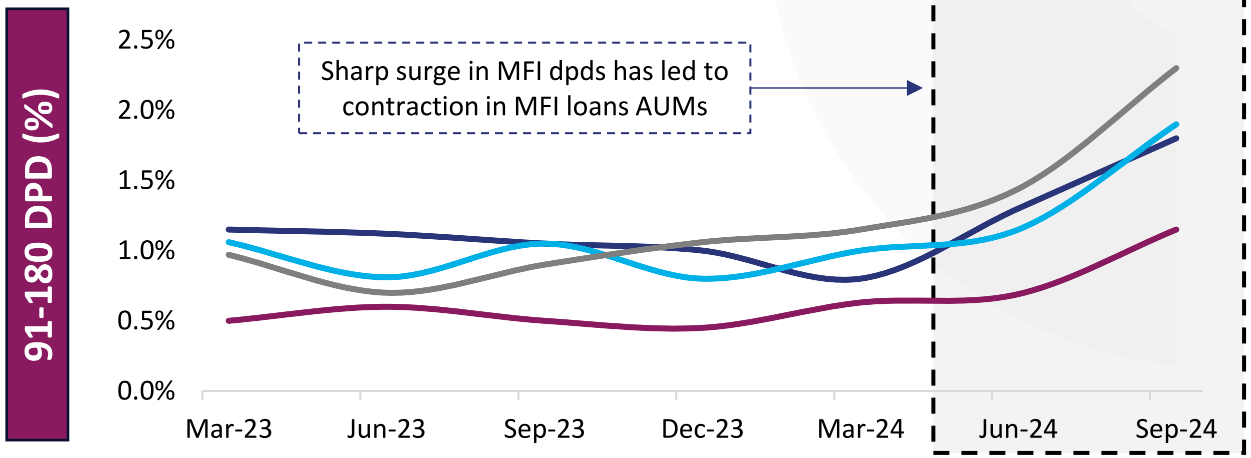


- Personal loan growth has tempered in FY25, driven by RBI's crackdown on unsecured lending. Possible injunction on gold loans could curb the meteoric rise of gold loans and impact this segment
- Rollback of injunctions on MFI segment, tax breaks in the Union Budget, and forecast of above normal monsoons could spark a broad-based rebound in FY26

STRESS IN MFI PORTFOLIO





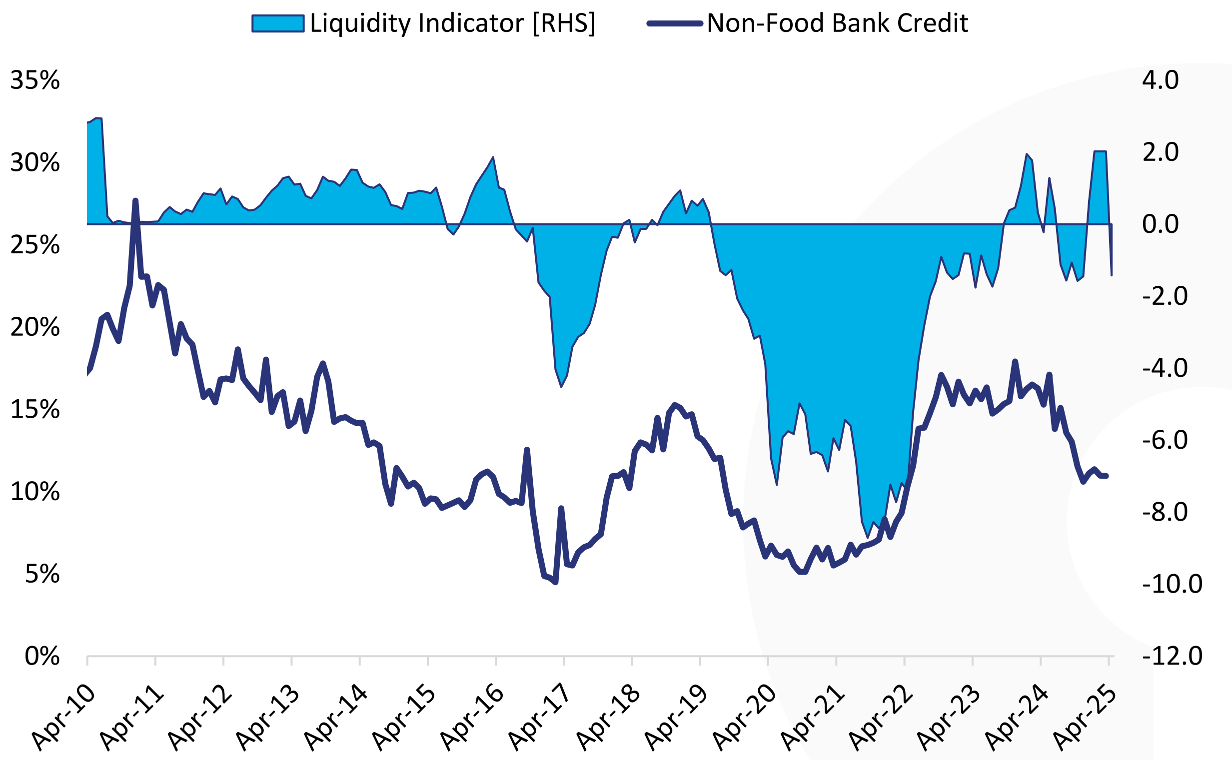


RBI'S LIQUIDITY LARGESSE TO KEEP CREDIT FLOWING

DURABLE LIQUIDITY MEASURES BY RBI IN CY25

MEASURE	DESCRIPTION	AUCTION DATE	AMOUNT INJECTED (RS. BN)
OMO Purchase	Through NDS OM	Jan'25	388
OMO Purchase Auctions	Auction Process	30th Jan	200
		13th Feb	400
		20th Feb	400
		12th Mar	500
		18th Mar	500
		25th Mar	445
		3rd Apr	200
		8th Apr	200
		17th Apr	400
		22nd Apr	200
		29th Apr	200
		6th May	500
		9th May	250
		15th May	250
Term Repo Auctions	56-day	7th Feb	500
	49-day	14th Feb	750
	45-day	21st Feb	580
	43-day	17th Apr	258
USD/INR Buy/Sell Swap Auction	6M Tenor	31st Jan	440
	3Y Tenor	28th Feb	880
	3Y Tenor	24th Mar	880

CREDIT GROWTH (Y/Y) VS LIQUIDITY* (Rs. trn)



- RBI has kept the liquidity tap flowing with cumulative OMO of over Rs. 5 trn in YTDCY25. However, historically, liquidity has boosted deposit more than credit growth. Hence, liquidity can only be an enabler not prime mover of credit, and can lead to bubbles
- Relaxing of LCR norms is expected to free up ~Rs. 2.5 trn in durable liquidity. This would entail banks bringing down their LCR by ~6pp

Source: RBI, Bloomberg, SBICAPS; *Negative values in Bloomberg Liquidity Indicator imply surplus liquidity

ECB LIKELY TO SEE QUIETER FY26 AFTER AN UNCANNY END TO FY25

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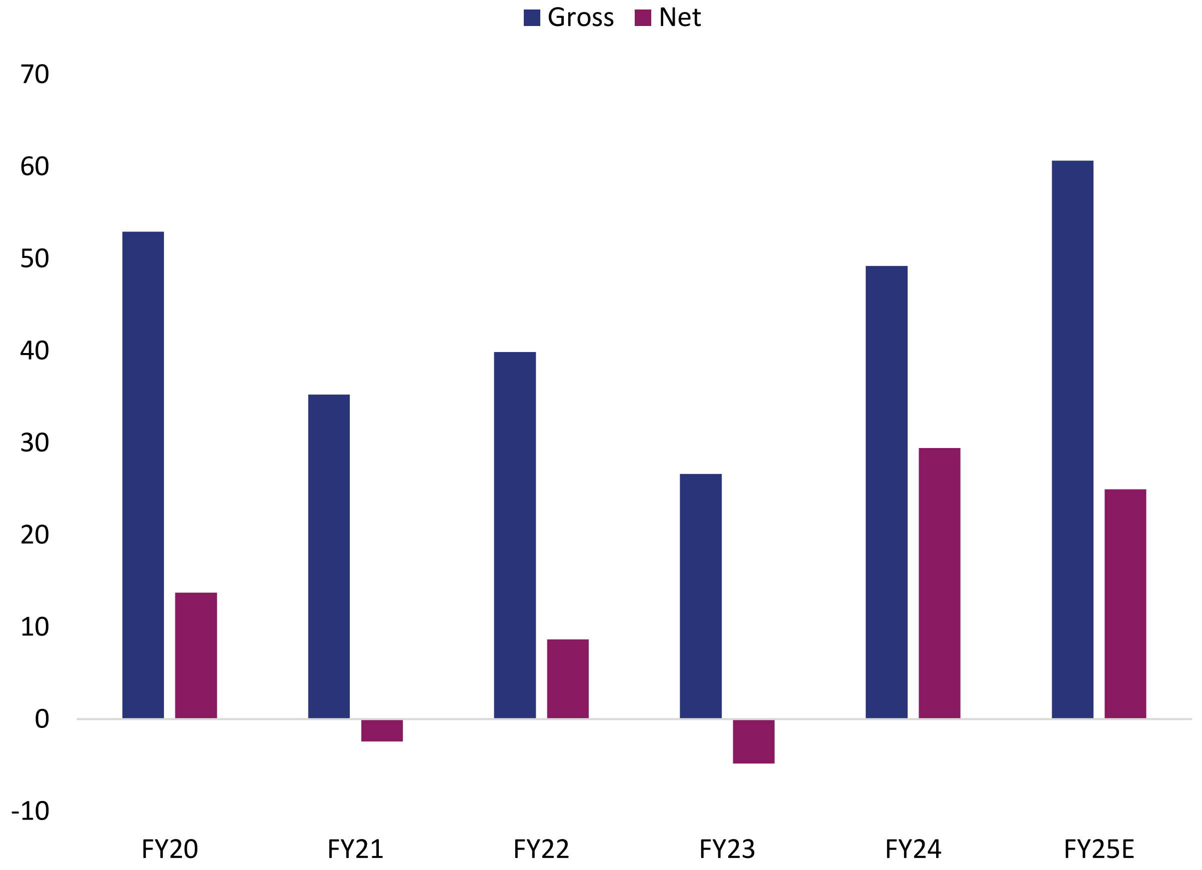
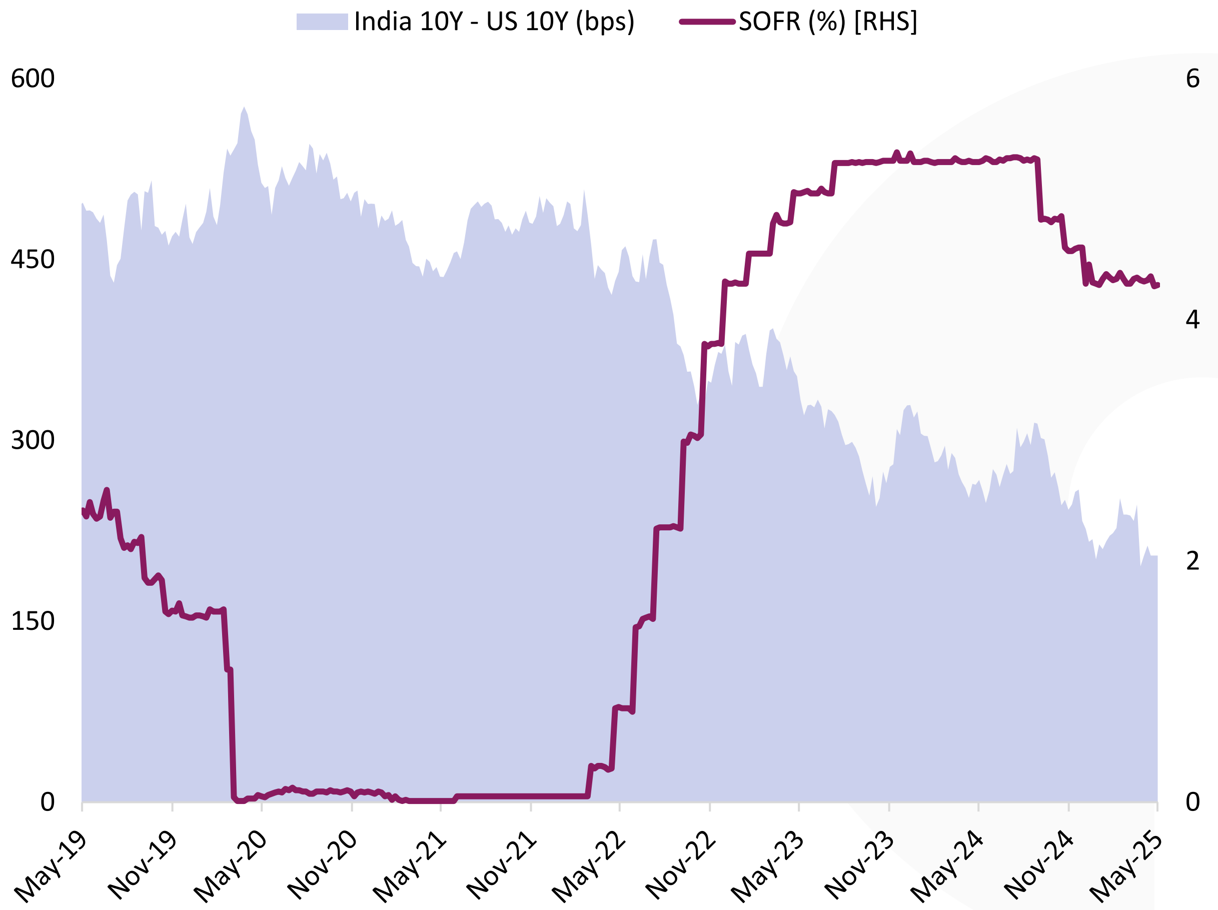
ECB ISSUANCES (USD bn)



INDIA – US YIELD DIFFERENTIAL VS SOFR



- ECB issuances remained strong in FY25, driven by strong refinancing demand despite low-rate differential. Expected rate cuts by RBI and delayed easing by US Fed means slimmer differential in the foreseeable future, possibly limiting net issuances in FY26

SLOWING TRADE WILL IMPACT SHORT-TERM ECB

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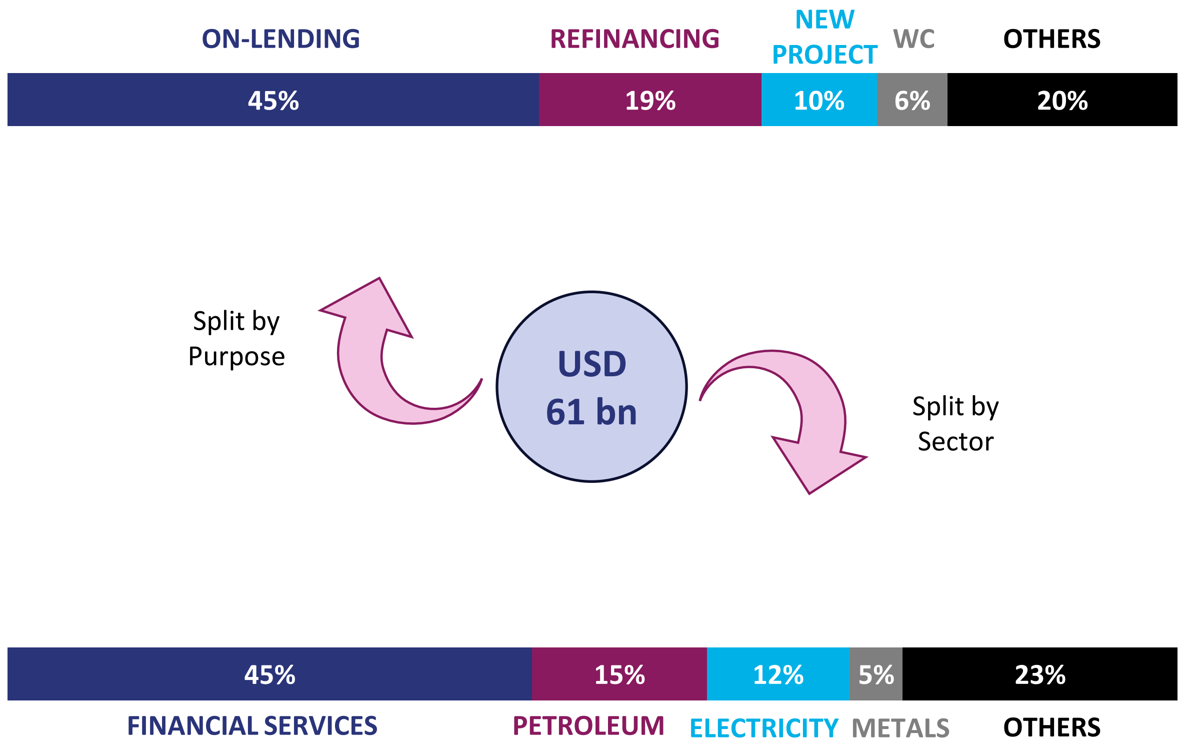
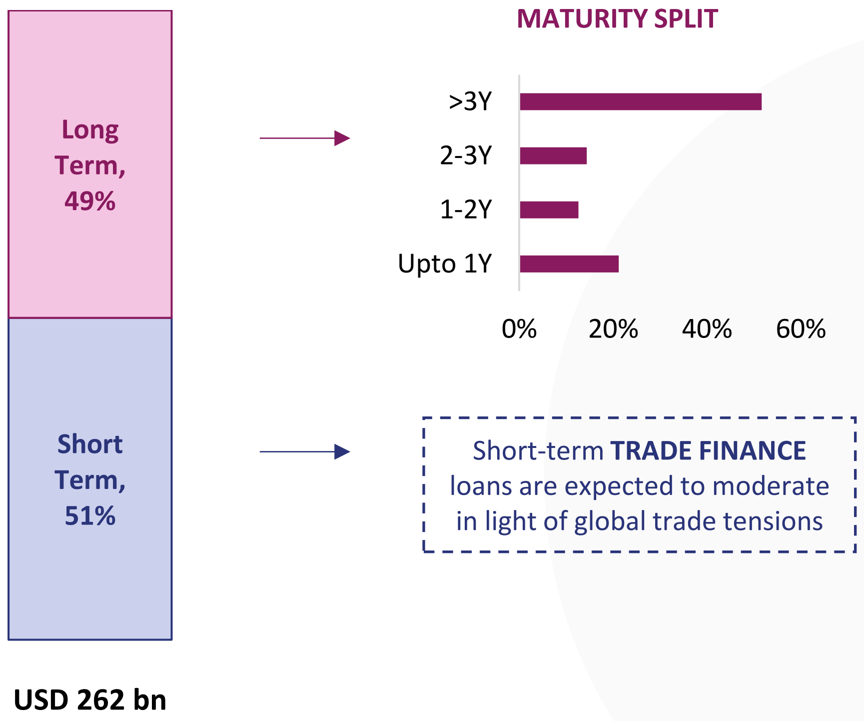
SHARE IN GROSS ECB ISSUANCES FY25



SPLIT OF EXTERNAL DEBT O-S AS OF DEC'24



- Overall share of financial services in ECBs stood at 45% in FY25 (FY24: 31%). This is since dominant FIs including PFC, REC, IRFC, and EXIM Bank are tapping into the external market
- A significant chunk of ECBs extended to non-financial corporations (which make up a bulk of ECBs) are short-term and largely used for trade finance. The WTO predicts that world merchandise trade is likely to contract 0.2% y/y in CY25 (3pp lower than if tariff war had not started). This, along with contained inflation means that this segment could be muted

Source: RBI, DEA, WTO, SBICAPS

CORPORATE BONDS COULD GAIN SOME SHARE AS RATE CYCLE TURNS

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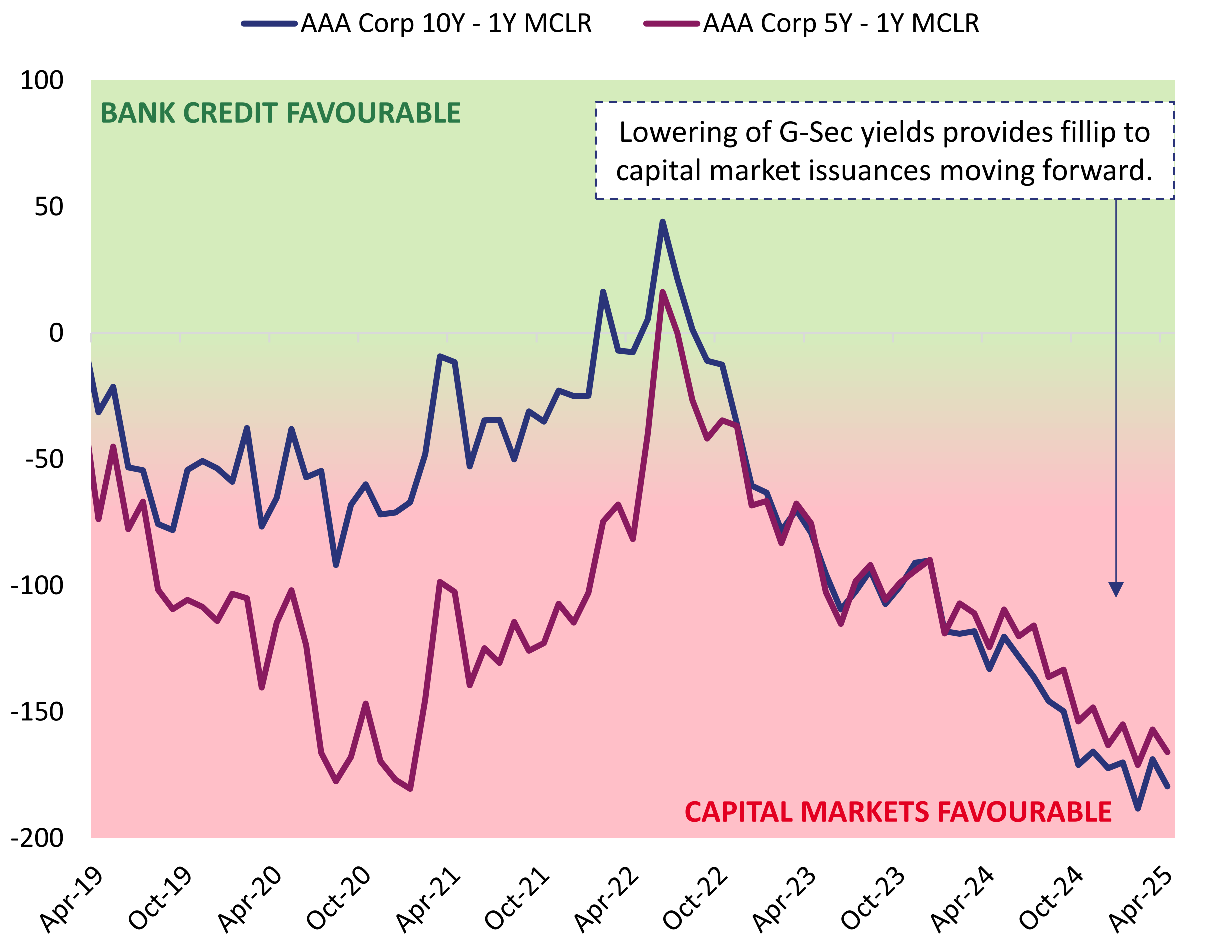
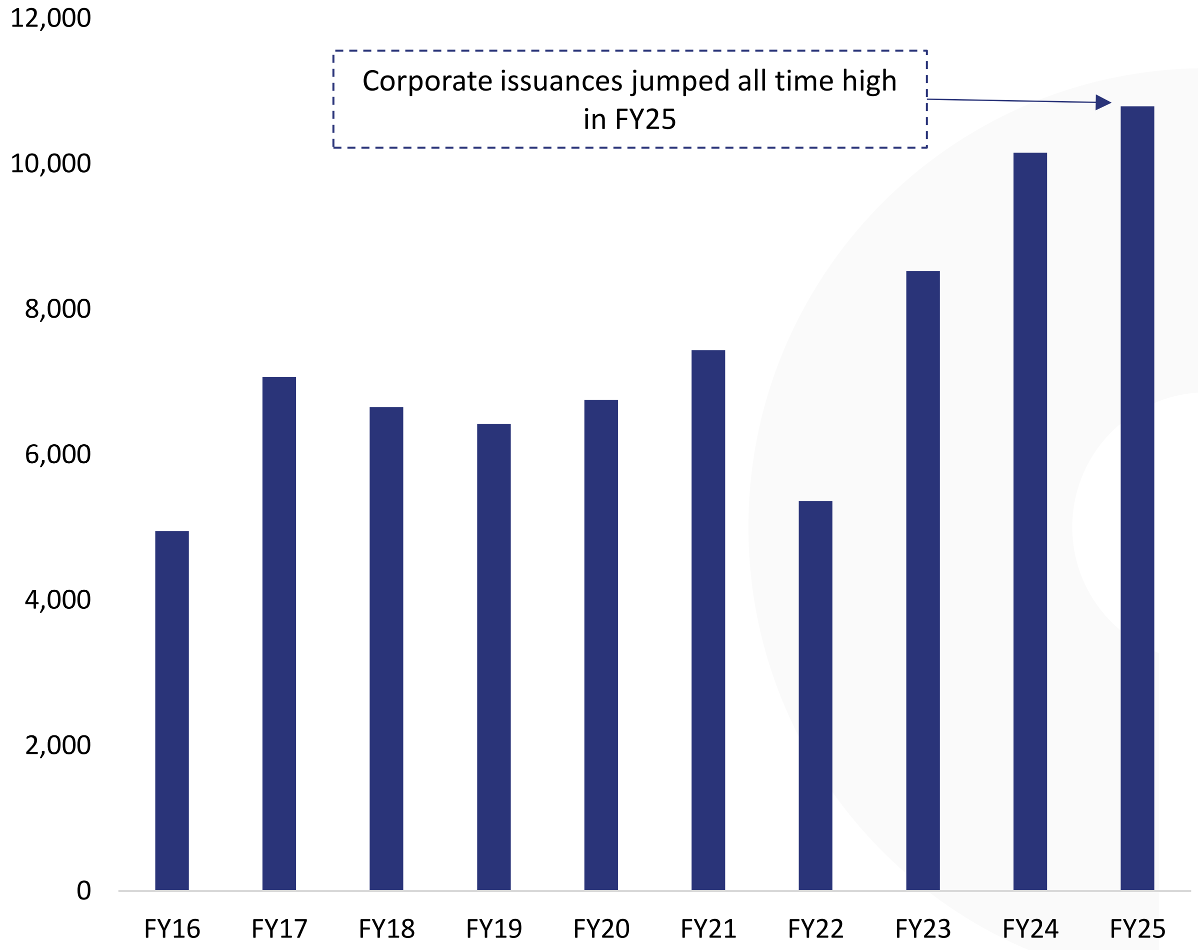
CAPITAL MARKETS VS BANKING RATES (BPS)



DEBT PRIVATE PLACEMENTS (Rs. bn)

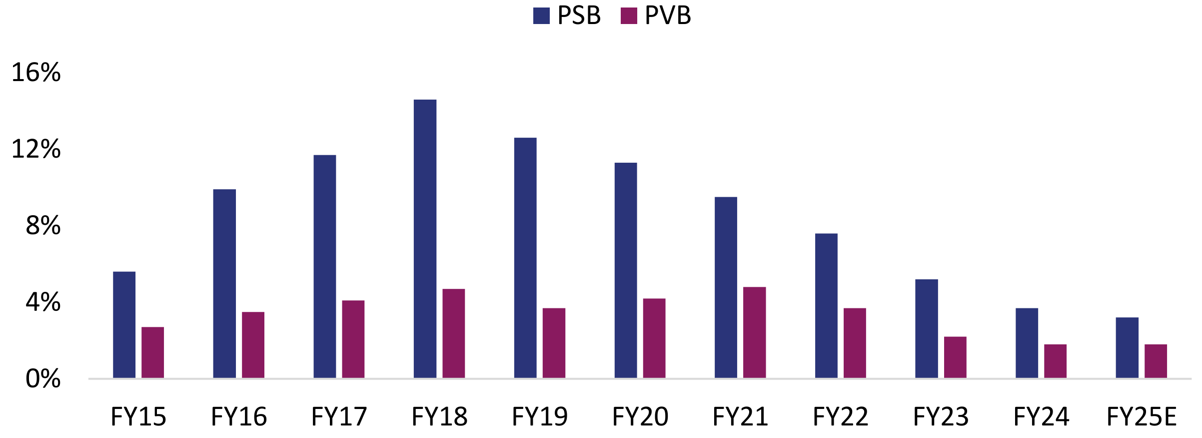


- Pivot in rate cycle would lead to faster transmissions to capital market rates vis a vis bank rates, meaning incremental credit offtake moving forward could be driven by capital markets

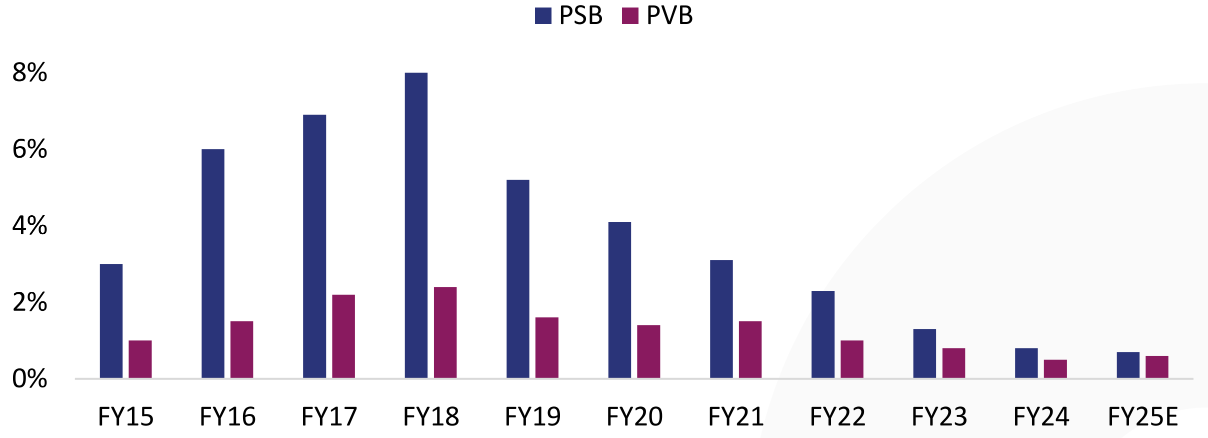
Source: RBI, Prime Database, Bloomberg, SBICAPS

ASSET QUALITY IS PRISTINE AT AGGREGATE LEVEL

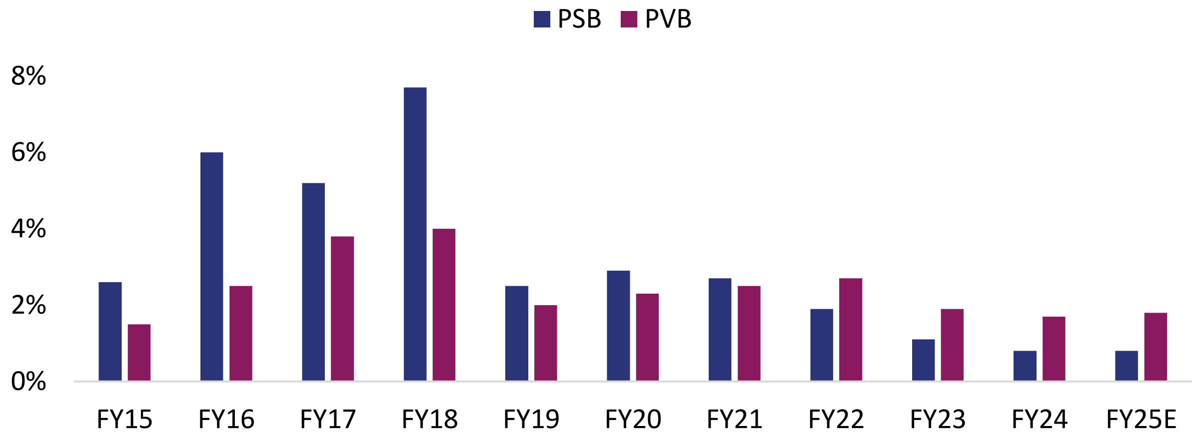
GNPA – PSB VS PVB



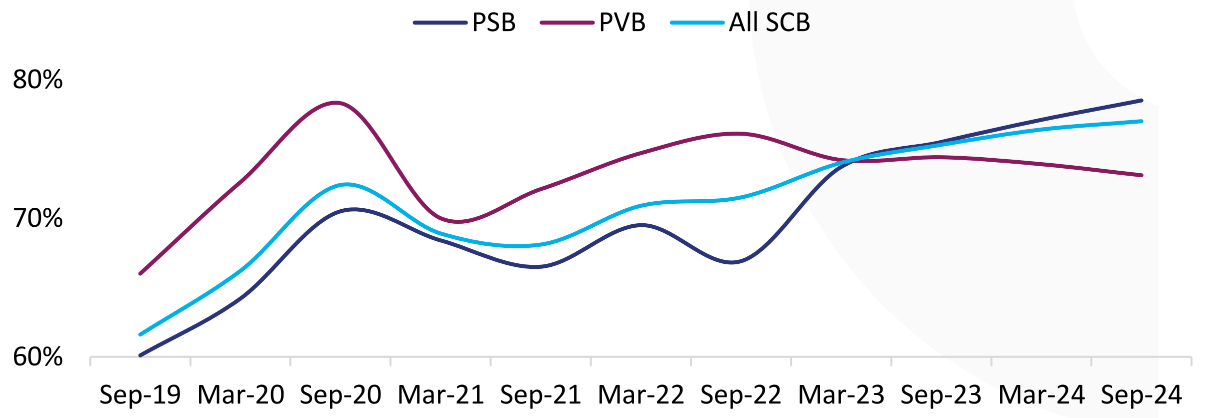
NNPA – PSB VS PVB



SLIPPAGE RATIO – PSB VS PVB



PROVISION COVERAGE RATIO – PSB VS PVB

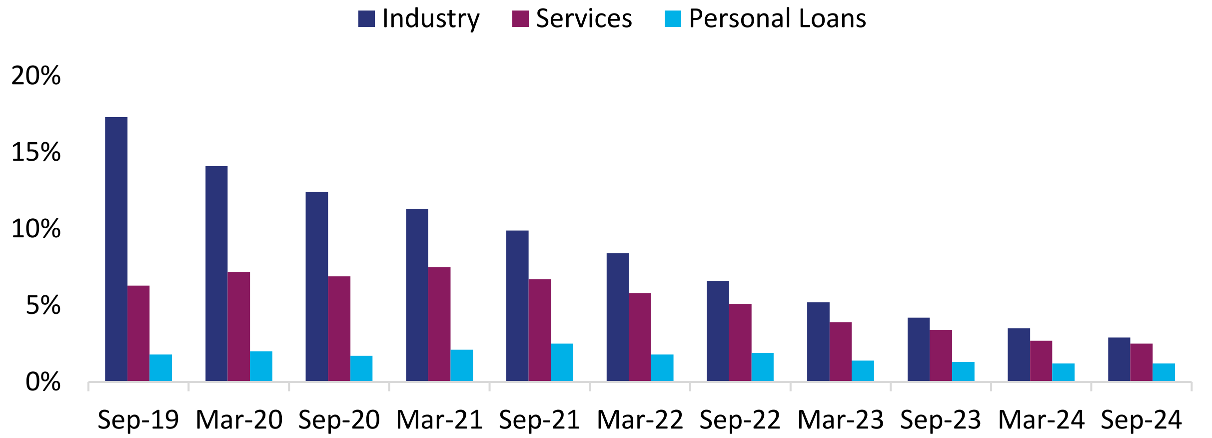


- PSBs' GNPAs of past have descended to decadal lows, albeit higher than PVBs, while NNPAs are quite in-line, indicating higher provisioning and PCRs for PSBs. PVBs' accelerated exposure to unsecured lending in the aftermath of the pandemic has led to faster accretion of fresh NPAs as indicated by slippage ratio, which is higher for PVBs vs PSBs

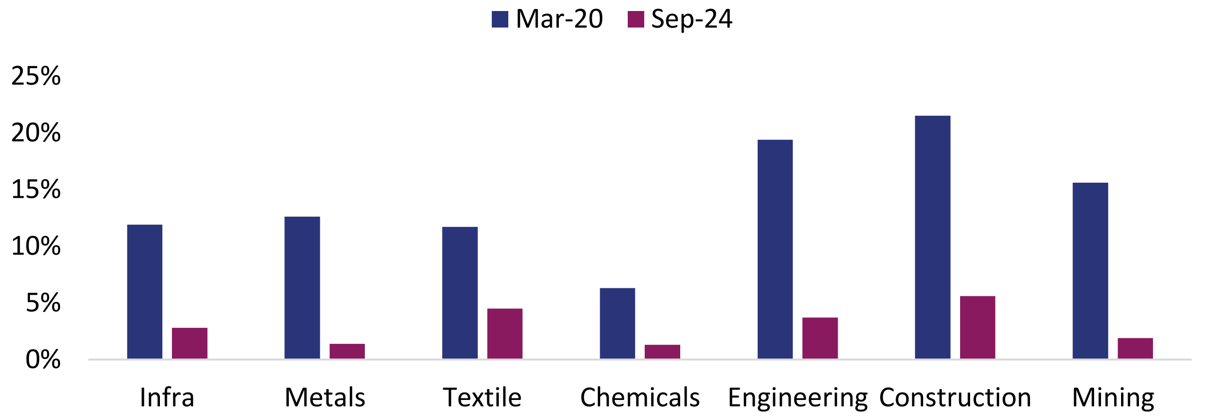
Source: RBI, Company Disclosures, SBICAPS

SELECT SEGMENTS IN SOME FINANCIAL INSTITUTIONS STARTING TO SHOW PRESSURE

SECTORAL GNPA

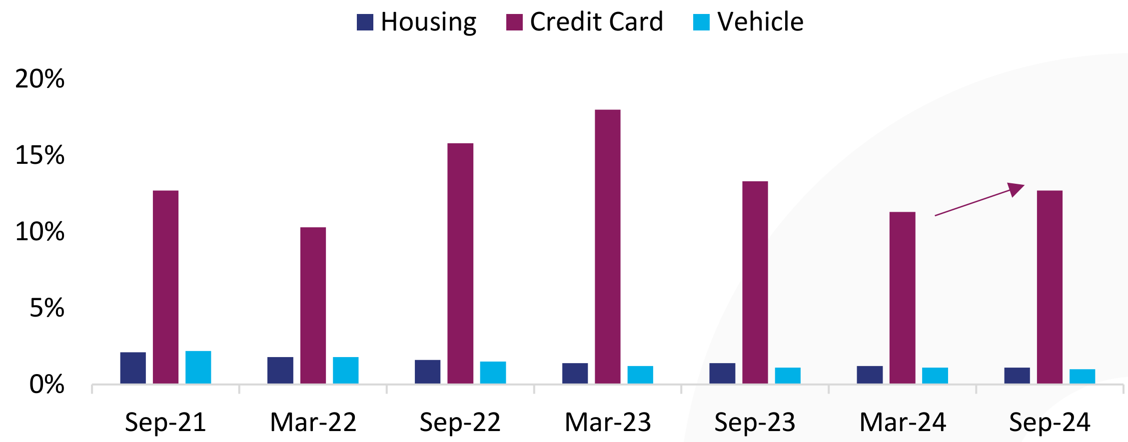


GNPA SPLIT BY INDUSTRIES

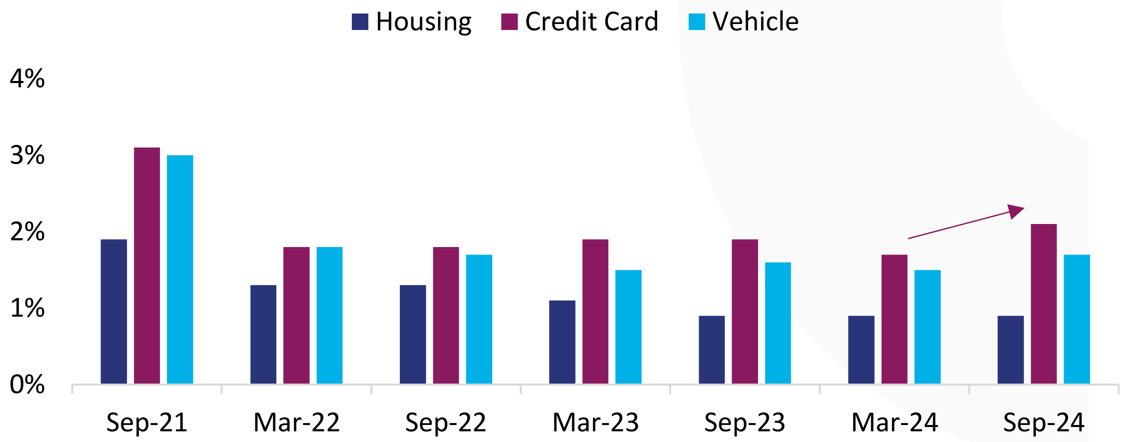


GNPA IN PERSONAL LOANS CATEGORY – SPLIT BY BANK GROUP

PSB



PVB



- Historically, asset quality sourness was led by imprudent lending to corporates, which has fallen to decadal lows in FY25, driven by deleveraging and better underwriting by banks
- Stress is visible in certain sections of unsecured lending, reflected by rise in credit card GNPAs of banks, as asset quality of secured segments too bottoms out. Since personal loans tend to be granular, this stress cycle is expected to have a much shallower trough

Source: RBI, Company Disclosures, SBICAPS

DEPOSITS: SYSTEMIC SUFFICIENCY, INDIVIDUAL INEFFICIENCY?

DEPOSIT GROWTH APPROACHES THE LONG-TERM MEAN

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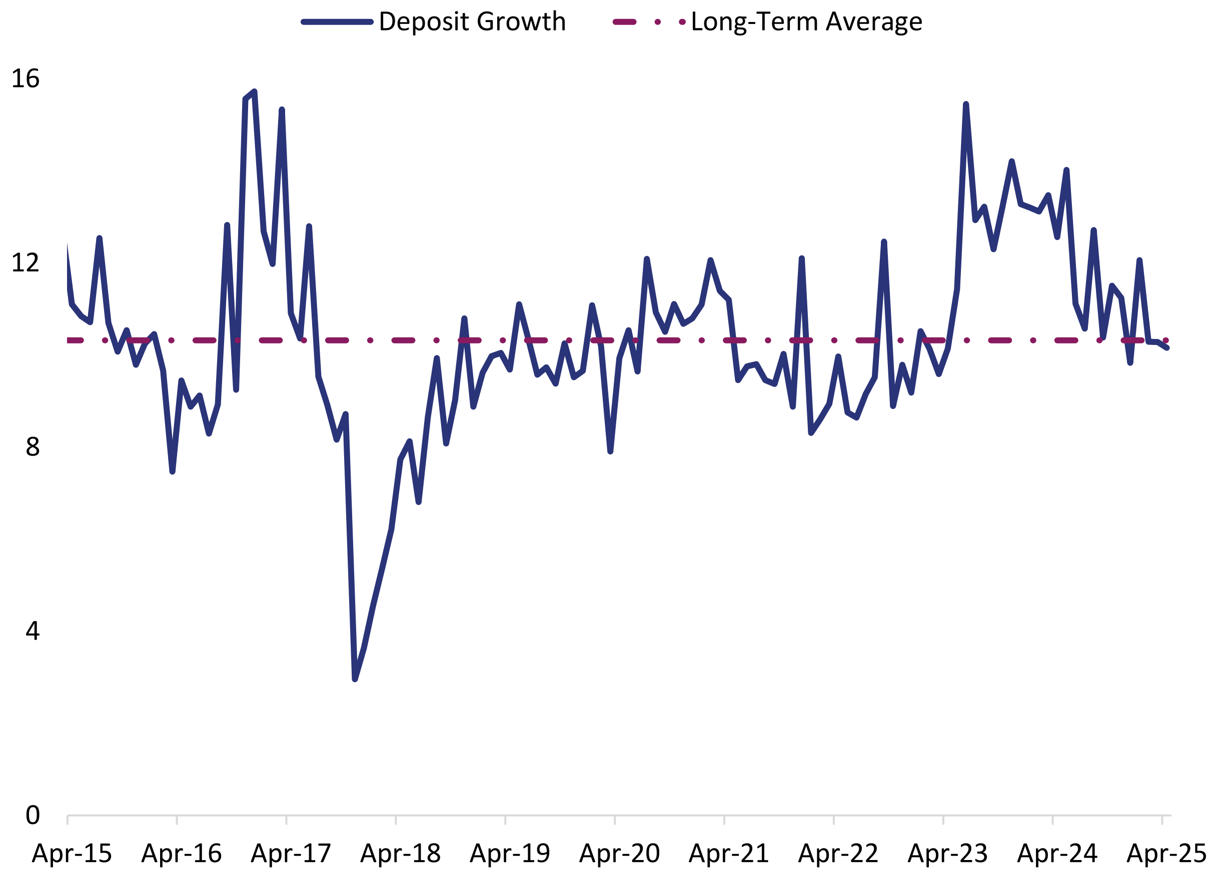
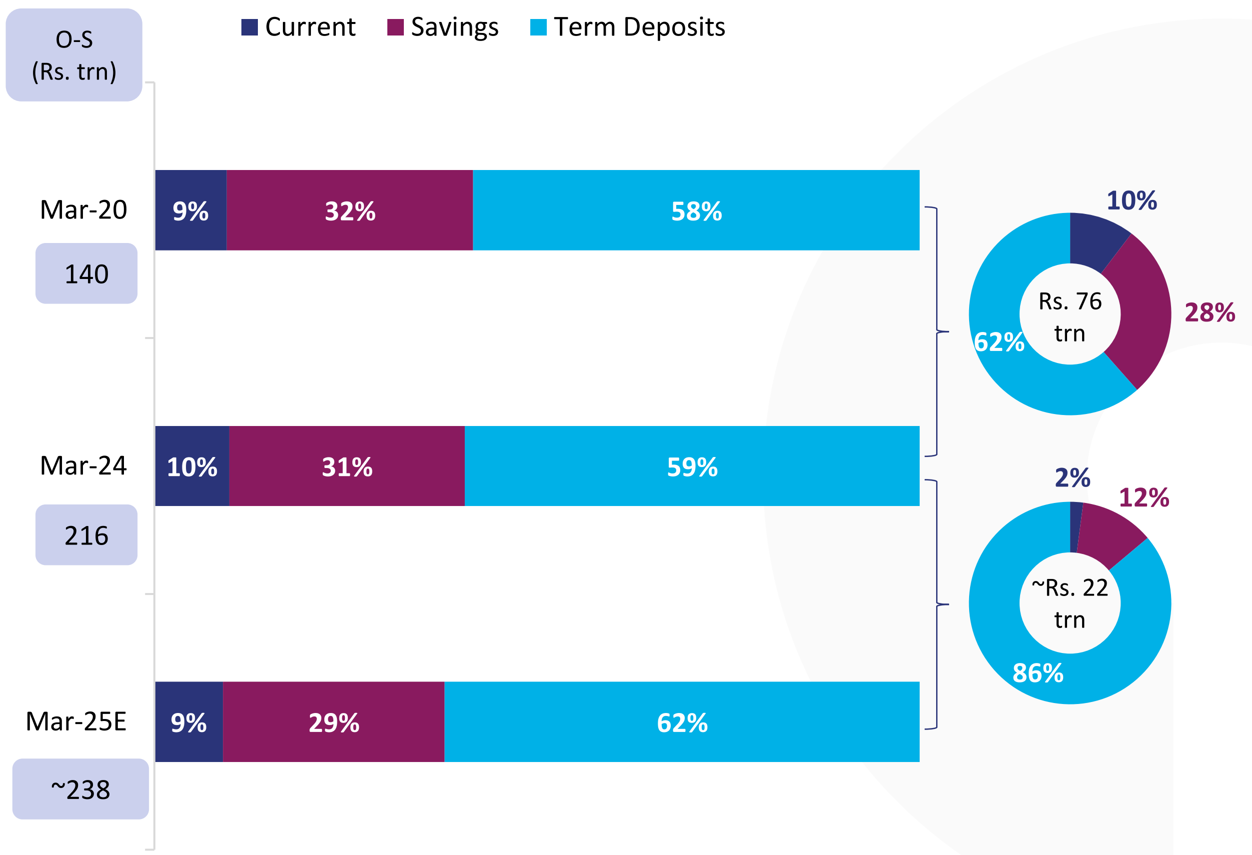
DEPOSITS O/S (GROWTH Y/Y)



DEPOSIT SPLIT (% OF TOTAL)

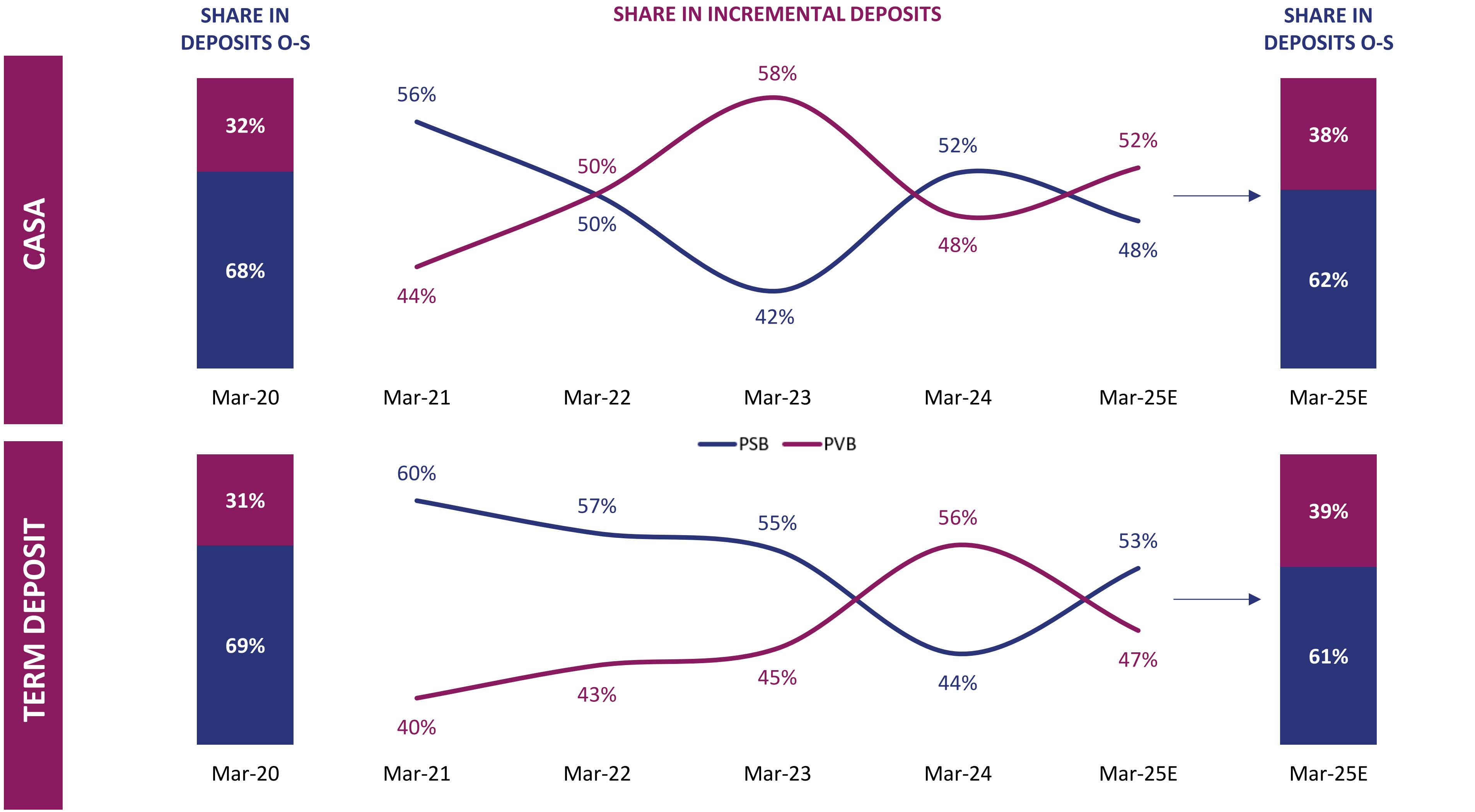


- Deposit growth was above trend through FY23 and FY24 as excess savings were captured. In FY25 it has gradually come back to long-term average despite high rates. Financialisation of savings remains a secular trend
- Banks have been increasingly reliant on chunky term deposits to raise funds. Growth in current accounts has been minimal as modern online transfer systems limit its necessity

Source: *RBI, MoSPI, SBICAPS*

PRIVATE BANKS SCAMPERED FOR DEPOSITS IN FY25

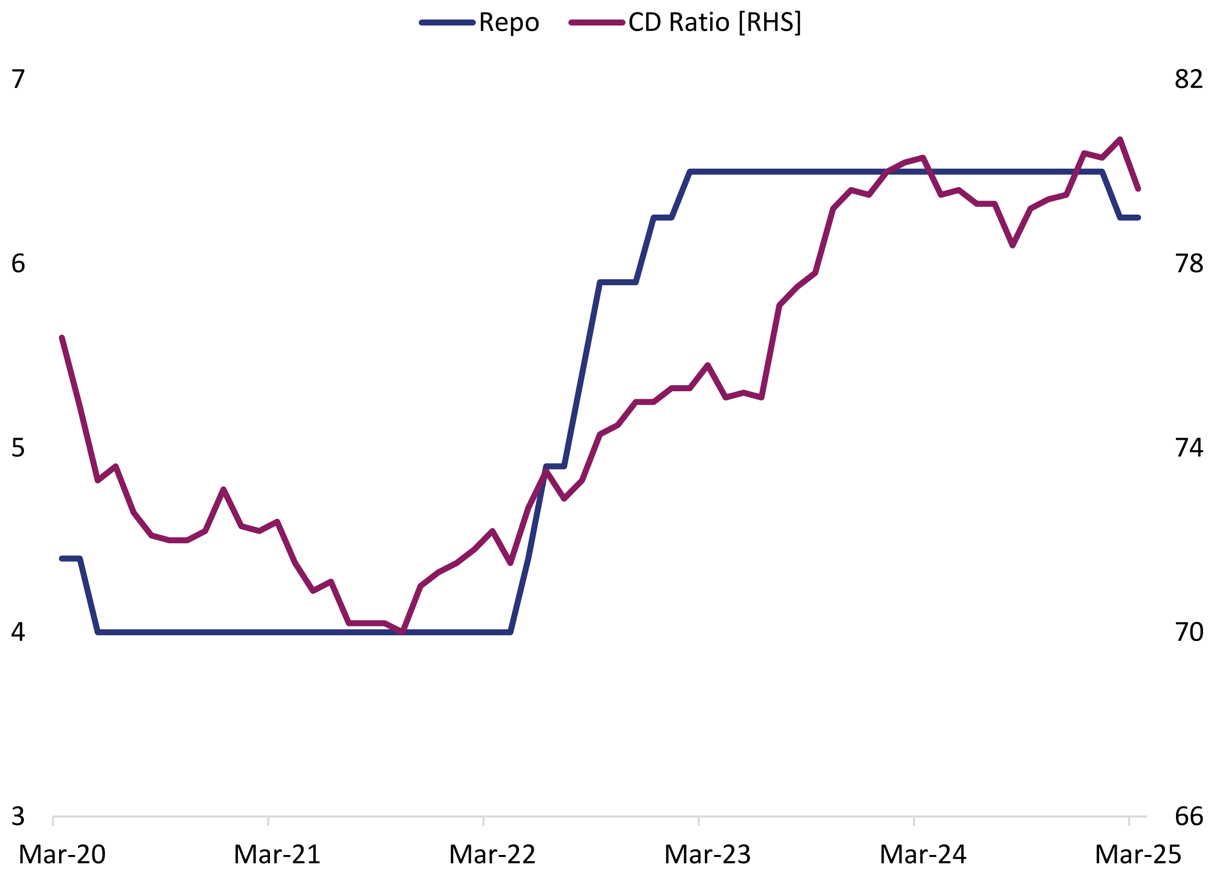
SHARE IN INCREMENTAL O/S DEPOSITS – PVB VS. PSB



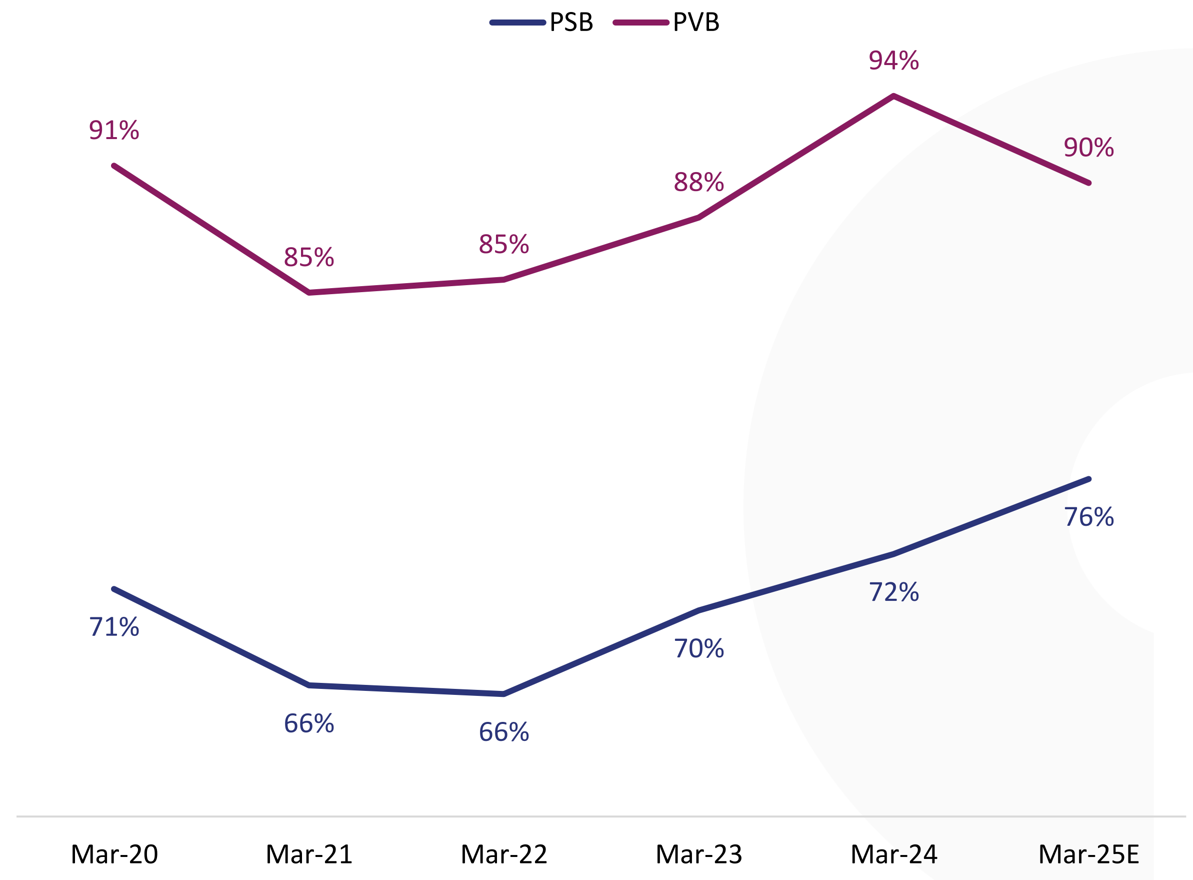
- Share in incremental CASA and TD deposits for PVB was higher than their share in o/s. This was led by certain large banks with high CD

C/D RATIO FOR PVB HIGHER THAN PSB

REPO RATE VS C-D RATIO (%)



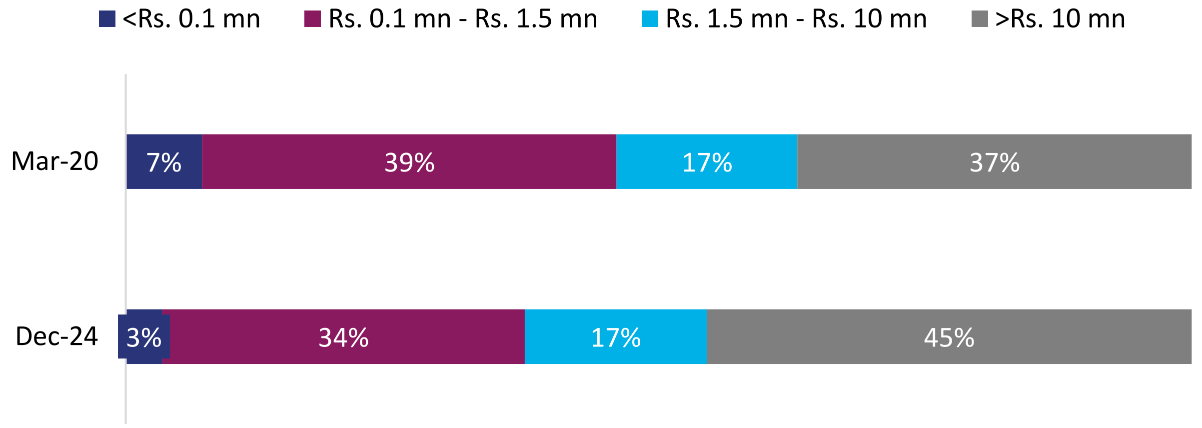
C-D RATIO OF PSB VS. PVB



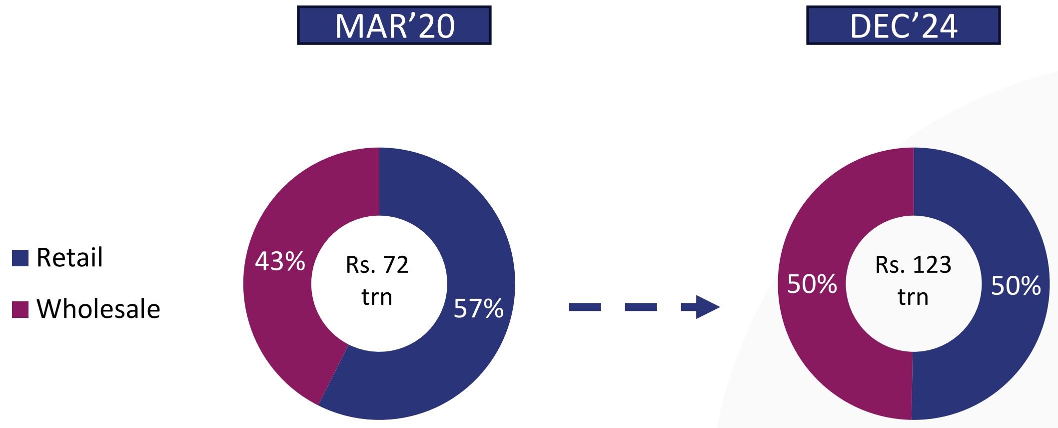
- Rise in C-D ratio of banks, driven by credit frenzy and lower savings, has been stark for PVBs over PSBs
- Notably, 6 of the top 7 banks with highest C-D ratios, all PVBs, are the only ones whose deposit growth outpaces credit growth, indicating reversion to norms

RELAXATION IN LCR NORMS COULD SPIKE WHOLESALE DEPOSITS

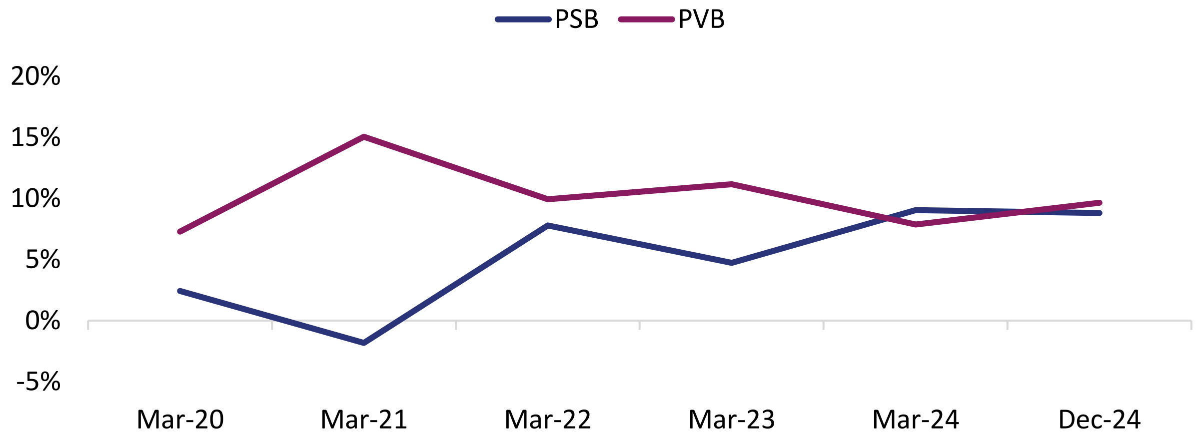
TERM DEPOSITS BY SIZE (%)



RETAIL TO WHOLESALE TERM DEPOSITS (%)



DEPOSITS OF NON-FINANCIAL UNINCORPORATED ENTITIES (GROWTH Y/Y)



- Banks are increasingly reliant on wholesale deposits. These deposits are typically less sticky and liable to switching opportunistically based on rates. The average size of TDs has also been increasing, which poses a risk
- The RBI allowed funding from wholesale deposits of other legal entities, said to include non-financial entities like trusts (educational, charitable, and religious), partnerships, LLPs etc. to attract a lower run-off rate of 40% vs. current 100% from 01 Apr'26

BANKS BORROWINGS MIX TO CHANGE

FY25 A LANDMARK YEAR FOR INFRA BONDS, FY26 WILL SEE MODERATION

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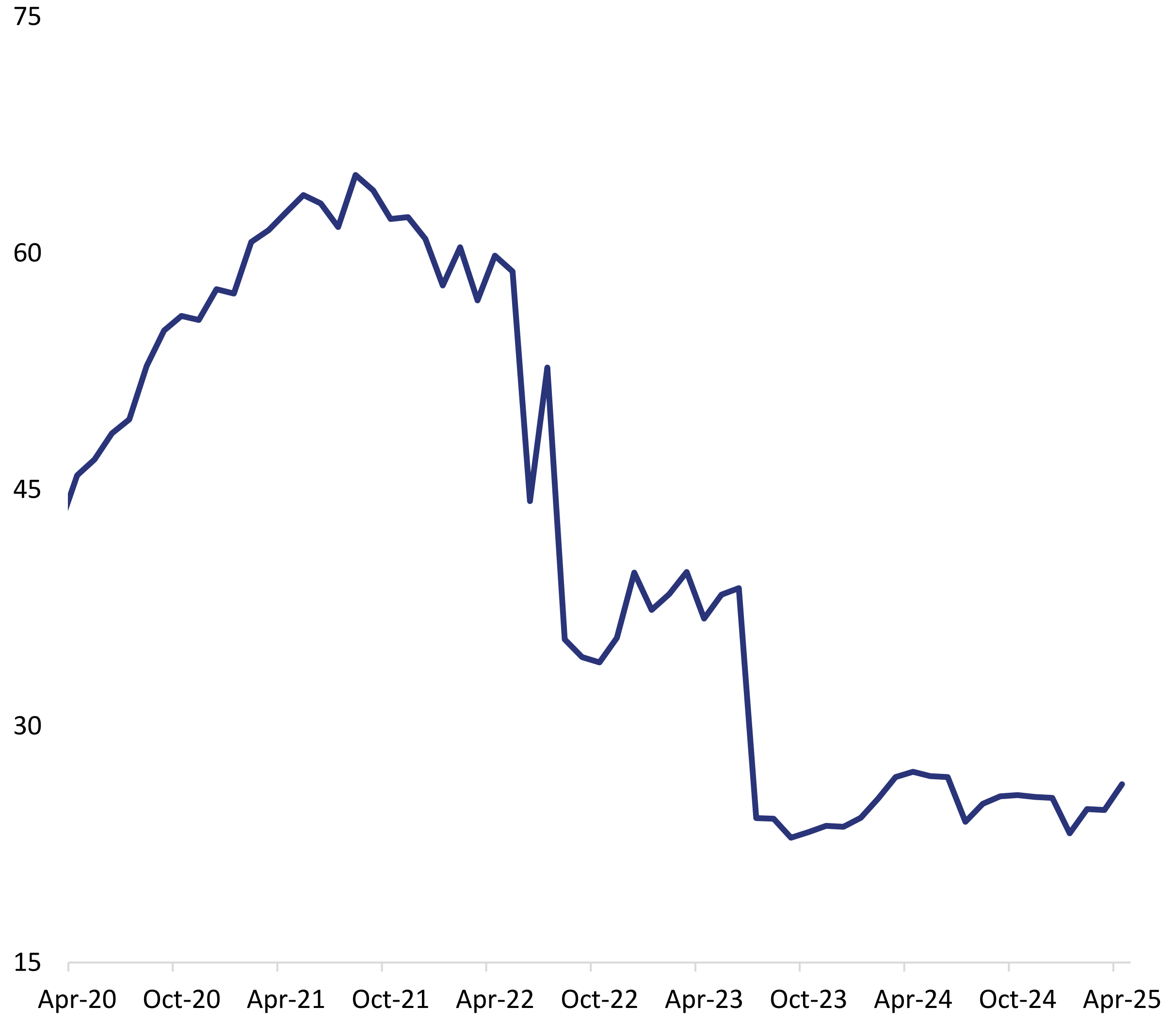
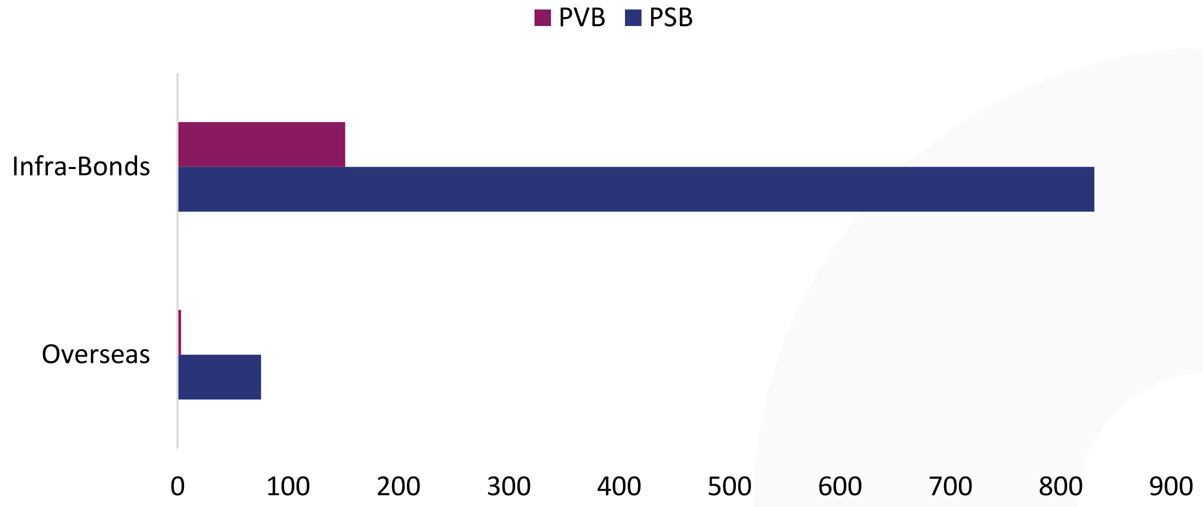
RATIO OF DEPOSITS TO BORROWINGS (X TIMES)



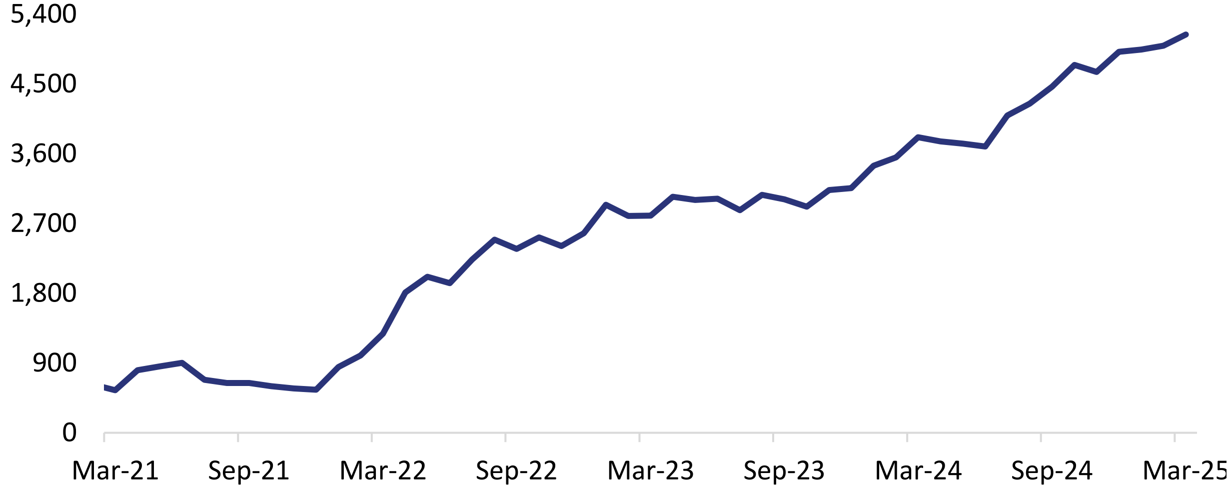
BORROWINGS OF BANKS FOR LENDING IN FY25 (Rs. bn)



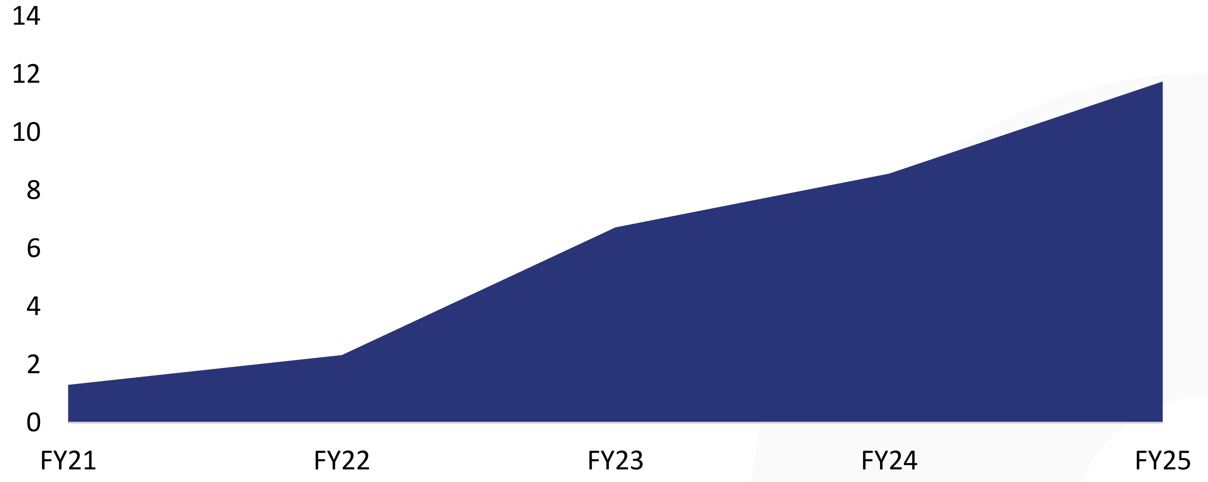
- Bank infra issuances were strong in both FY24 and FY25 due to high C/D ratio for select banks coupled with high deposit rates. This led to an increase in banking system leverage
- Due to lower pressure on C/D ratio, banks will largely issue infra bonds to take advantage of lower rates rather than out of necessity

LOW CD RATES WILL TEMPT BANKS TO CONTINUE ISSUANCES

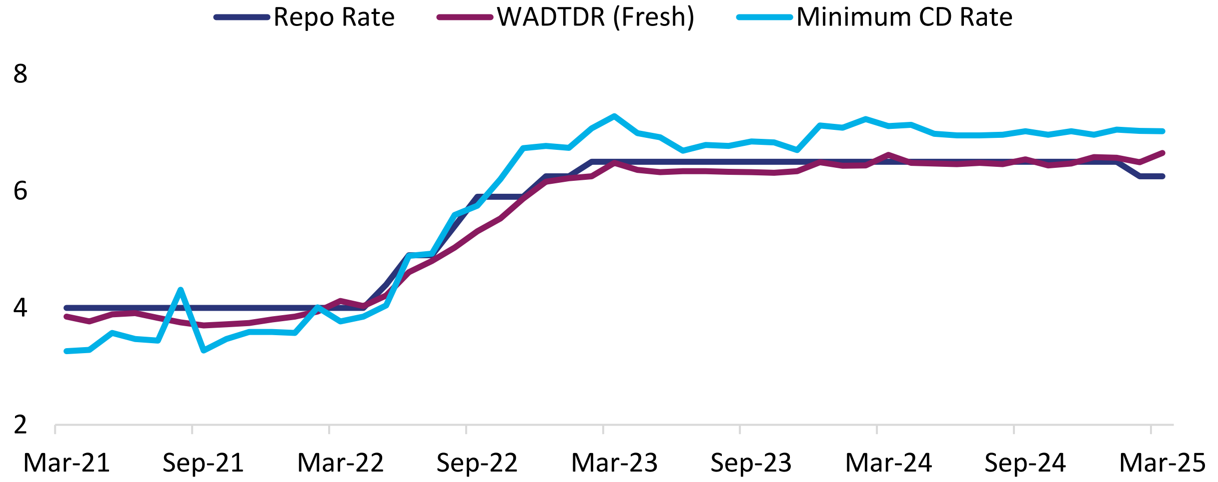
CERTIFICATE OF DEPOSIT OUTSTANDING (Rs. bn)



CD ISSUANCES - GROSS (Rs. bn)



CERTIFICATE OF DEPOSIT RATES (%)

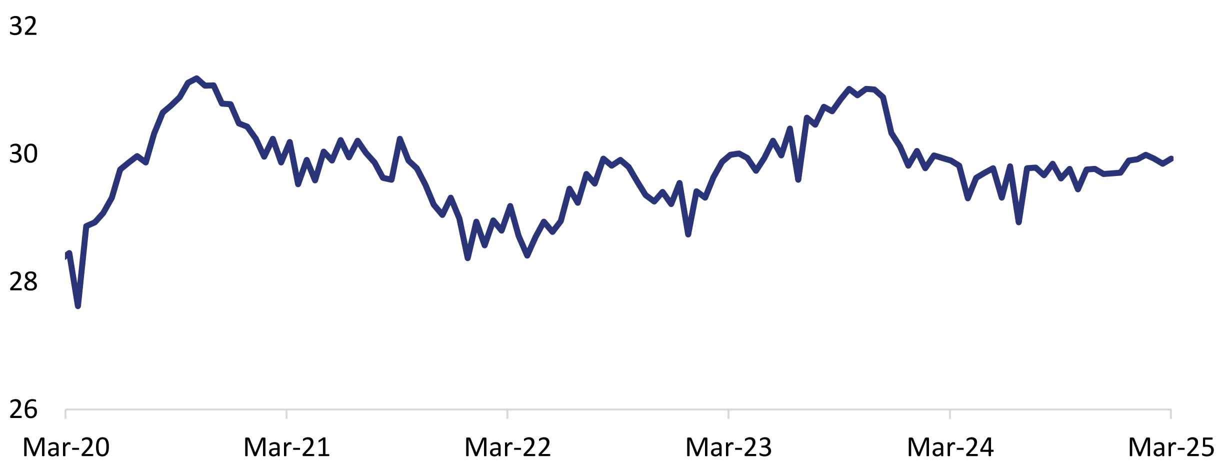


- CD rates remained stiff in the latter part of FY25 due to tight liquidity impacting transmission of rates. They cooled off suddenly when liquidity went into surplus

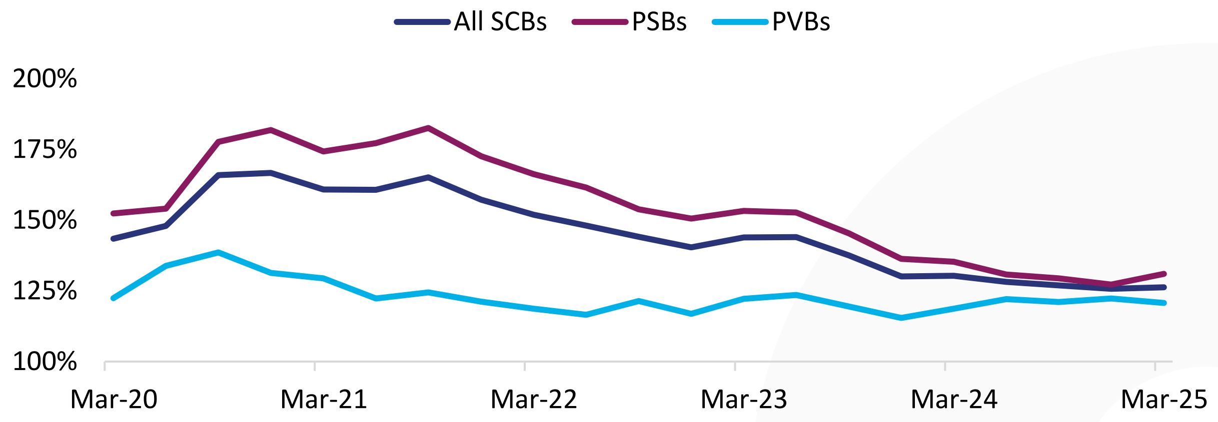
Source: RBI, CEIC, SBICAPS

EASING LCR NORMS COULD HELP BANKS LIQUIDATE SOME OF THEIR G-SEC BOOK

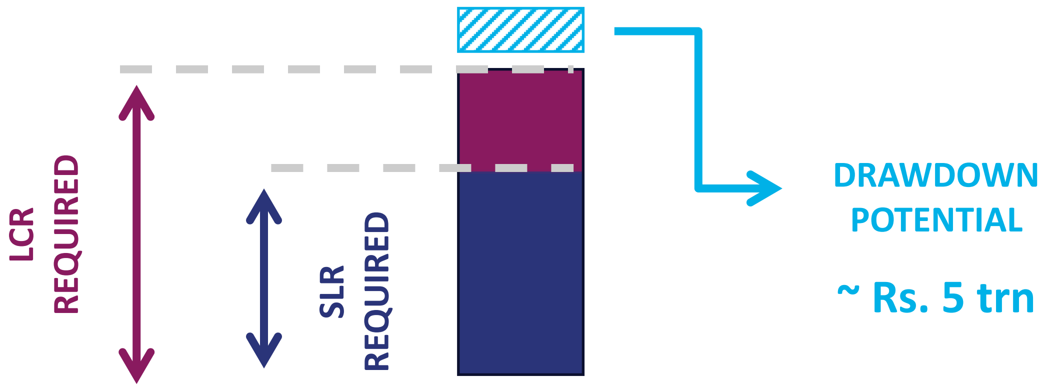
INVESTMENT IN SLR (% OF NDTL)



LIQUIDITY COVERAGE RATIO (LCR)*



INVESTMENT IN G-SEC^



- Banks maintain ample SLR, well above regulatory requirements, despite requirements being much lower than historical norms. This is despite OMO sales done in Q4FY25
- Ample excess G-sec holdings may be liquidated even if LCR is to be maintained at a level of 120%. RBI's relaxation on LCR will give even more headroom

Source: RBI, Company Disclosures, SBICAPS; *Based on disclosures of top 10 banks by deposits covering ~80% of all deposits; ^Assuming LCR is drawn down to 120%

BANKS QUICKEN RESPONSE TO RBI RATE CUTS

LENDING RATES WILL RESET FASTER THIS RATE CUT CYCLE

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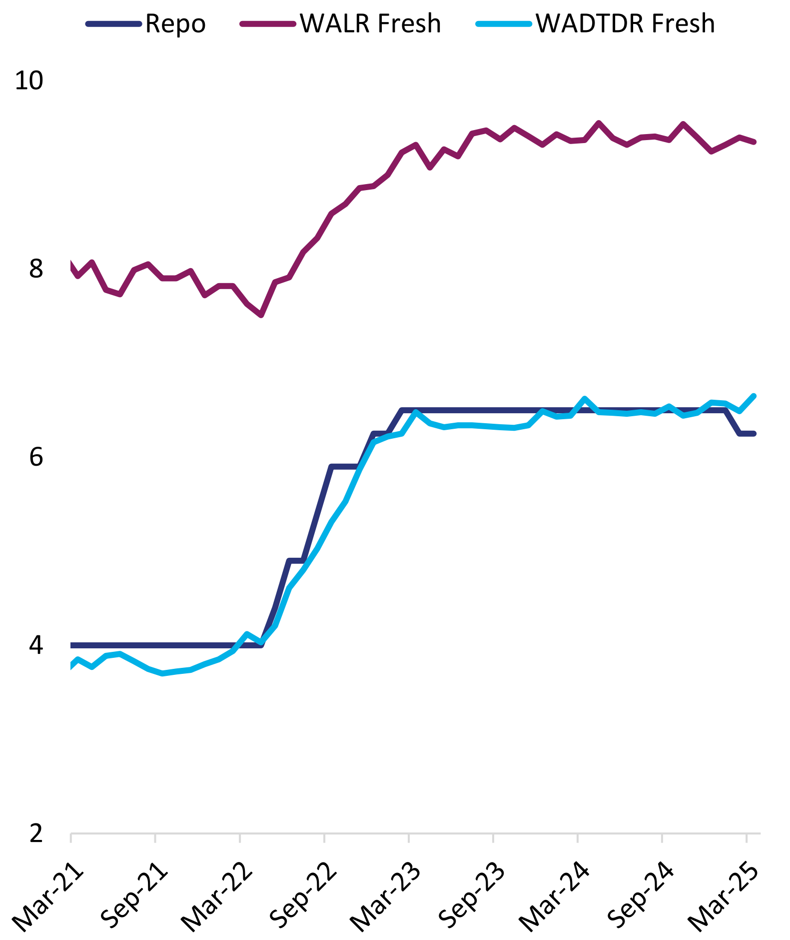
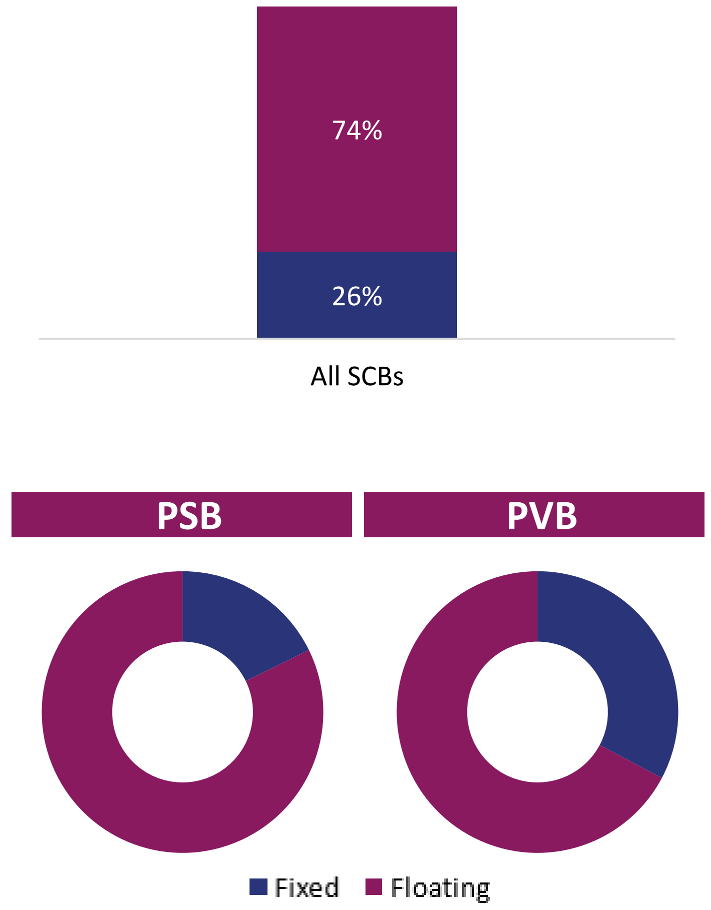
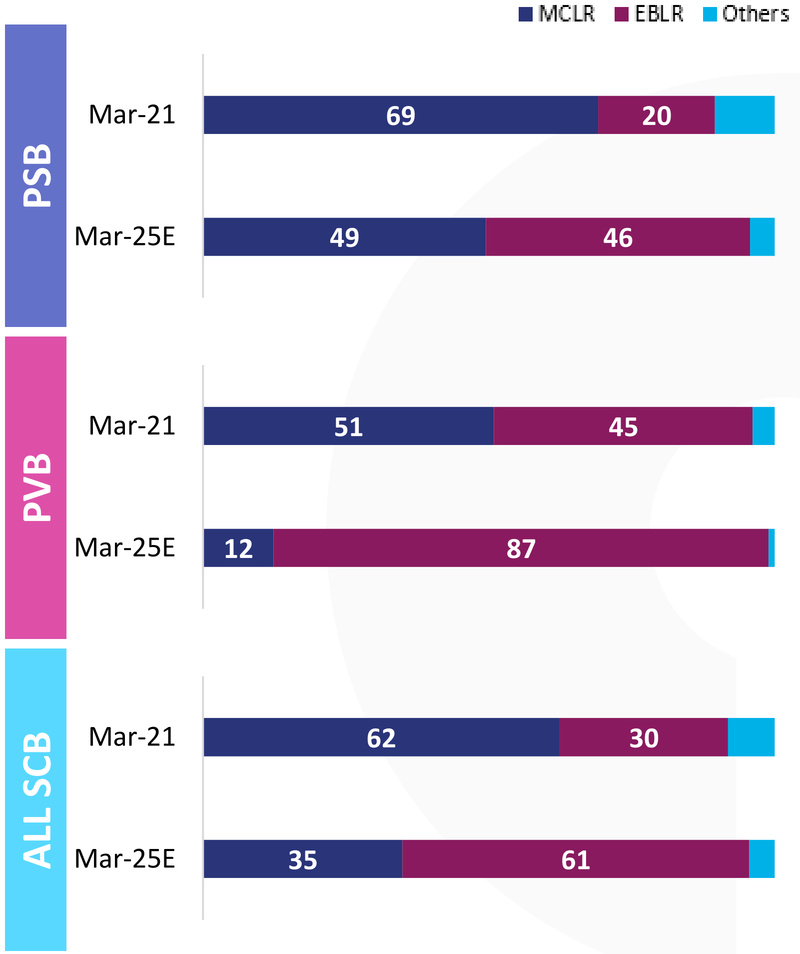
WALR (O/S) VS. WALR (FRESH) VS. REPO



SHARE OF FIXED RATE LOANS (%)*



SHARE OF BENCHMARKS IN FLOATING RATE LOANS (%)



- Compared to any previous cycle the share of EBLR loans is higher. This means that transmission of rate cuts will be near automatic for majority of the portfolio. Notably, PVBs have a higher share fixed rate loans, which means they will be able to take advantage of higher pricing on fixed loans through the loan tenure.
- MCLR, which neither offers the benefit of high rates through loan tenure nor immediate repricing is expected to lose favour across banks over time

Source: RBI, CEIC, SBICAPS; *Based on data of 16 major banks

TRANSMISSION TO DEPOSIT RATES WILL BE SLOWER

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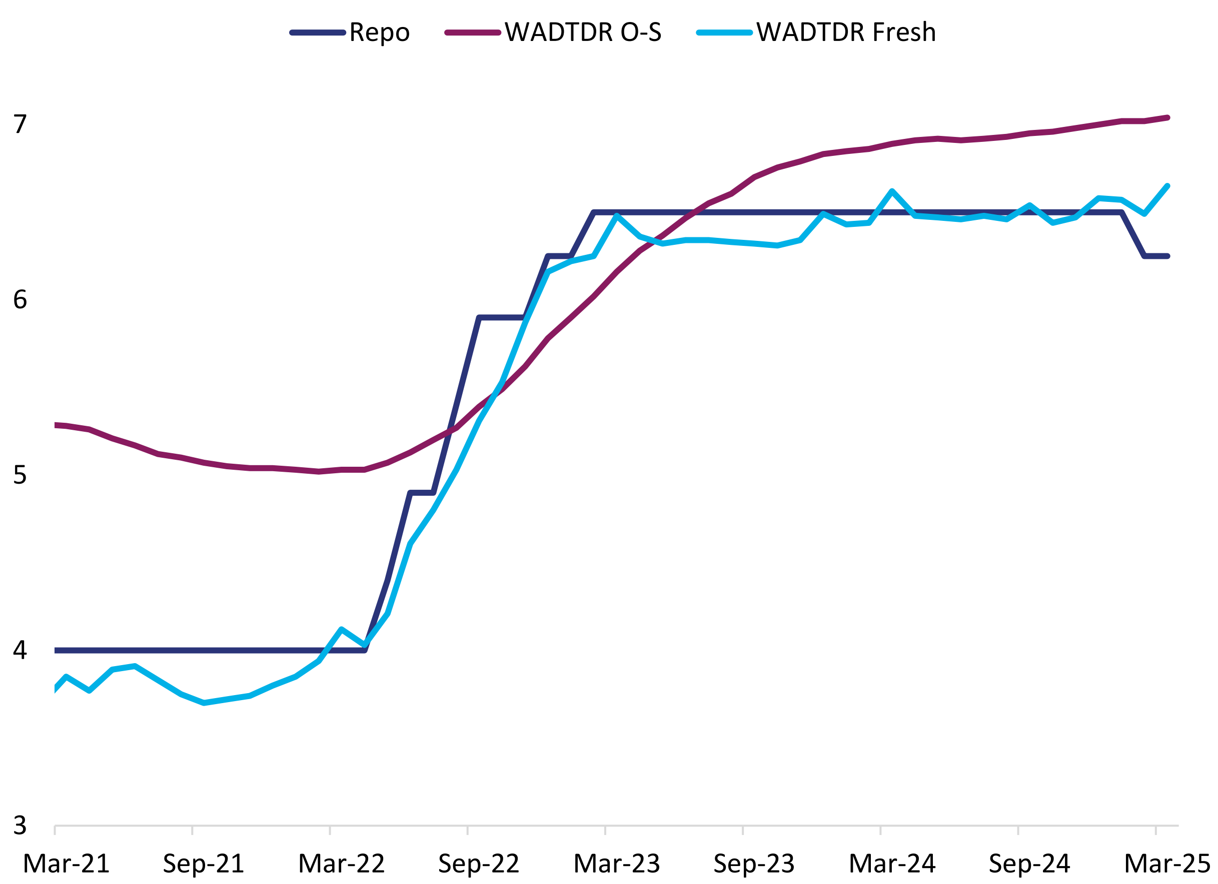
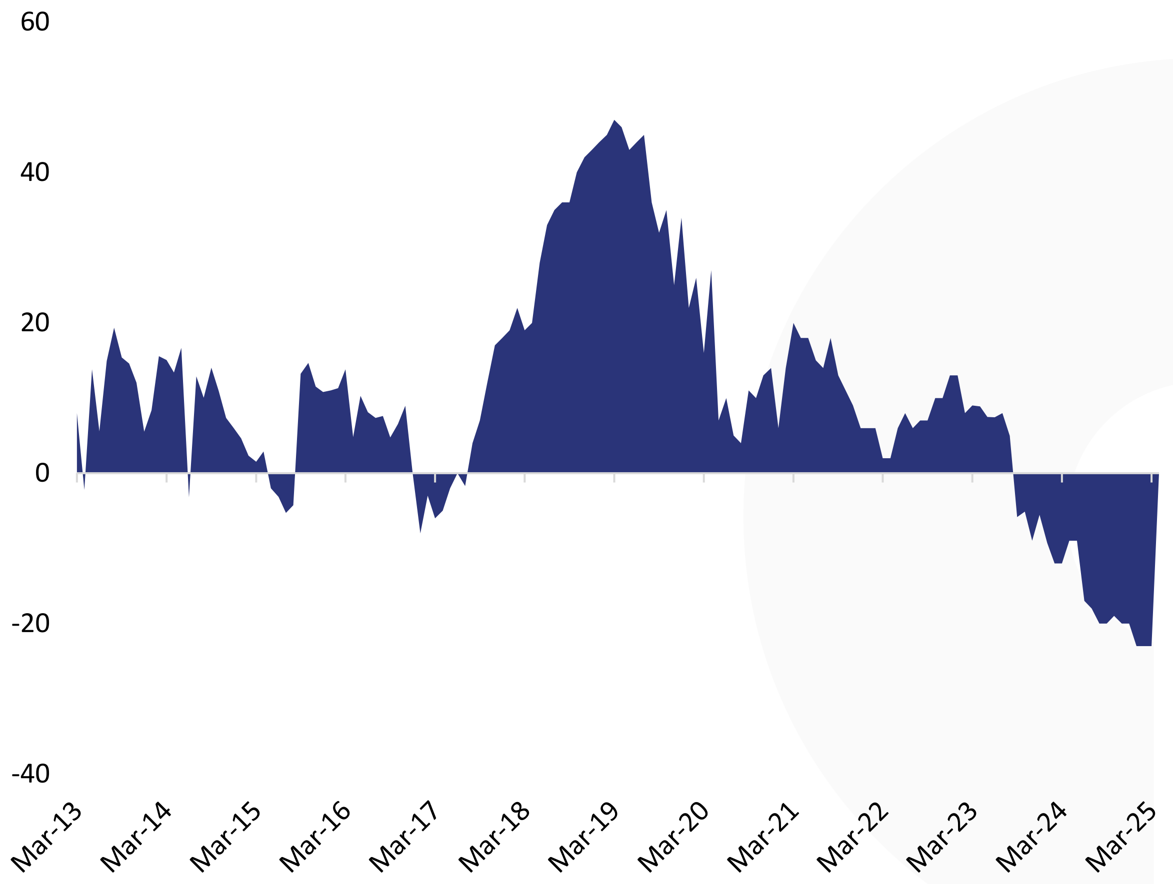
WADTDR (O/S) VS. WADTDR (FRESH) VS. REPO (%)



WADTDR (O/S): PVB – PSB (BPS)

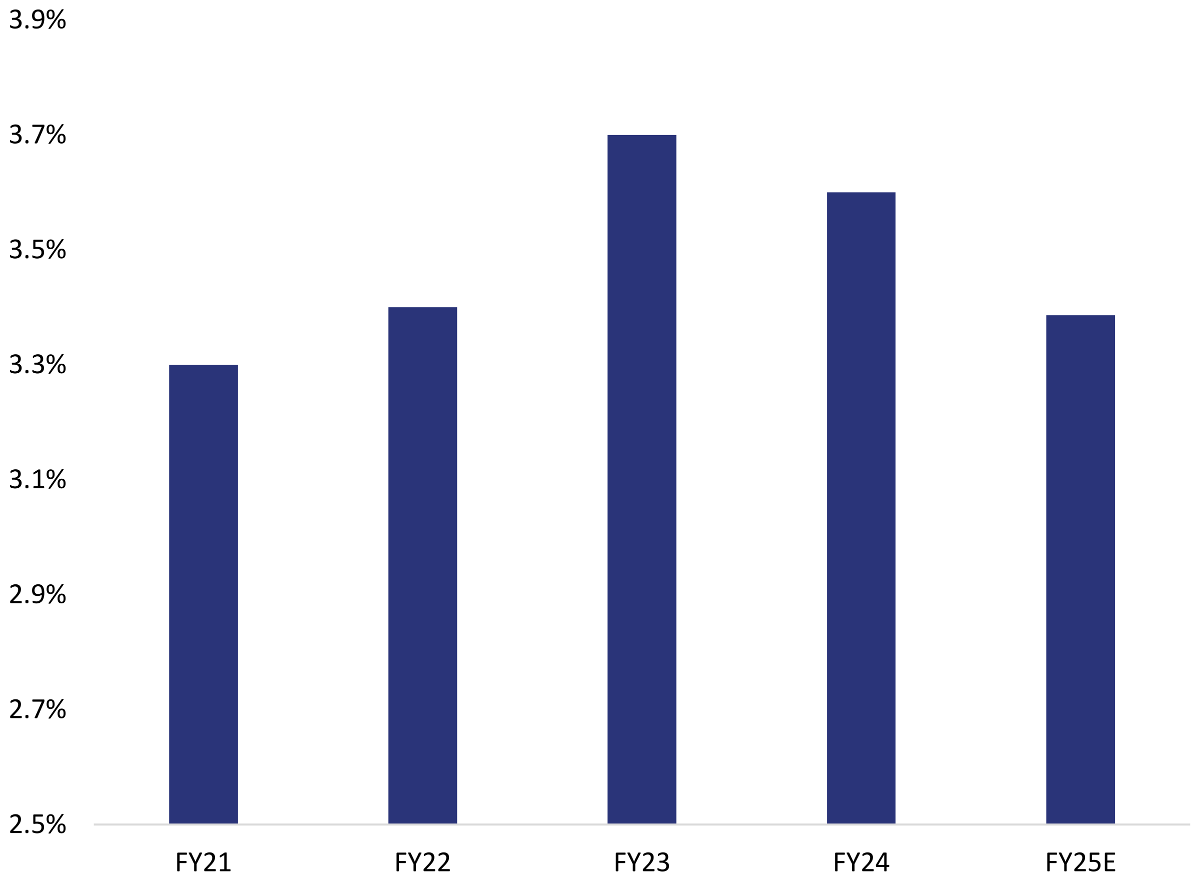


- Transmission of rate hikes to deposit rates was fuller than to lending rates. This also led to a spike in deposit rates. Since then, many banks have started cutting deposit rates. Notably, PSB no longer enjoy lower cost of deposits vis-à-vis top private banks unlike previous cycles
- Only 21% of TD have maturity of less than 1 year, which means 80% of TDs will get repriced only once the rate cut cycle is at its fag end. PVBs, which have a higher share of shorter tenure deposits, may benefit

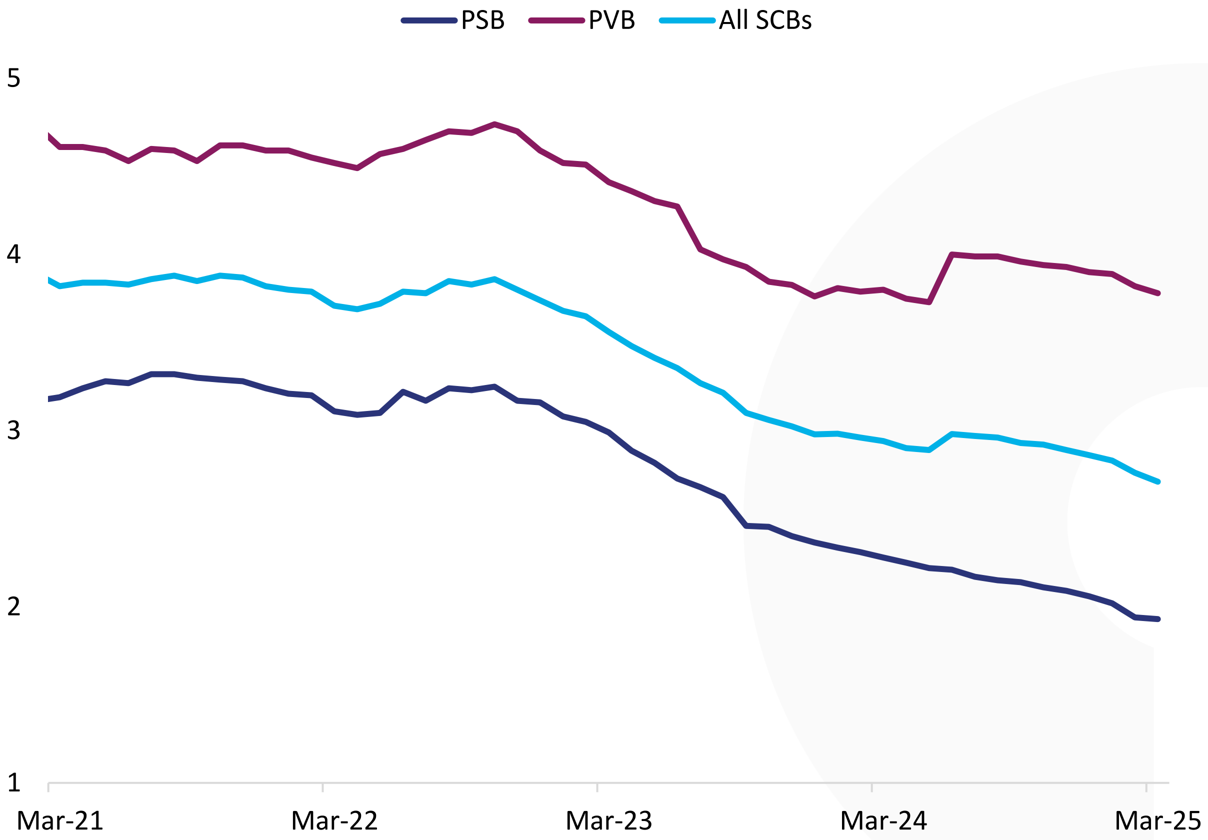
Source: RBI, CEIC, SBICAPS

MARGIN SQUEEZE TO ENSUE AS RATE CUTS HAPPEN

NIM*



WALR O/S – WADTDR O/S (PP)



- Since lending rates will transmit to the book faster than deposit rates, NIM will get squeezed. For PVB banks, their lead in fixed-rate loans will effectively offset their higher share in EBLR in the near term. Impact on PSBs will be delayed by a few months as MCLRs reset, but will be more profound for FY26 as a whole

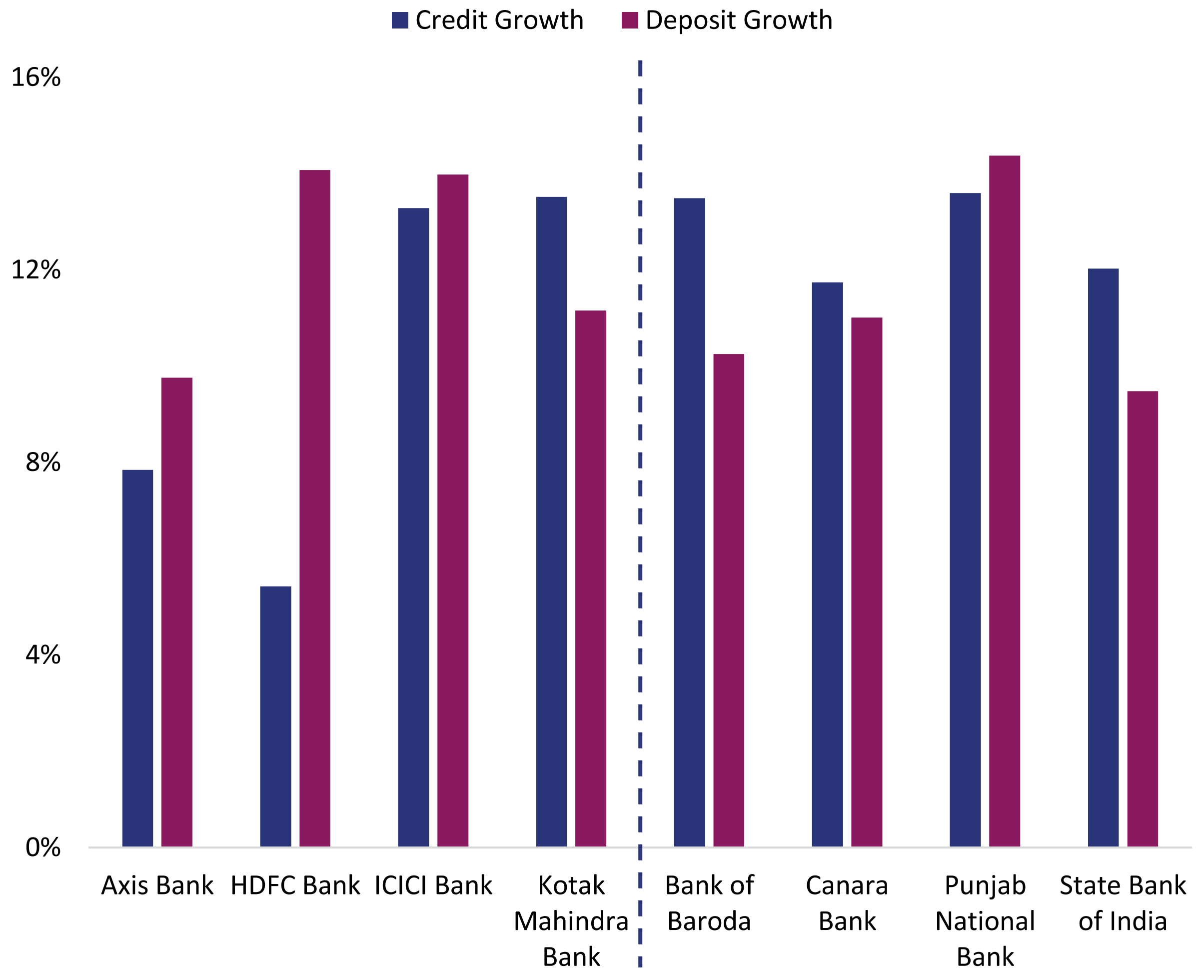
- If the rate cut cycle is steeper than earlier envisaged, then the margin squeeze could be much more impactful. However, gains on outstanding G-sec books would offset some of the loss in margin in this case

05

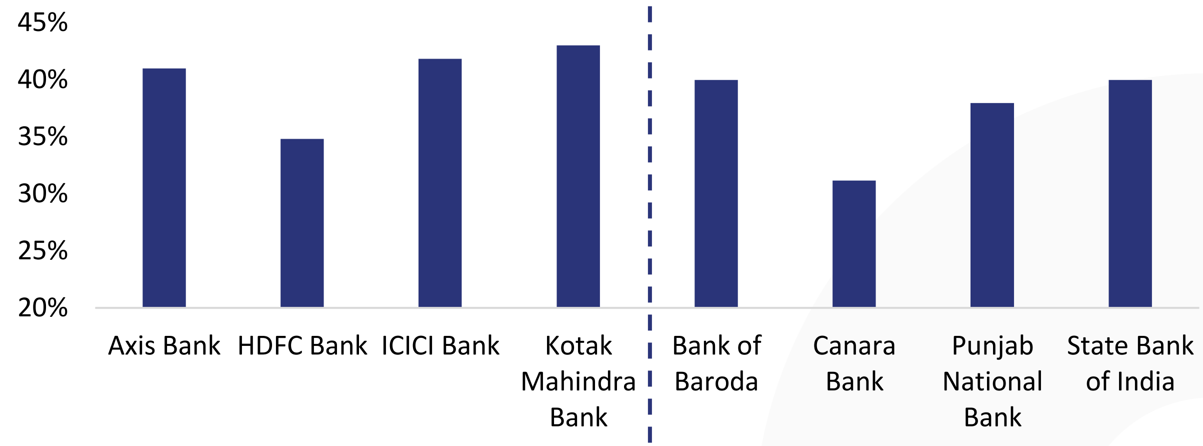
OVERVIEW OF FY25 RESULTS

PSB DOMINATE CREDIT, PVB DOMINATE DEPOSITS

O/S CREDIT AND DEPOSIT (GROWTH Y/Y) – MAR'25



CASA RATIO – MAR'25



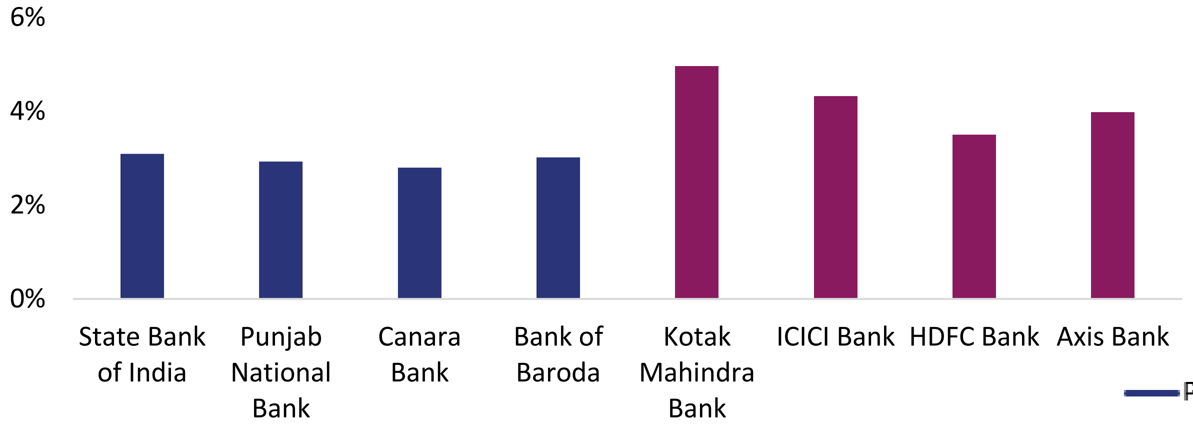
TERM DEPOSIT RATES – CURRENT (20 MAY'25)

	SBI	PNB	CANARA	BOB	KOTAK	ICICI	HDFC	AXIS
UPTO 3M	5.30%	4.50%	5.25%	5.50%	3.50%	4.25%	4.50%	4.75%
3M - 9M	6.30%	6.00%	6.15%	6.25%	6.50%	5.75%	5.75%	5.75%
9M - 1Y	6.30%	6.25%	6.25%	6.50%	6.50%	6.00%	6.00%	6.00%
1Y - 3Y	6.70%	7.00%	7.25%	7.10%	7.10%	7.05%	7.05%	7.05%
3Y - 5Y	6.55%	6.25%	7.20%	6.80%	6.90%	6.90%	6.90%	6.90%

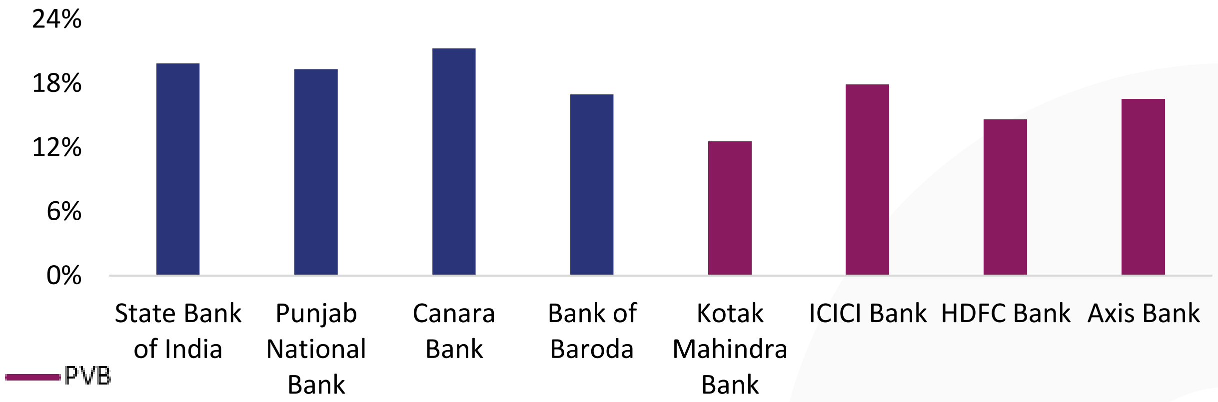
- Most of the big PVBs, which have high C/D ratios, raised rates in the longer tenor buckets to garner stable long-term deposits, leading to fine deposit growth outpacing credit offtake

PSB MATCH UP TO PVB ON RETURNS AFTER FACTORING LEVERAGE

NET INTEREST MARGIN

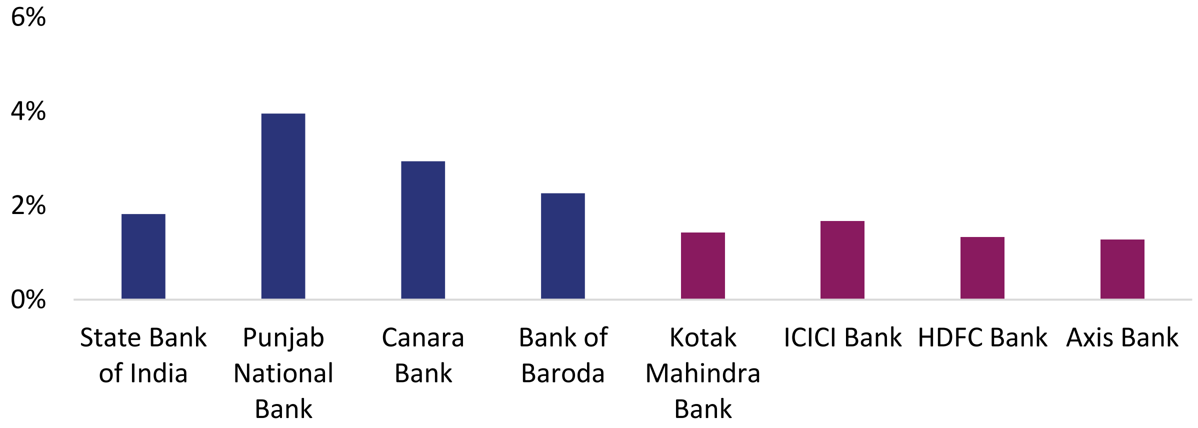


ROE

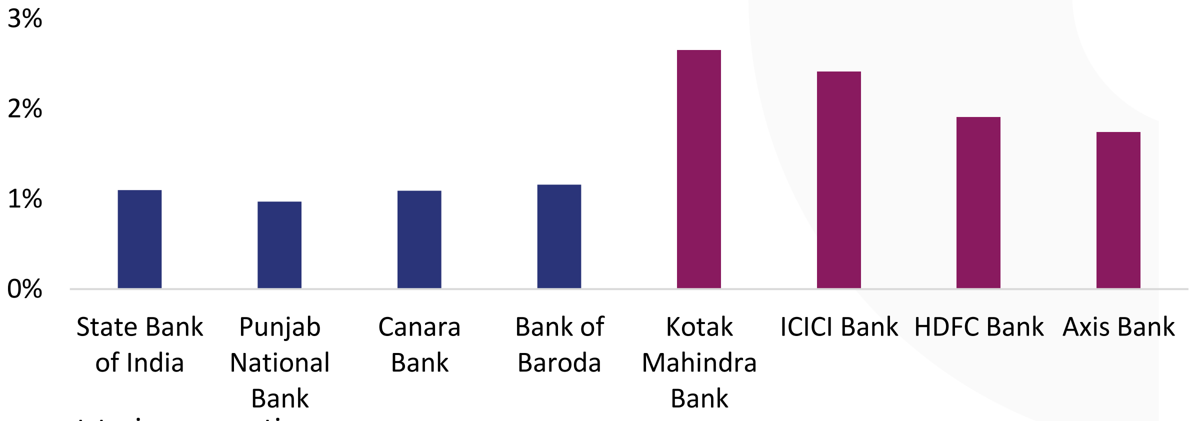


PSB PVB

GNPA (%)



ROA



- PVB show superior returns on both NIM and RoA given their higher yield on advances and lower cost-to-income ratios
- In RoE, leading PSUs are able to match PVBs as they have leveraged their books better

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