



Banking Sector Roundup - FY26

JUNE 2026

Glossary: Classification of Indian banks used in this document

PSU (12 banks)



Private - New (10 banks)



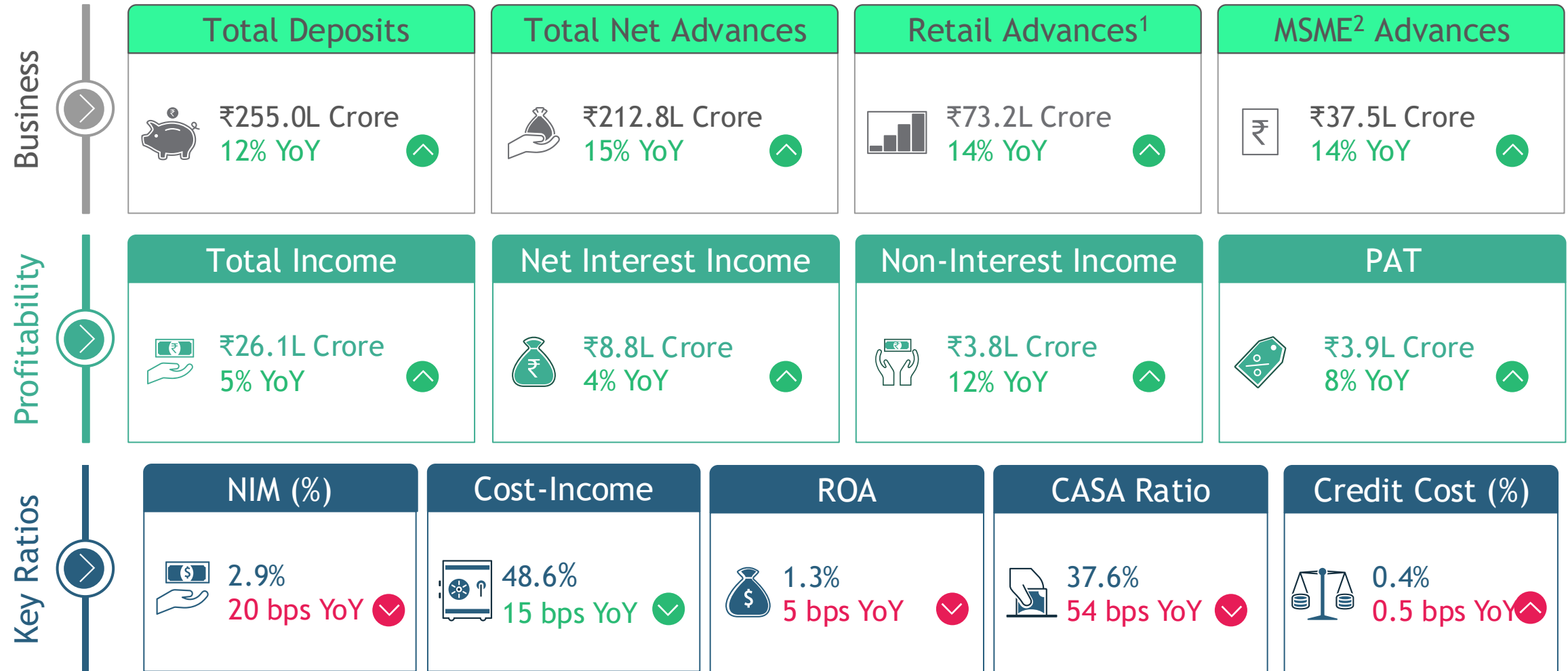
Private - Old (10 banks)



Small Finance (5 banks)



FY26 results: Banking industry snapshot



1. Retail loans are gross advances and include home loans, auto loans, personal loans, and other retail loans. 2. MSME are gross advances and includes SME, LAP, Business Banking, and CV/CE loans

Source: Capitaline, Financial Results, Investor Presentation, BCG analysis

Summary Snapshot (I/II)



Macro Trends

- **Economic growth:** GDP growth for FY26 at **-7.5% YoY¹** vs. projected growth rate of 6.4-6.5%; RBI and other agencies **project GDP growth at 6.0-7.0% for FY27**
- **Economic landscape exhibits mixed trends**
 - The **IIP rose by 5% YoY**, while growth declined for trade & investments, especially merchandise exports & imports
 - The growth is being driven by **strong performance of logistics, auto & BFSI industries**



Key Performance Indicators - Banks

- **Profitability:** Banking industry's ROA held steady at 1.3% in FY26 (5bps dip over FY25)
 - Stable credit costs and opex efficiency gains offset NIM headwinds across the sector
 - NIMs contracted **-19bps for private banks** and **-21bps for PSU banks** in FY26, as repo rate cuts flowed through lending yields faster than deposit costs repriced downward
- **Operational efficiency:** Industry **CIR improved to 48.6%** in FY26, **15bps reduction YoY**
 - PSU Banks: 50.0% (50.1% in FY25); Private Banks: 46.5% (46.8% in FY25); SFBs: 63.9% (61.2% in FY25)
- **Capital Adequacy:** **Banks remain well-capitalized having >14% CRAR**, signaling resilience in their risk management capabilities

Summary Snapshot (II/II)



Business

- **Credit:** Loan growth steady at 15% YoY in FY26
 - FY26 YoY Growth - Retail: 14%, Agri: 18%, MSME: 14%, Corporate and Others: 16%
 - CD ratio at 83%
- **Deposits:** Overall deposits growth YoY increased by 12% in FY26
 - Industry CASA Ratio: 37.6% vs 38.1% in FY25
 - YoY Growth in FY26 - CASA: 9.8%, Term Deposits: 12.4%



Credit Performance

- **Rise in credit costs:** Industry credit cost remained largely unchanged at 0.4% in FY26, driven by decline in PSBs credit costs at 0.3% (-6bps YoY), with an increase for private banks at 0.6% (+11bps YoY)
- **Provisioning and risk preparedness:** PCR remained high for PSBs (above 90% across) in comparison to private banks (ranging between 67-99%)
- **Decline in GNPA:** GNPA ratio improved to 1.7% in FY26 (vs 2.2% in FY25), indicating strengthening stock asset quality



Digital & Payments

- **Digital Payments:**
 - UPI continues to drive significant volumes in payment and grew by 30% YoY
 - Debit card transactions declined 21% in volume and 10% in value YoY whereas credit card transactions grew 26% in volume and 12% in value YoY

Five themes shaping Indian banking in FY26



NIM Compression

Rate cuts compressed margins faster than deposit costs adjusted - FY27 recovery depends on winning the deposit war



Credit Quality

Bad loans at decade lows, but macro headwinds and regulatory changes cloud the FY27 outlook



MSME credit - Reach has expanded, but sustainability remains the key test



Bank workforce growth has stalled

PSU hiring at low single digits, private banks cutting

NIM compression was universal in FY26, but how banks absorbed it differed significantly



The rate cut passed through faster than expected

- RBI's 125bps cumulative rate cut transmitted almost immediately to lending yields, ~65% of loans are now benchmark-linked
- WALR¹ on fresh loans fell to 8.40% by Q4 FY26; Deposit rates also picked up in Mar '26 (upward repricing cycle signal), squeezing margins



The competition for deposits has fundamentally changed

- CASA ratios have declined to 38% as households shift savings toward mutual funds, equities, and insurance
- Banks are now competing for a structurally smaller pool of cheap deposits, keeping funding costs elevated even as the policy rate fell



Strong credit demand kept funding costs elevated despite rate cuts

- Credit growth consistently outpaced deposit growth through FY26, keeping the CD ratio at 83% - banks had limited room to lower deposit rates while still competing for funds
- Lending income fell in line with rate cuts; funding costs did not, compressing margins from both sides

1. Weighted Average Lending Rate

Source: Autonomous Research, RBI DBIE, RBI Press Release, BCG analysis

Credit quality reaches multi-decadal best in FY26; However, key risks on the radar

FY26 - What drove the improvement

- 1 Unsecured retail stress largely resolved:**
 - Credit card, personal loan, and MFI portfolios that drove FY25 stress have normalised; GNPA ratios closed FY26 at multi-decadal lows
- 2 Credit costs declined across the sector:**
 - Banks set aside less in provisions, fewer bad loans meant lower provisioning requirements; the shift to secured lending further reduced portfolio risk
- 3 Capital buffers remain strong entering FY27:**
 - Sector enters FY27 well-capitalized CRAR above 14% across the sector provides a solid buffer to absorb stress if conditions worsen

FY27 - Key risks

- 1 Middle East conflict and its lagged macro impact:**

Rising fuel costs and a widening current account deficit are compressing household and small business incomes - credit stress of this nature typically takes 2-3 quarters to surface in loan books
- 2 ECL transition**

RBI's ECL framework (effective April 2027) forces forward-looking provisioning; PSU and mid-sized private banks with thinner overlays face greater capital pressure than large well-capitalised peers
- 3 Below-normal monsoon a rural-credit risk**

2026 monsoon forecast at 90% of long-period average (below normal, El Niño-driven) threatens agri and rural incomes in 5 states (Punjab, Haryana, Rajasthan, MP, UP) contributing 55% to India's food grain production

MSME credit in India is at an inflection point; Reach has expanded, but sustainability remains the key test



Credit is reaching further than ever before

Formal credit is accessing segments that were largely unserved five years ago

- MSME credit grew 14% YoY in FY26; RBI doubled the collateral-free lending limit to ₹20 lakh in April 2026
- Account Aggregator and GST-linked underwriting are enabling banks to assess creditworthiness through cash flows rather than assets, a structural shift in how inclusion lending works



Priority sector is becoming a growth engine, not just a compliance obligation

Banks with genuine inclusion capability are finding PSL to be a franchise asset

- Banks that have built real MSME and agricultural lending capability are finding PSL to be a volume and margin contributor
- Banks without this capability are increasingly reliant on PSLC purchases to meet targets, a recurring cost that builds no franchise value



The economics of inclusive lending are under pressure

Strong growth, but underlying borrower stress has not fully cleared

- Inclusive lending segments carry higher operating costs, thinner margins, and concentration in borrower cohorts most vulnerable to income shocks

Bank workforce growth has stalled: PSU hiring at low single digits, private banks cutting

PSU banks: still hiring, but slowing

- 8 of 12 PSU banks added 13,223 staff in FY26; total 6.28 lakh, up just 2.1% YoY
- SBI drove 67% of the staff increase: +8,905 to 2.45 lakh (+3.8%)
- Bank of Baroda +1,685; Bank of Maharashtra +1,005 -- across tech, risk, ops and branches
- Hiring to support business expansion, customer service and technology-led transformation

Top private banks: now shrinking

- HDFC Bank reported a drop of 3,343 to 2.11 lakh (-1.6% YoY); Axis Bank had 3,107 fewer to 1.01 lakh (-3.0% YoY)
- RBL Bank saw a fall of 949 to 13,316 (-6.7% YoY), its first workforce decline in at least 10 fiscals
- Technology is the key driver: Axis Bank reported tech spends of 10% of opex; HDFC Bank also quadrupled its tech spend to \$1bn
- Branch networks still grew (Axis +400; ICICI +600; HDFC +234 branches YoY); more output per employee, fewer people

GenAI is set to deepen the disruption - moving from back-office automation to reshaping front-office and decision-making roles

Outlook | Margin pressure persists into FY27 as the rate cycle turns and deposit competition intensifies



Margin pressure expected to persist into FY27, driven by sticky deposit costs, elevated wholesale funding rates, and limited room for further repo rate cuts



SCBs remain well-capitalised, with CRAR holding strong as of March 2026, providing a cushion for credit expansion and absorption of any macro-driven stress



Strong credit growth is being driven by MSME lending, retail - housing, auto and a sharp rise in gold loans, while slower deposit accretion is leading banks to rely more on wholesale funding to support liquidity



Asset quality remains resilient entering FY27 as GNPA ratios have compressed to multi-decadal lows, though Middle East macro spillovers and residual MFI stress remain active watchpoints



RBI's easing cycle has concluded with 125bps of cumulative cuts, with the stance now neutral and forward markets beginning to price the possibility of rate hikes in FY27



Credit growth is expected to remain strong, supported by consumption demand and capex momentum; however, banks may prioritise balance sheet discipline over volume amid elevated CD ratios and tightening system liquidity

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



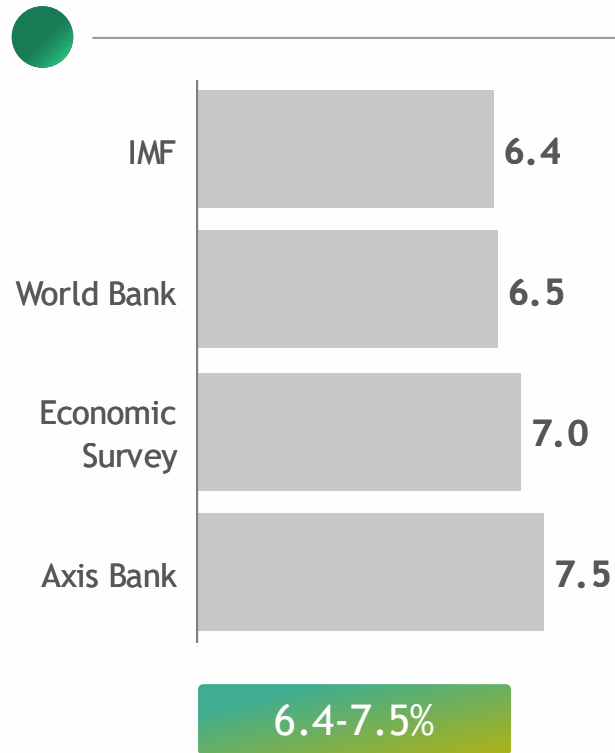
Individual Player Performance



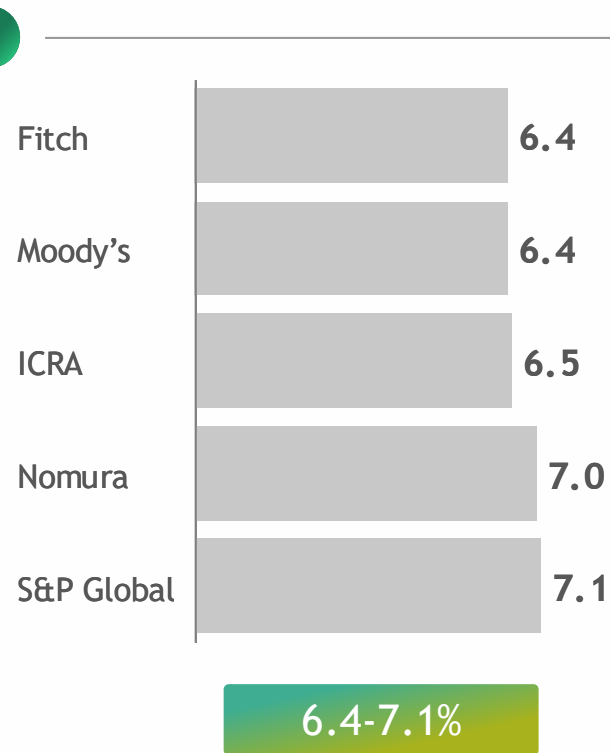
FY27 GDP projected to grow between 6.0-7.0%; IMF and World Bank revised their forecasts upward in Mar-Apr'26

India GDP growth forecast for FY27 (YoY %)

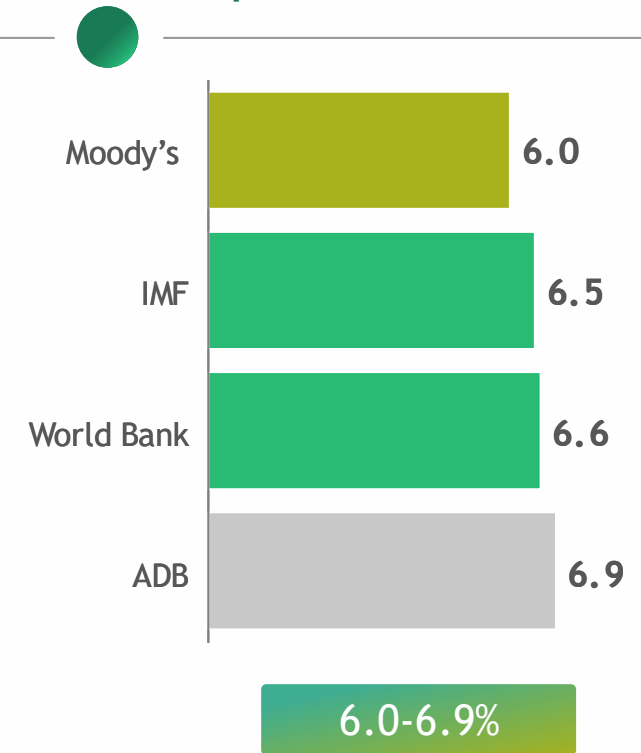
Dec'25-Jan'26



Feb-Mar'26



Apr'26



Data as of 23rd Apr'26; Estimates likely to be revised further

No change
 Downward revision
 Upward revision

Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month
 Source: Analyst reports, BCG analysis



High-frequency indicators reflected resilient demand and activity in Mar'26, while select sectors softened amid external uncertainties

■ >20% ■ 10-20% ■ 0-10% ■ 0% ■ <0%

Industry	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth#
Industry				
IIP (Index) *	159	5%	-6%	-
Daily Avg Power Consumption(000 MUs)	4.8	1%	1%	2%
Petroleum Consumption (MMT)	21.4	3%	6%	3%
Steel Consumption (MMT)	15.7	10%	17%	9%
Cement Production (MT) *	43.5	9%	-4%	11%
Trade & Investment				
Merchandise Exports (\$ Bn)	38.9	-7%	6%	-3%
Merchandise Imports (\$ Bn)	59.6	-7%	-6%	12%
Services Exports (\$ Bn)	35.2	-1%	1%	6%
Services Imports (\$ Bn)	17.0	-3%	1%	4%
Logistics				
E-way Bills (Mn)	140.6	13%	6%	16%
JNPA Traffic ('000 TEUs)	747.1	11%	12%	12%
Air Passenger Bookings (Mn)	34.5	-4%	-2%	0%
Air Freight (K Tons) ¹	343.4	0%	5%	8%

Auto	Growth			
	Latest Month	Vs. Last year	Vs. Last month	YTD Growth#
Auto				
PV Sales ('000 Units)	442.5	16%	6%	13%
2W Registrations ('0000 Units)	1,976.1	19%	6%	26%
3W Sales ('000 Units)	72.6	29%	-3%	28%
EV Registrations ('000 Units)	242.7	52%	61%	45%
BFSI				
UPI Value (INR Tn)	29.5	19%	10%	21%
NSE & BSE Txns. (INR K C r)	2,556.3	29%	-1%	23%
Insurance Premium (INR K Cr)	104.8	19%	77%	18%
Sentiment				
Manufacturing PMI (Index)	53.9	-7%	-5%	-
Services PMI (Index)	57.5	-2%	-1%	-
Current Situation Index (Urban)	95.7	-2%	0%	-
Future Expectations Index (Urban)	120.2	-2%	3%	-

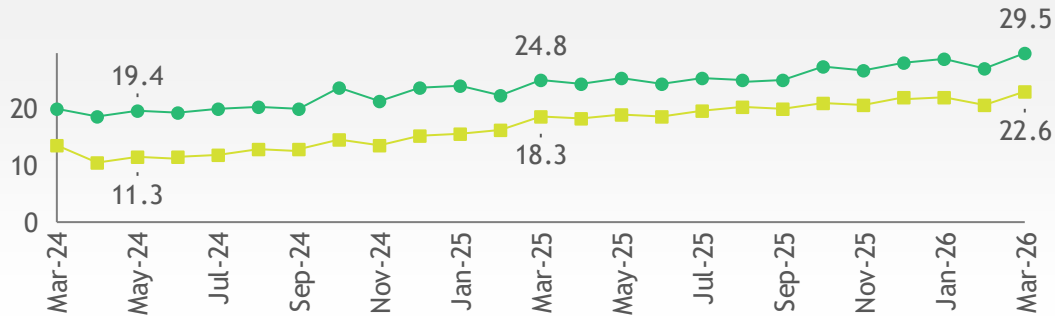
* Data available only up to Feb'26 as on 24th Apr'26 - hence growth comparisons are for February and not March. Feb'26 data has been compared against Feb'25 & Jan'26 data for the YoY & MoM growth comparisons.; # YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Mar and Jan-Feb for the * marked indicators).



UPI transactions scaled record highs in Mar'26, while mutual fund AUMs declined; Aggregate deposits & credit increased in Feb'26

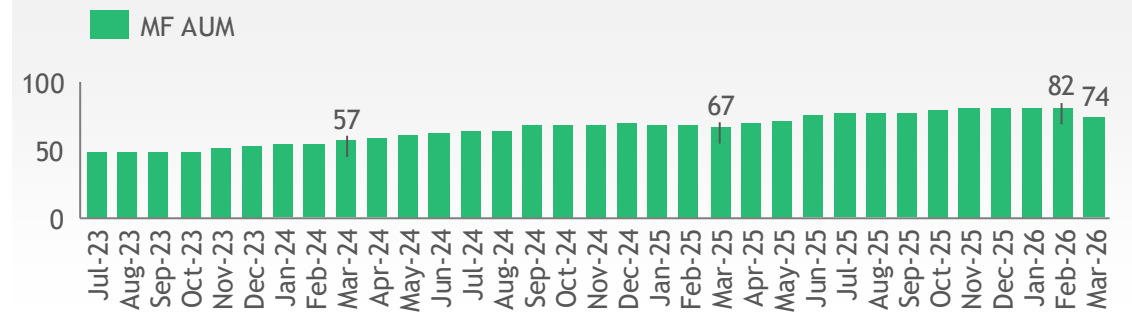
UPI

UPI transactions reached an all-time high in Mar'26, buoyed by festive demand and year-end financial activity



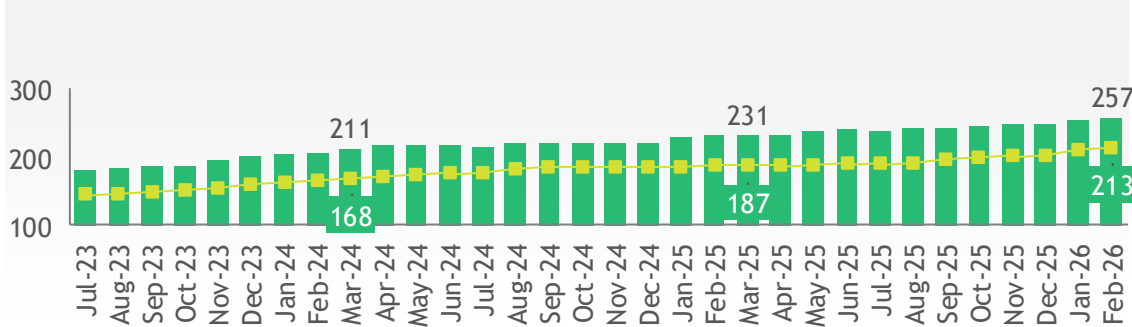
Mutual funds AUM (INR Tn)¹

Mutual funds AUM fell in Mar'26 primarily due to heavy debt-scheme outflows * mark-to-market declines in equity-oriented schemes



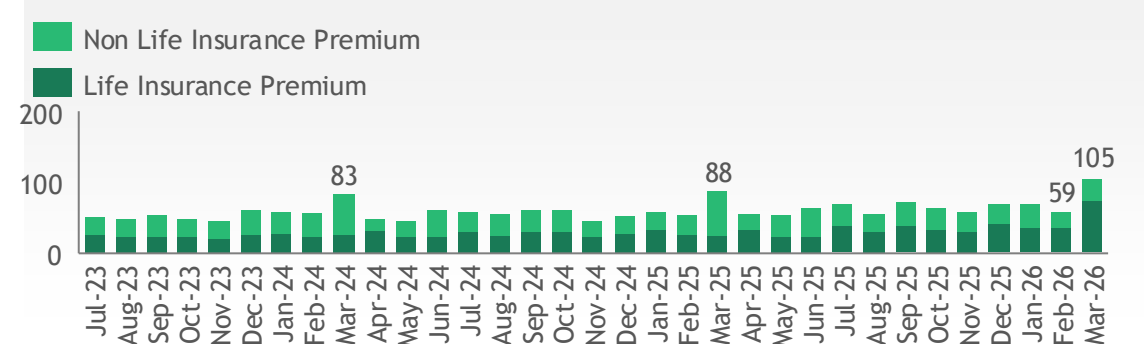
Aggregate deposits & credit (INR Tn)⁴

Aggregate credit increased in Feb'26, led by retail & MSME lending, higher NBFC credit, and improving infra. financing



Insurance premium (INR '000 Cr)²

Insurance premiums cyclically surged in Mar'26, driven by a spike in health premiums under the non-life insurance segment



1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 23 Jan'26; 2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Crop Insurance, Credit Guarantee, Aviation, Personal accident and Miscellaneous
 Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India, BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



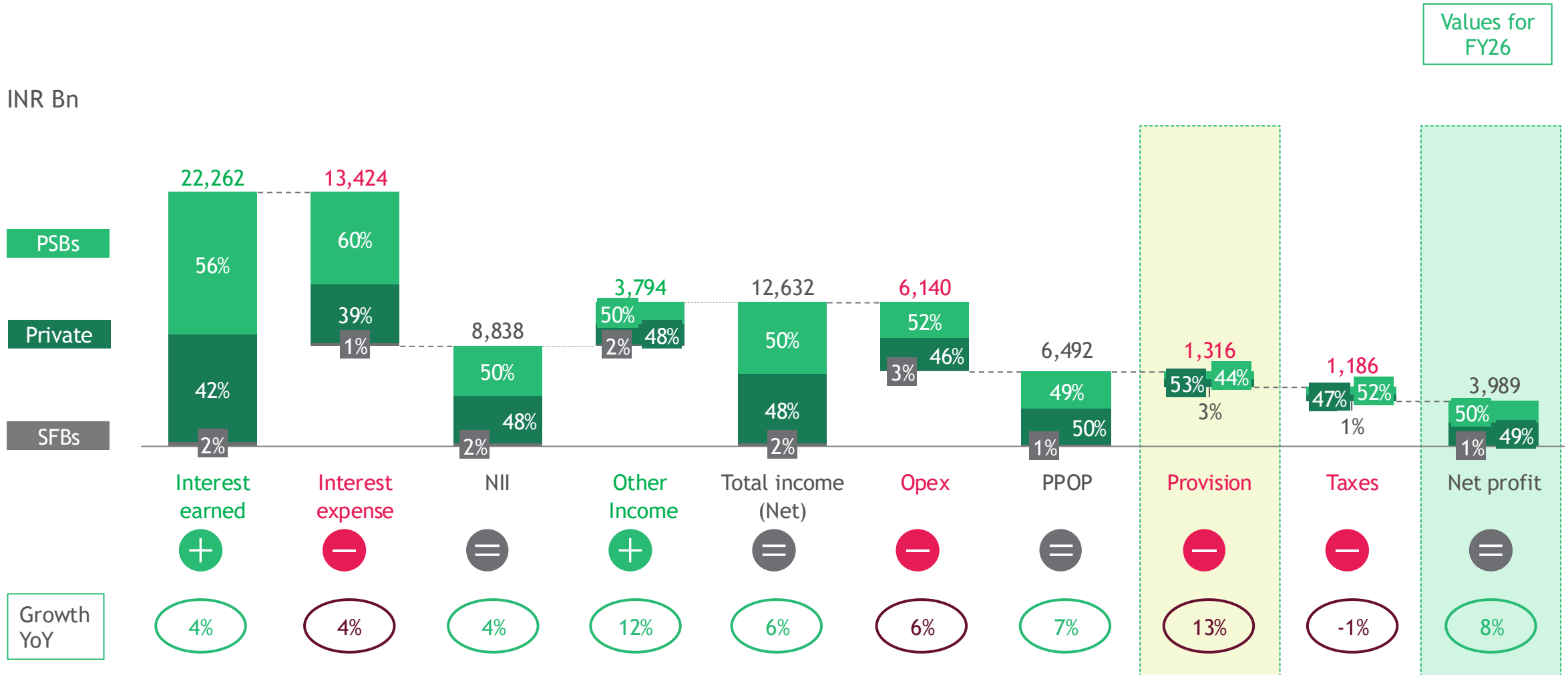
Key Regulatory Measures



Individual Player Performance



Banking sector PAT up 8% YoY, Provisions see sharp rise



Source: Capitaline, Financial Results, Investor Presentation, Press release, BCG analysis



Industry RoA remains stable despite NIM compression, supported by declining opex and credit costs; Private banks and SFBs witness decline

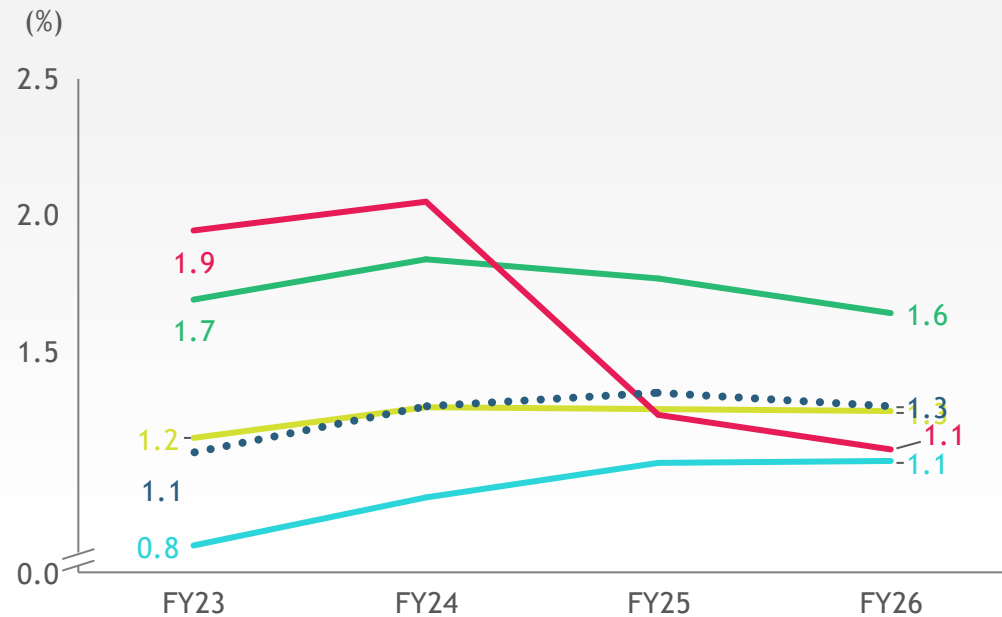
RoA Tree		Industry		PSU Banks		Private New		Private Old		SFBs	
Particulars ¹	UoM	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25
Net interest Margin	(%)	2.9	3.1	2.4	2.6	3.5	3.7	3.1	3.2	5.8	6.5
Fee + Other Income	(%)	1.2	1.2	1.1	1.1	1.5	1.4	1.2	1.2	1.9	2.0
Operating expenses	(%)	2.0	2.1	1.7	1.9	2.3	2.4	2.3	2.4	4.9	5.1
Pre-Provision Profit ²	(%)	2.1	2.2	1.7	1.8	2.7	2.8	2.0	2.0	2.8	3.4
Credit costs	(%)	0.4	0.4	0.3	0.4	0.6	0.5	0.4	0.3	1.3	1.7
Tax ³	(%)	0.4	0.4	0.3	0.4	0.5	0.5	0.4	0.4	0.3	0.3
Return on Assets	(%)	1.3	1.3	1.1	1.1	1.6	1.8	1.3	1.3	1.1	1.3

1. All the above #s are as a % of average assets; 2. Figures may not tally due to rounding off differences; 3. Includes exceptional items, if any
Source: Capitaline, Press releases, BCG analysis



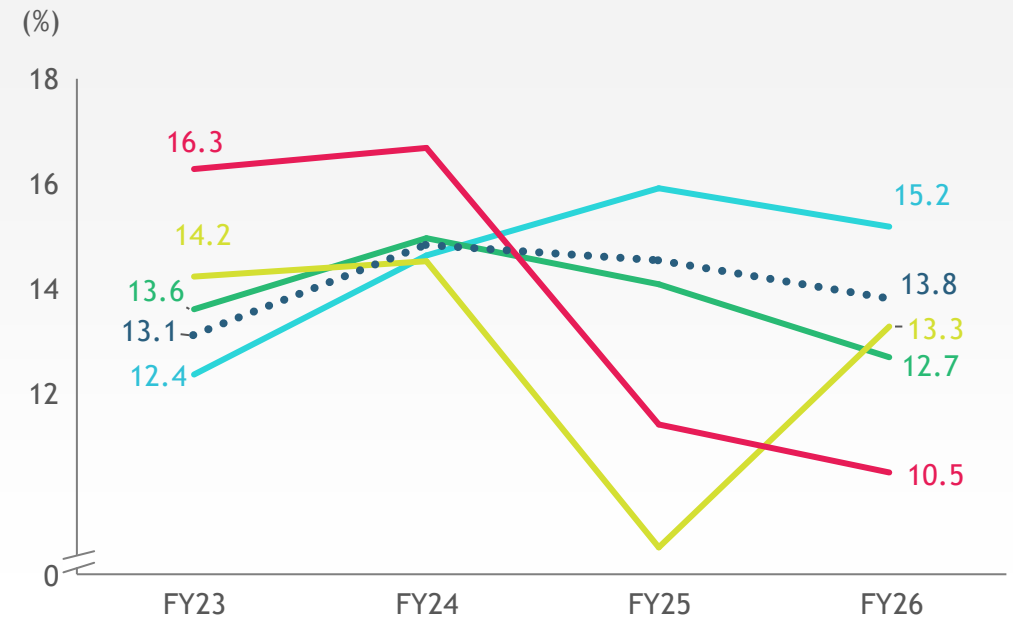
RoE declines across bank categories YoY; SFBs see the sharpest drop

Return on Assets¹ (%) by bank category



— PSUs — Private New — Private Old — SFB •• Industry

Return on Equity² (%) by bank category

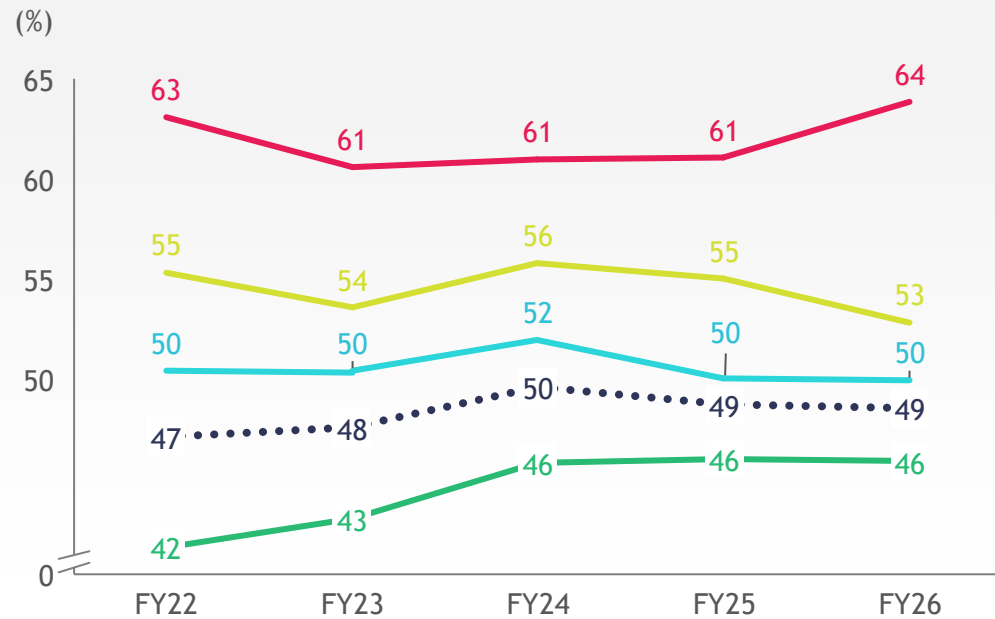


1. Return on Assets is calculated as net profit/average assets; 2. Return on Equity is calculated as net profit/average shareholders' fund
Source: RBI, Capitaline, Press releases, BCG analysis



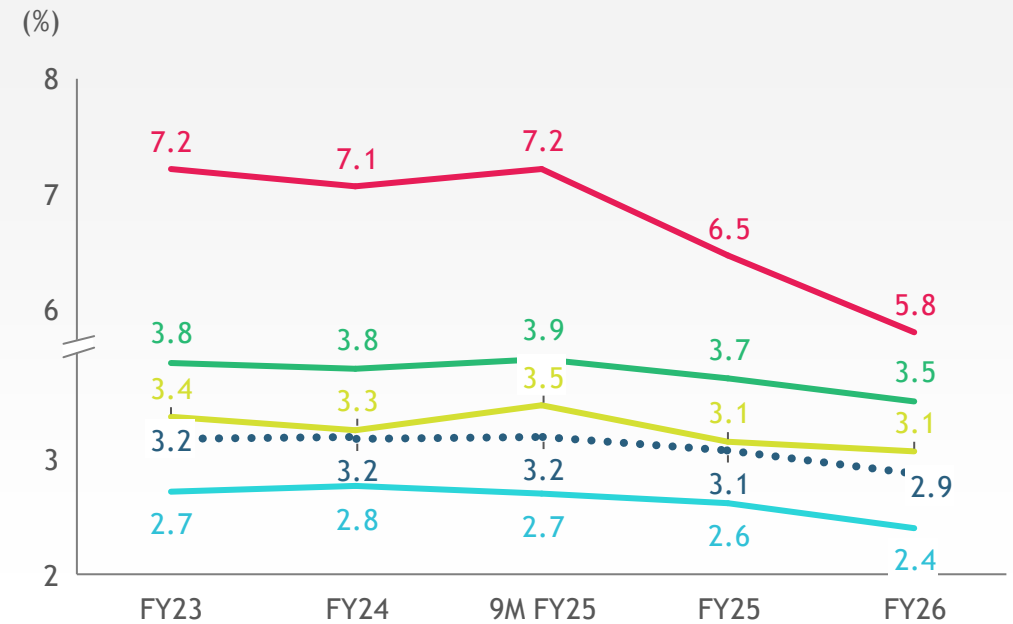
Slight dip in CIR; NIM compresses industry-wide

Cost to Income Ratio¹ (%) by bank category



— PSUs — Private New — Private Old — SFB •• Industry

Net Interest Margin² (%) by bank category

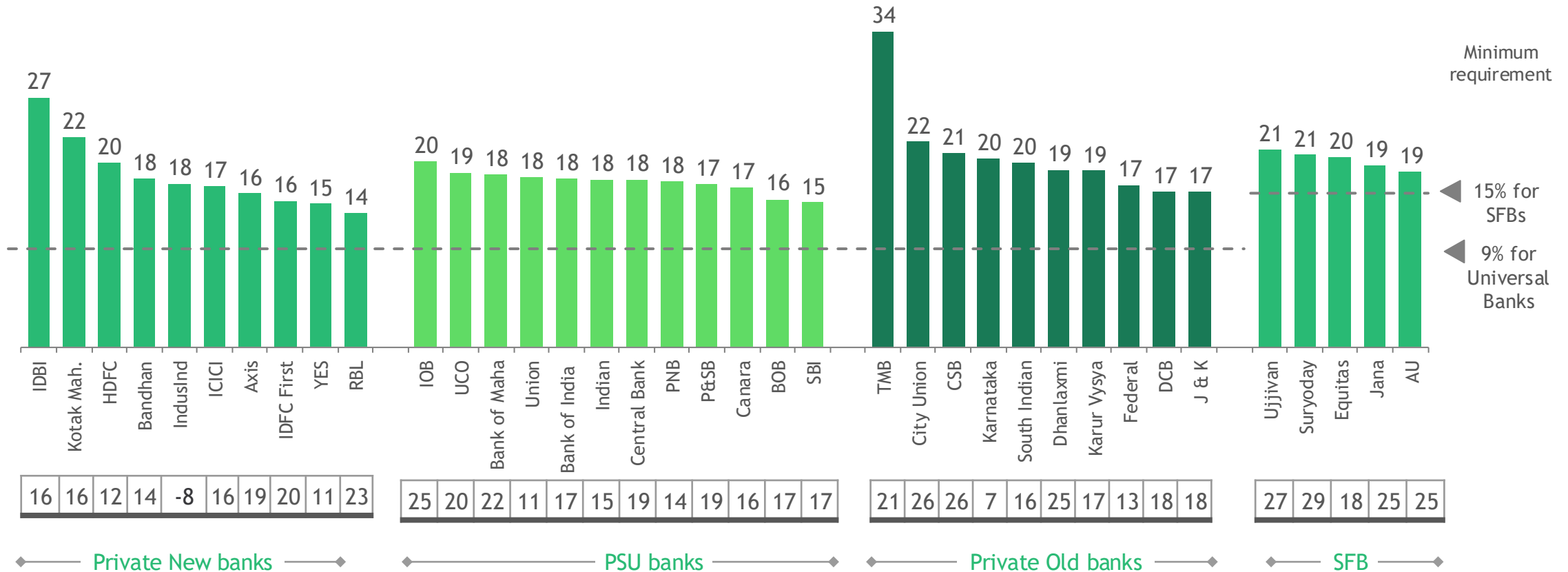


1. CIR is calculated as Operating Expenses/NII + Other Income; 2. NIM is calculated as Net Interest Income/ average assets; HDFC Ltd.'s numbers has been adjusted for prior years to ensure consistency and comparability across periods
Source: RBI, Capitaline, Press releases, BCG analysis



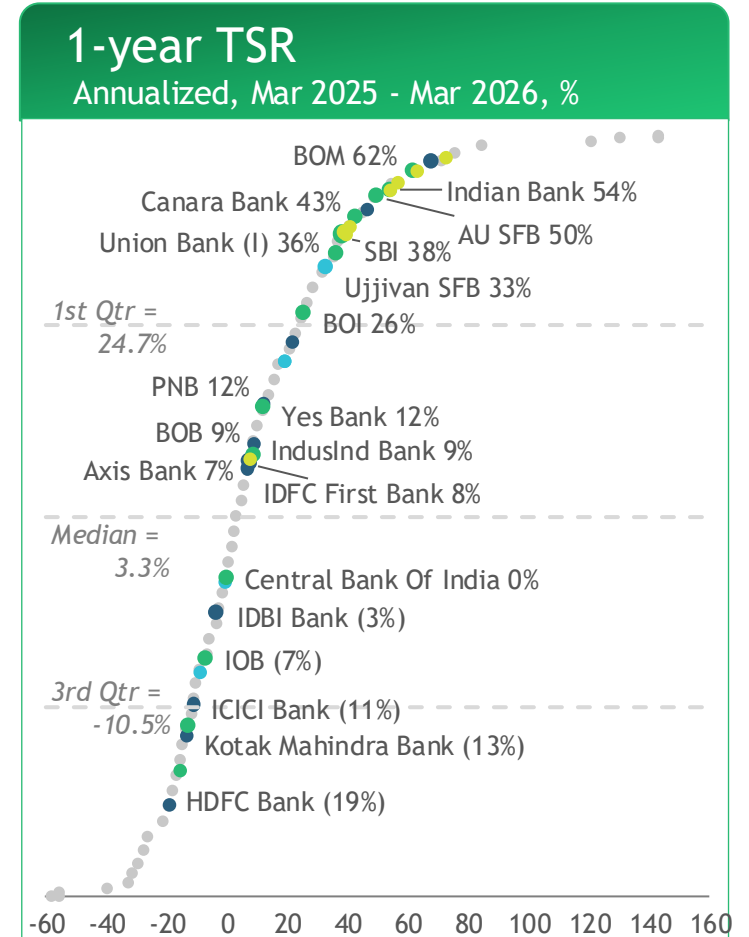
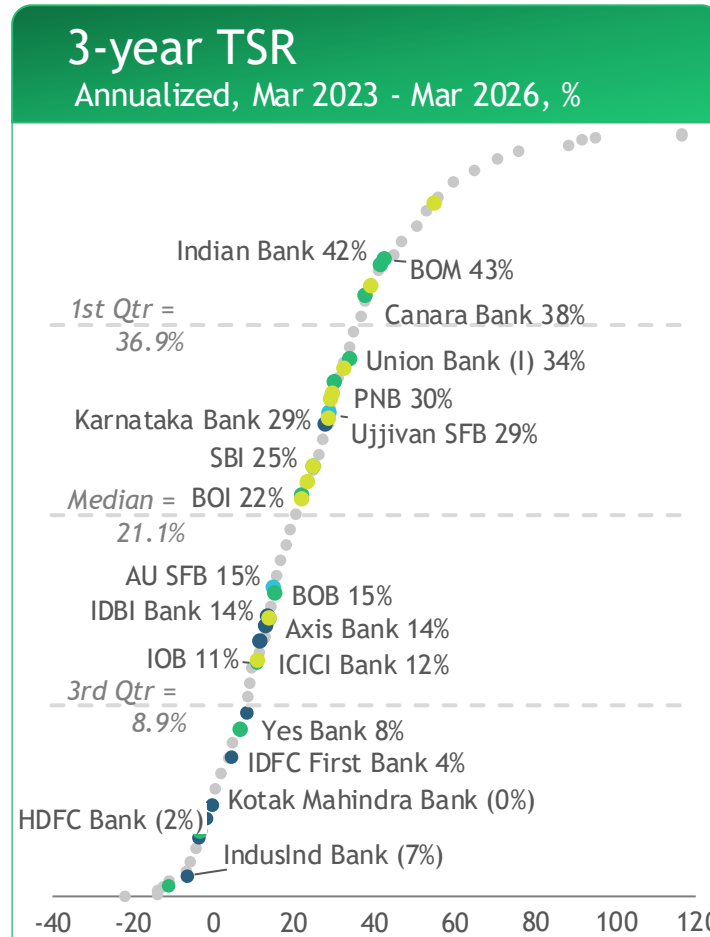
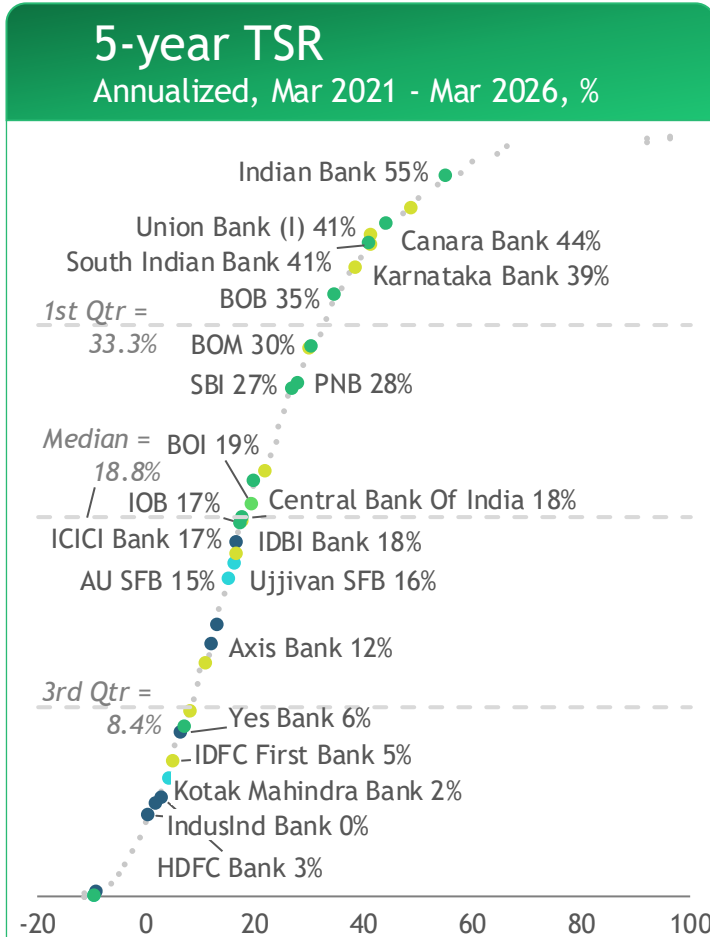
Capital buffers remain strong, supporting continued credit growth

Capital to Risk-weighted Assets Ratio (%) (Mar'26)



1. Credit growth YoY refers to Mar'26 advances growth over Mar'25.
Source: Investor presentation, BCG Analysis

PSBs & SFBs have generated higher TSR vs Private-New Banks over last 3 years



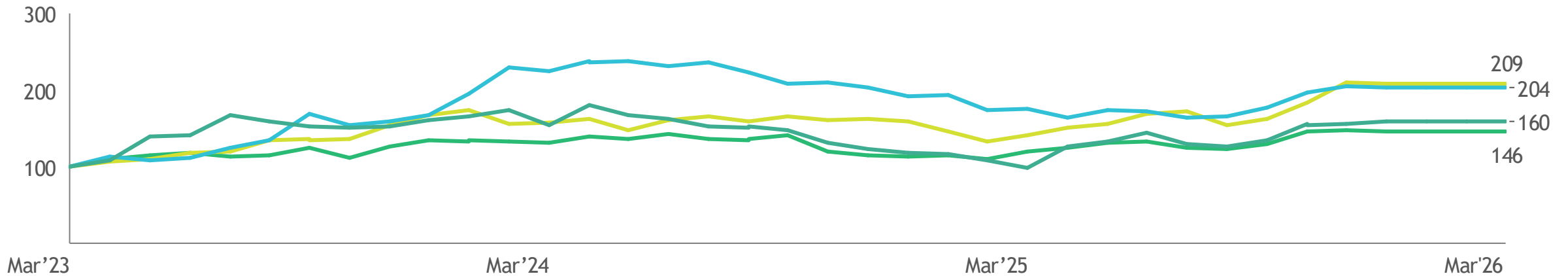
● Private New Banks ● Private Old Banks ● PSU Banks ● Small Finance Banks

Note: Background Curve: India Large Mid Cap, Based on data ending in December. TSRs use company reporting currency.
Source: S&P Capital IQ, BCG ValueScience® Center



Private Old and Public Sector Banks lead YoY gains and deliver steady returns

Index (weighted by market cap.) for PSBs, Pvt. Banks and SFBs



Total Return (%)

Private New Private Old PSBs SFBs

Pvt. Banks New

Pvt. Banks Old

PSBs

SFBs

3-Yr Return

45.9%

108.7%

104.0%

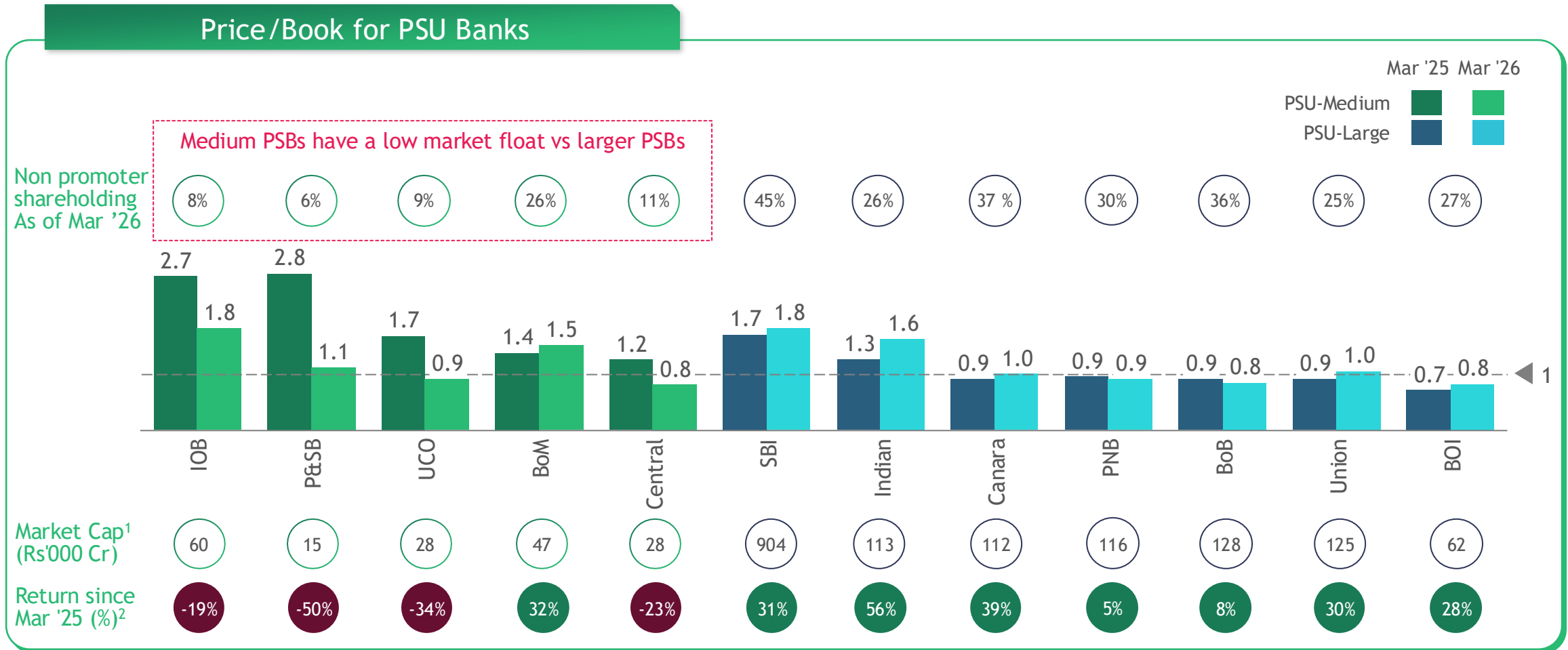
60.1%

Note: PSU index includes 12 PSU banks, Private Bank index includes 10 Private-New and 10 Private-Old Banks, SFB index includes 5 SFBs. Index weighted as per market capitalization of banks Index period from March 2023 to March 2026 (Indexed to 100)

Source: Capital IQ, BCG ValueScience Center



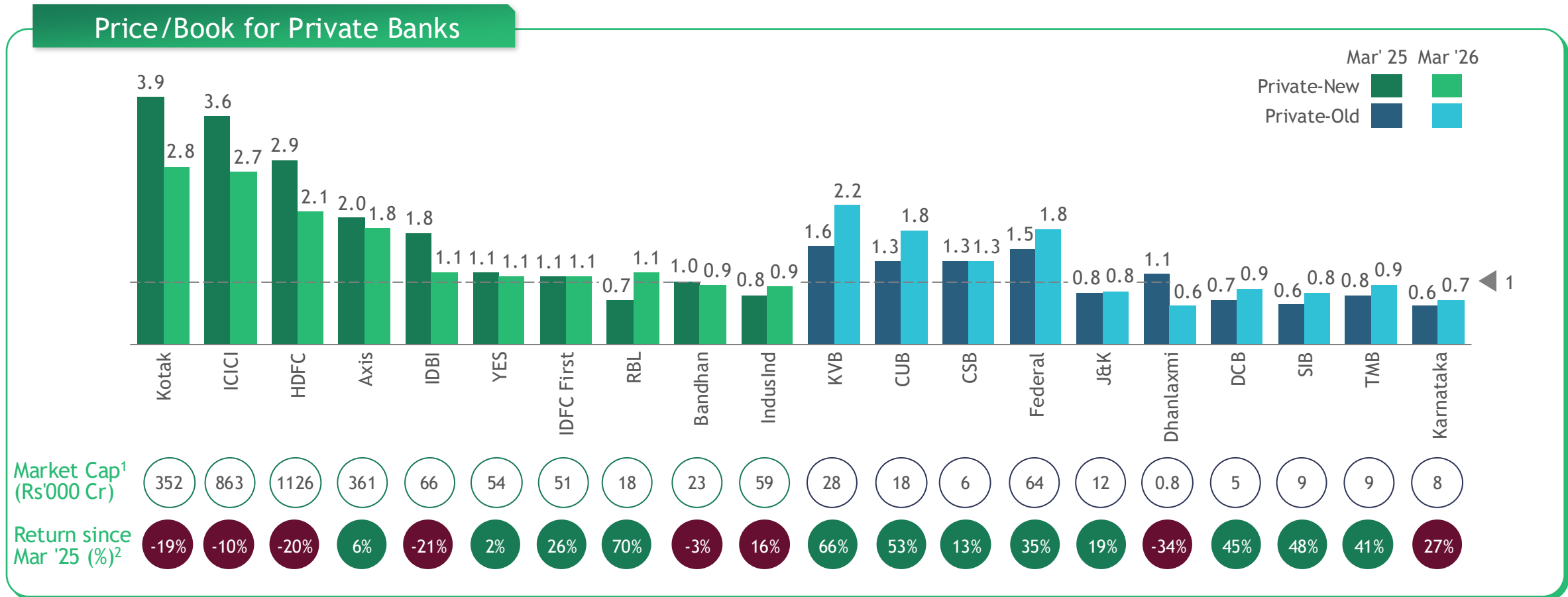
Valuations for PSU-Medium under pressure; However, most PSUs continue to deliver positive YoY returns



1. Market Cap as on Mar 30, 2026 and March 28, 2025 2. Return refers to YoY change in Market Cap
Source: Capitaline, BCG Analysis



Valuations across Private-New Banks have broadly deteriorated with most delivering negative YoY returns



1. Market Cap as on Mar 30, 2026 and March 28, 2025 2. Return refer to YoY change in Market Cap
Source: Capitaline, BCG Analysis



Analyst "buy" views for majority of banks across categories remain positive

[Select Banks](#)

Share of analysts suggesting "BUY" signal

	PSU Banks				Private New Banks				Private Old Banks				Small Finance Banks						
	Count ¹	Mar'26	Mar'25	Mar'24	Count ¹	Mar'26	Mar'25	Mar'24	Count ¹	Mar'26	Mar'25	Mar'24	Count ¹	Mar'26	Mar'25	Mar'24			
SBI	33	79%	78%	81%	HDFC BANK	31	94%	83%	88%	FEDERAL BANK	27	70%	80%	74%	AU SMALL FINANCE BANK	17	47%	58%	44%
PNB	10	40%	45%	23%	ICICI Bank	33	94%	91%	91%	J&K Bank	1	100%	100%	100%	equitas	14	71%	79%	83%
Bank of Baroda	24	75%	71%	57%	AXIS BANK	30	93%	77%	91%	Karnataka Bank	2	100%	100%	100%	UJJIVAN	13	100%	91%	100%
Canara Bank	12	75%	62%	75%	kotak	28	64%	79%	45%	SOUTH INDIAN Bank	5	60%	60%	67%					
Union Bank of India	12	83%	91%	75%	IndusInd Bank	25	16%	47%	91%	KVB Karur Vysya Bank	13	100%	85%	100%					
Bank of India	4	75%	60%	50%	YES BANK	10	10%	0%	0%	CITY UNION BANK	18	89%	94%	54%					
Indian Bank	9	78%	90%	67%	IDBI BANK	1	0%	0%	0%	DCB BANK	16	100%	88%	67%					
					IDFC FIRST Bank	13	31%	50%	45%	CSB Bank	2	100%	100%	100%					
					Bandhan Bank	18	44%	55%	69%										
					RBL BANK	12	58%	33%	45%										

1. Count is for March 2026, as of 31st March 2026
Source: S&P Capital IQ, BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures

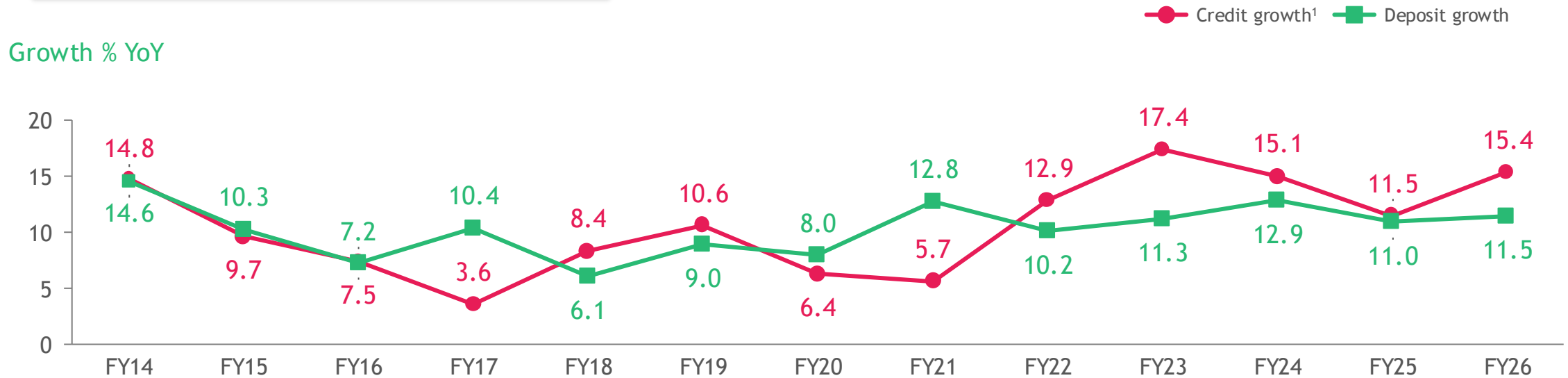


Individual Player Performance



Credit growth outpaces broadly stable deposit growth; CD ratio increases to 83%, indicating rising liquidity pressure

Credit¹ and Total Deposit growth rate (%)



CD Ratio²

PSB	77%	76%	74%	69%	69%	69%	68%	64%	66%	71%	74%	76%	80%
PVT	96%	97%	100%	96%	98%	99%	98%	89%	91%	93%	91%	88%	89%
Industry	81%	81%	81%	76%	78%	79%	78%	73%	75%	79%	80%	81%	83%

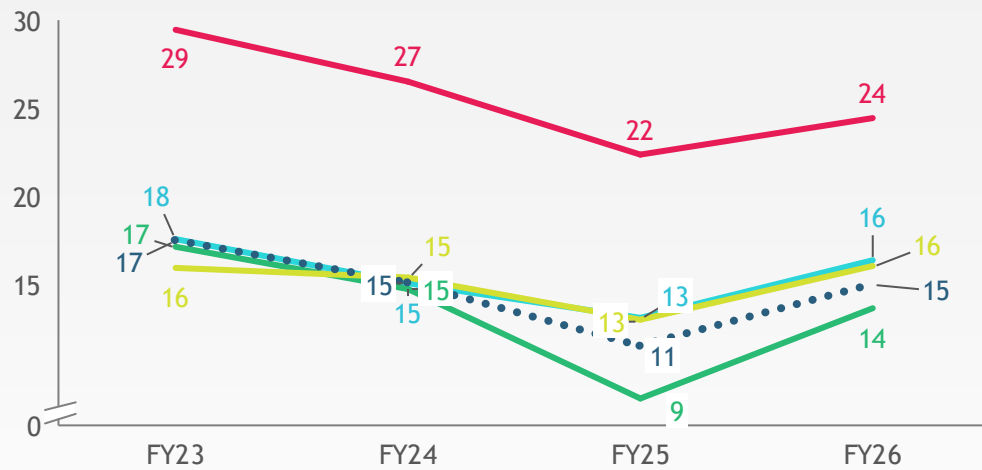
1. Credit growth is Net Advances growth. 2. Credit-Deposit Ratio is calculated as Net Advances/Total Deposits
Source: RBI, Capitaline, Press releases, BCG analysis



After sustained moderation, credit growth shows green shoots; Deposit growth remains broadly stable

Credit¹ growth (%) by bank category

Growth % YoY

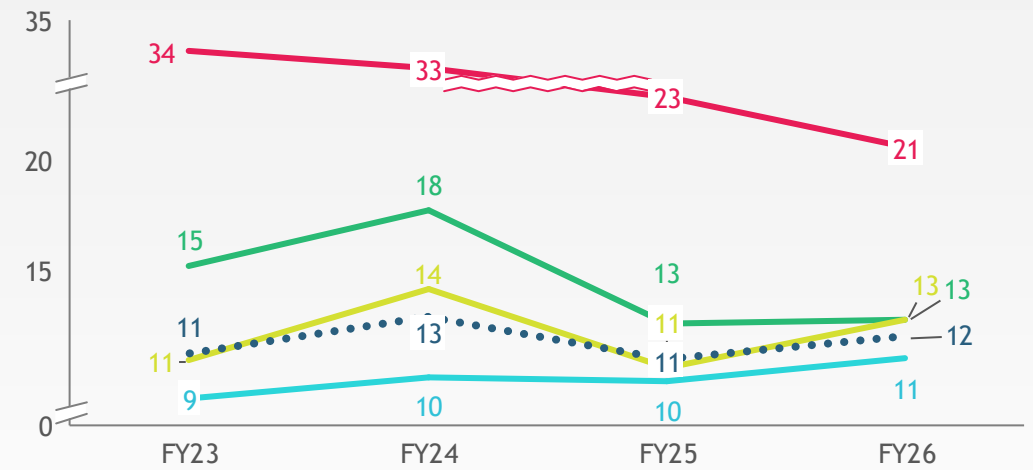


Market share (%)

PSBs	58%	58%	58%	59%
PVT-N	37%	37%	36%	36%
PVT-O	4%	4%	4%	4%
SFB	1.0%	1.1%	1.2%	1.2%

Total Deposits growth (%) by bank category

Growth % YoY



Market share (%)

PSBs	64%	62%	62%	61%
PVT-N	31%	32%	33%	33%
PVT-O	4%	4%	4%	4%
SFB	0.8%	1.0%	1.1%	1.2%

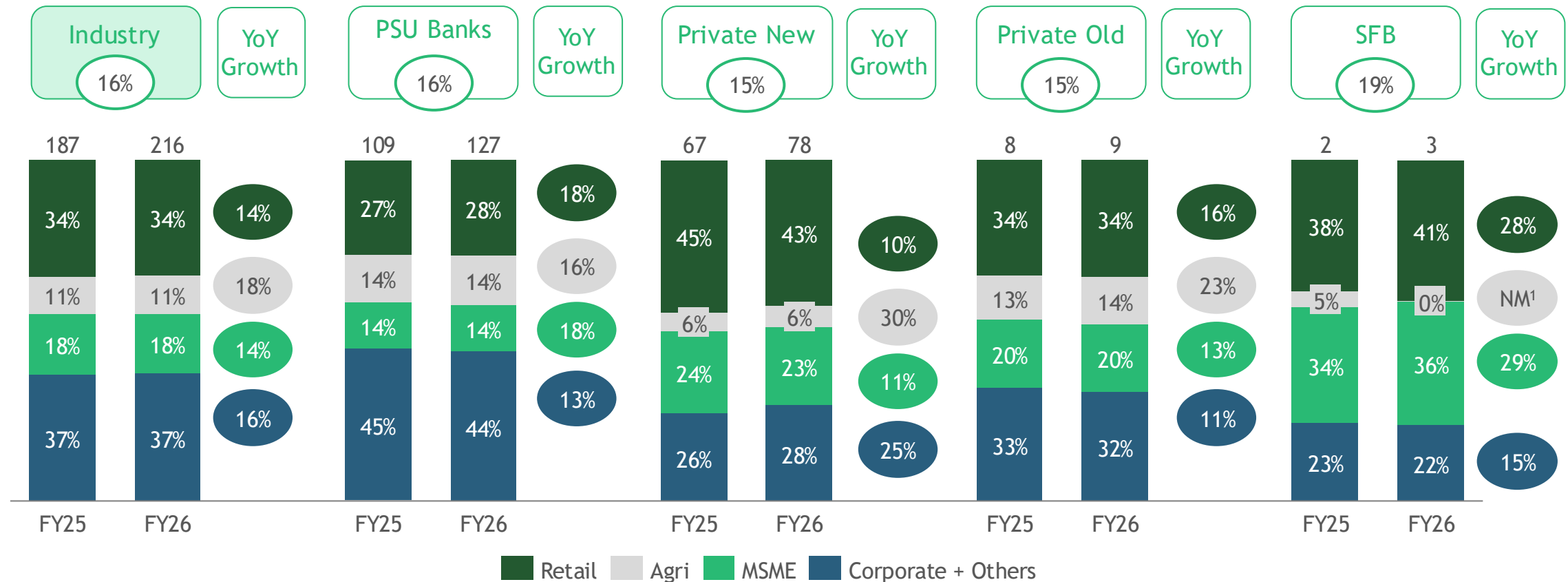
— PSBs — Private New — Private Old — SFB • Industry

1. Credit growth is Net Advances growth
Source: RBI, Press releases, BCG analysis



Aggregate book mix holds steady; PSUs stay corporate-heavy while Private-New banks lead on retail

Split of Gross Domestic Loan Book (in Lakh Cr)



1. NM - Not meaningful; Data could not be determined due to inconsistent disclosures by banks across the years.

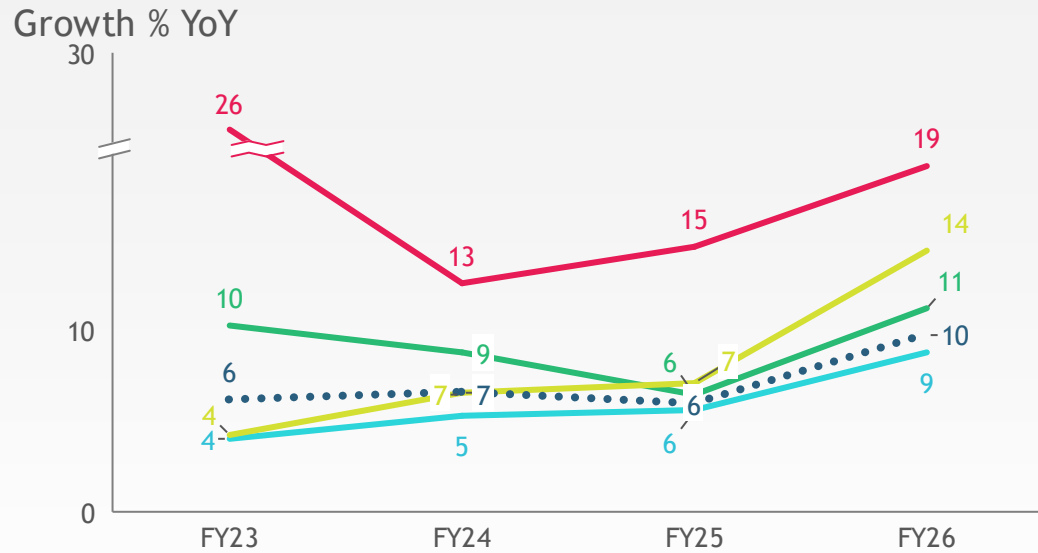
Note: MSME includes SME, LAP, Business Banking, and CV/CE loans; Agri includes Rural Loans, Kisan gold card loans, and Tractor Loans; Others include Microfinance, Micro group loans, PSL Inorganic + SRs, and loans converted into Equity and credit substitutes.

Source: RBI, Investor presentations, BCG Analysis



CASA growth strengthens across banks; Term deposits growth decline

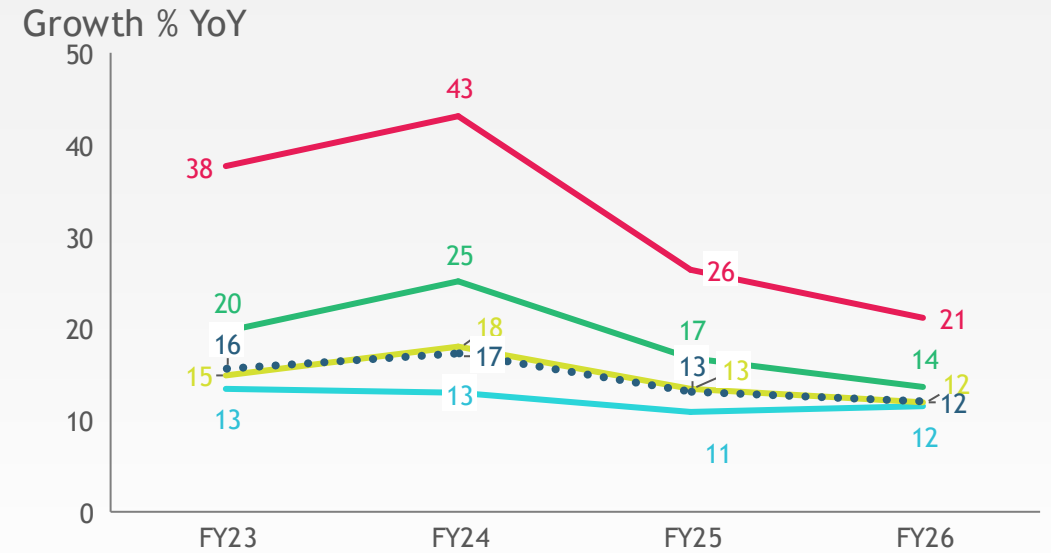
CASA deposit growth (%) by bank category



Market share (%)

Bank Category	FY23	FY24	FY25	FY26
PSUs	62%	62%	61%	61%
PVT-N	33%	34%	34%	35%
PVT-O	4%	4%	4%	4%
SFB	0.7%	0.7%	0.8%	0.8%

Term deposit growth (%) by bank category



Market share (%)

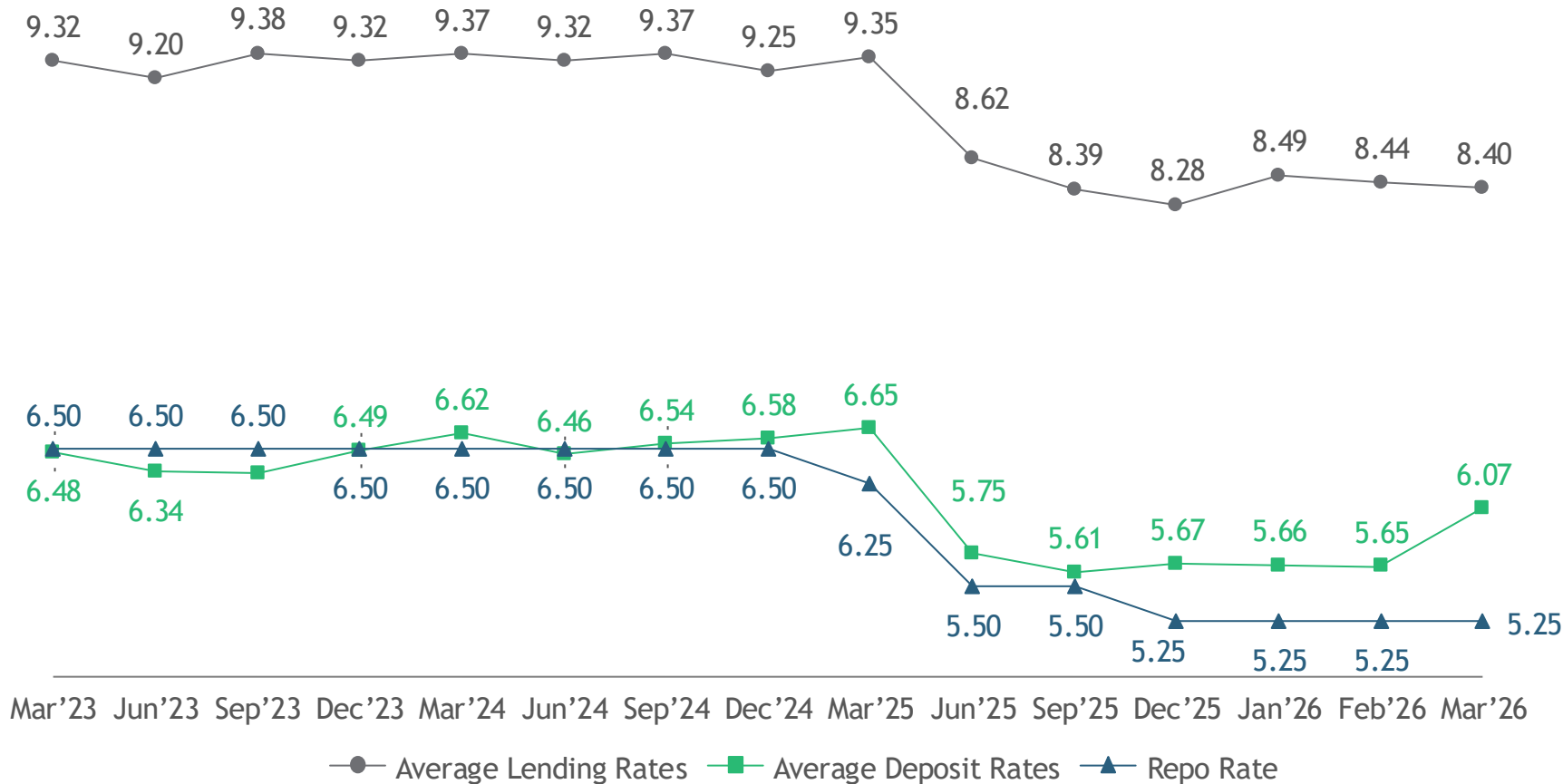
Bank Category	FY23	FY24	FY25	FY26
PSUs	64%	61%	60%	60%
PVT-N	30%	33%	34%	34%
PVT-O	5%	5%	5%	5%
SFB	0.9%	1.2%	1.3%	1.4%

— PSU — Private New — Private Old — SFB • Industry



Lending rates have fallen faster than deposit rates since the rate-cut cycle began in Dec'24, squeezing margins

Lending and Deposit rate (%)



Change in key rates since Dec '24

- 125 bps** Repo Rate (100 bps cut since Mar'25)
- 85 bps** Weighted Average Lending Rate (Industry)
- 51 bps** Weighted Average Term Deposit Rates (Industry)

Note: WALR is Weighted Average Lending Rates on fresh loans and WATDR is Weighted Average Domestic Term Deposit Rates on fresh deposits; All figures at an aggregate industry level
Source: RBI, BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures

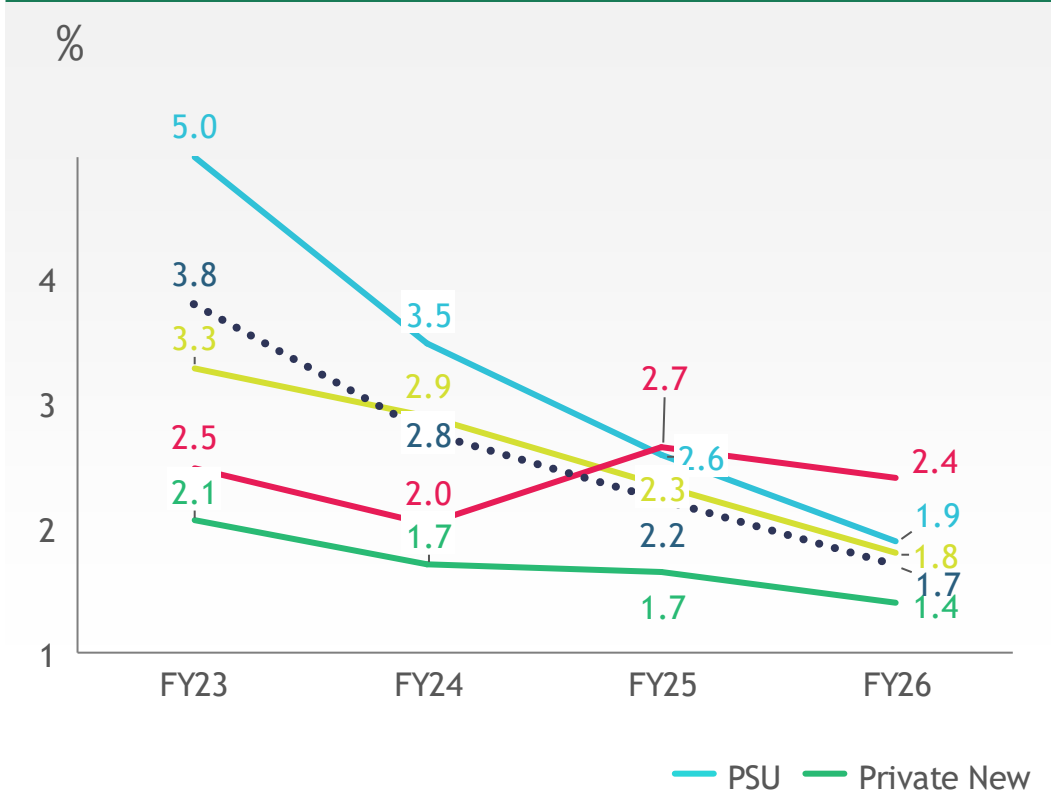


Individual Player Performance

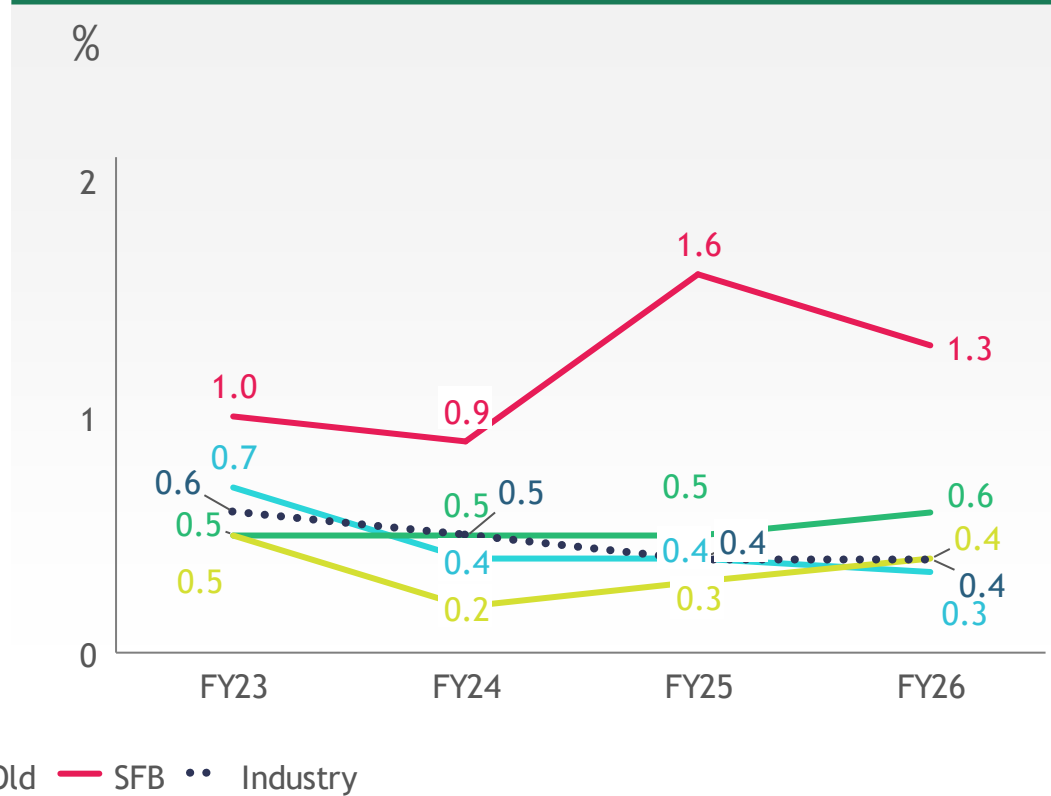


GNPA improves across banks; but credit costs see rising trend driven by PVBs

Gross NPAs by bank category

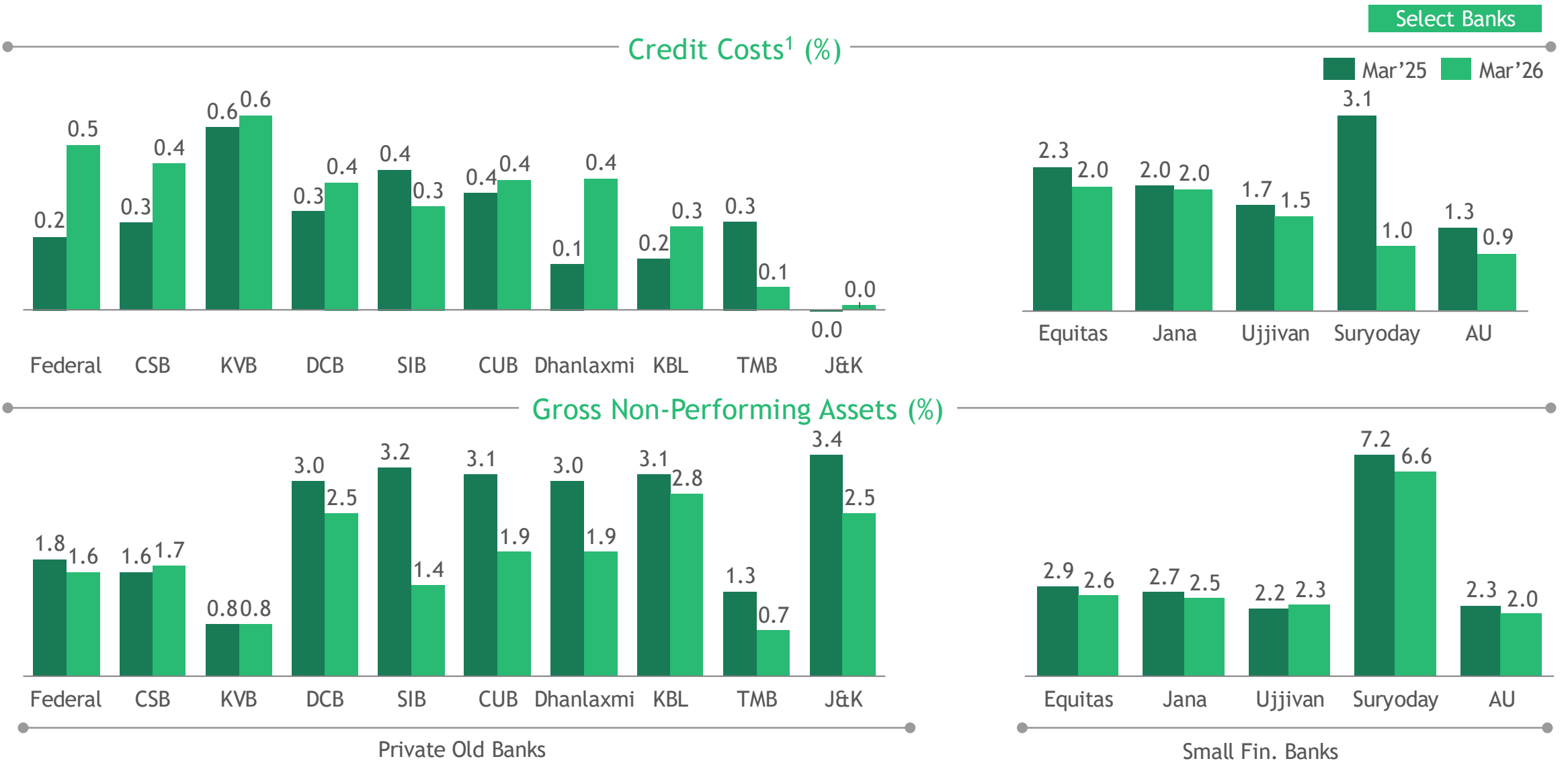


Credit cost¹ by bank category



1. As a percentage of average assets; 2. Analysis has been made based on 37 Banks: 12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks
Source: RBI, BCG analysis

Credit costs rise in Pvt Old Banks, SFBs show slight easing



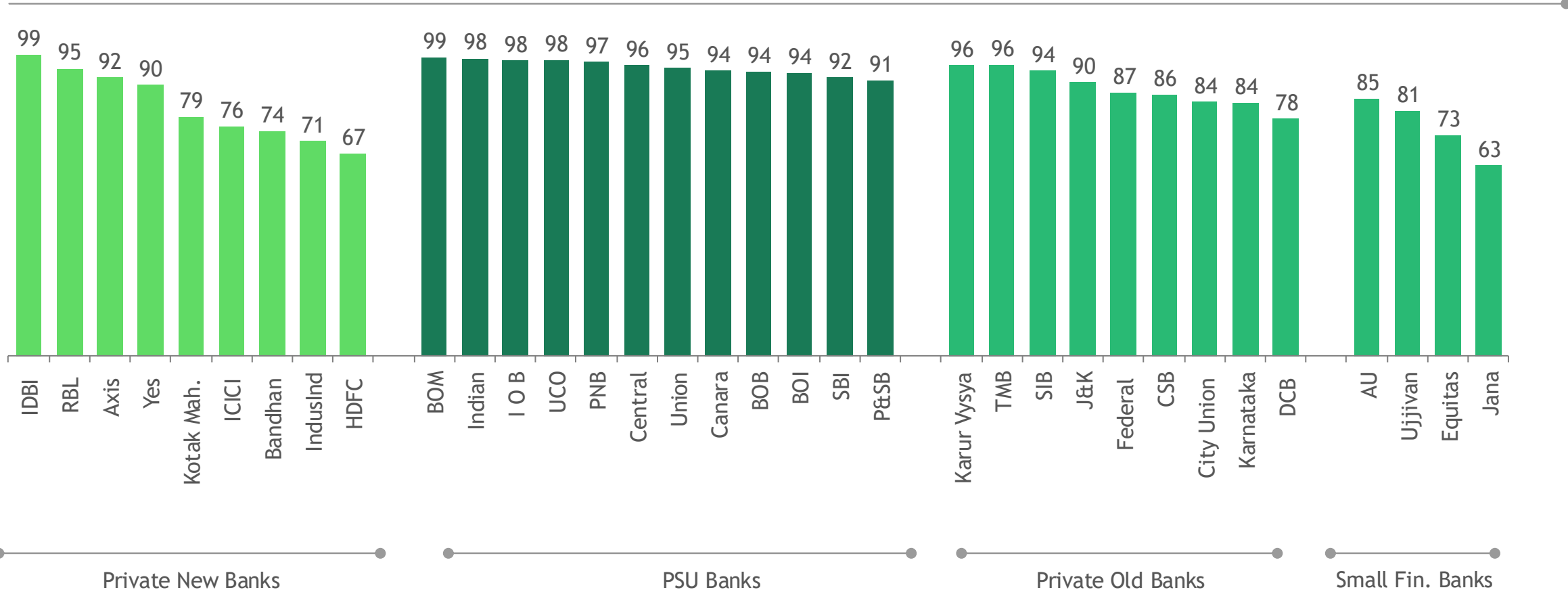
1. As a percentage of average assets
Source: Investor presentations, BCG Analysis



Provision coverage remains strong across banks, with PSU banks leading

Provision Coverage Ratio¹ (%) (Mar' 26)

Select Banks



1. PCR is calculated as Total Provision for NPAs/GNPA. All the above PCR% are including Technical write-offs, wherever available
 Source: Investor presentation

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance



Banks accelerating digital transformation with particular focus on digital SA and FD sourcing

Select Banks

Q4 FY26 vs. Q4 FY25

- Saving Account sourced digitally
- FD sourced digitally
- SIPs initiated digitally
- Credit Card issued digitally
- Personal Loans sourced digitally
- Volume of MB Transaction



94% vs. 92%
NA
NA
NA
INR 9334 ¹ Cr vs. INR 6106 ¹ Cr
97% ³ vs. 95% ³



69% ⁶ vs. 77% ⁶
42% vs. 44%
49% vs. 76%
~91% ² vs. 94% ²
68% vs. 58%
98% ³ vs 97% ³



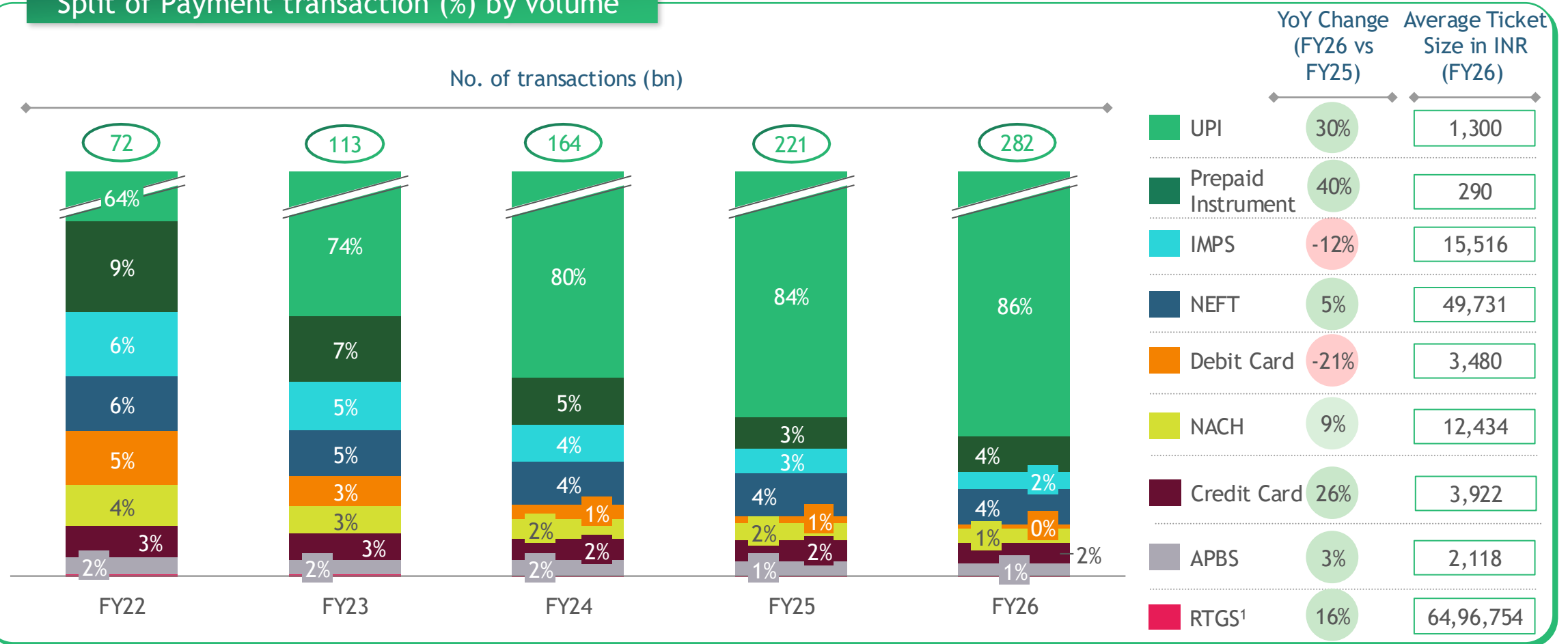
105.L ⁴ vs 92.52L ⁴
NA
NA
10.6L vs. 11.5L
2.4K Cr ⁵ vs. INR 3.5K Cr ⁵
94% ³ vs 92% ³

Note: 1. Retail Digital Sanctions FY26 & FY25; 2. Issuance through Digital and Phygital mode; 3. Overall Digital Transaction Mix; 4. Opened through YONO 5. PL- RTXC Disbursed, PAPL; 6. Digital tablet-based account opening process for Q3 FY26
 Source : NPCI, Investor presentations, Analyst reports, BCG analysis



UPI expands further; prepaid instruments & credit cards see strong gains

Split of Payment transaction (%) by volume

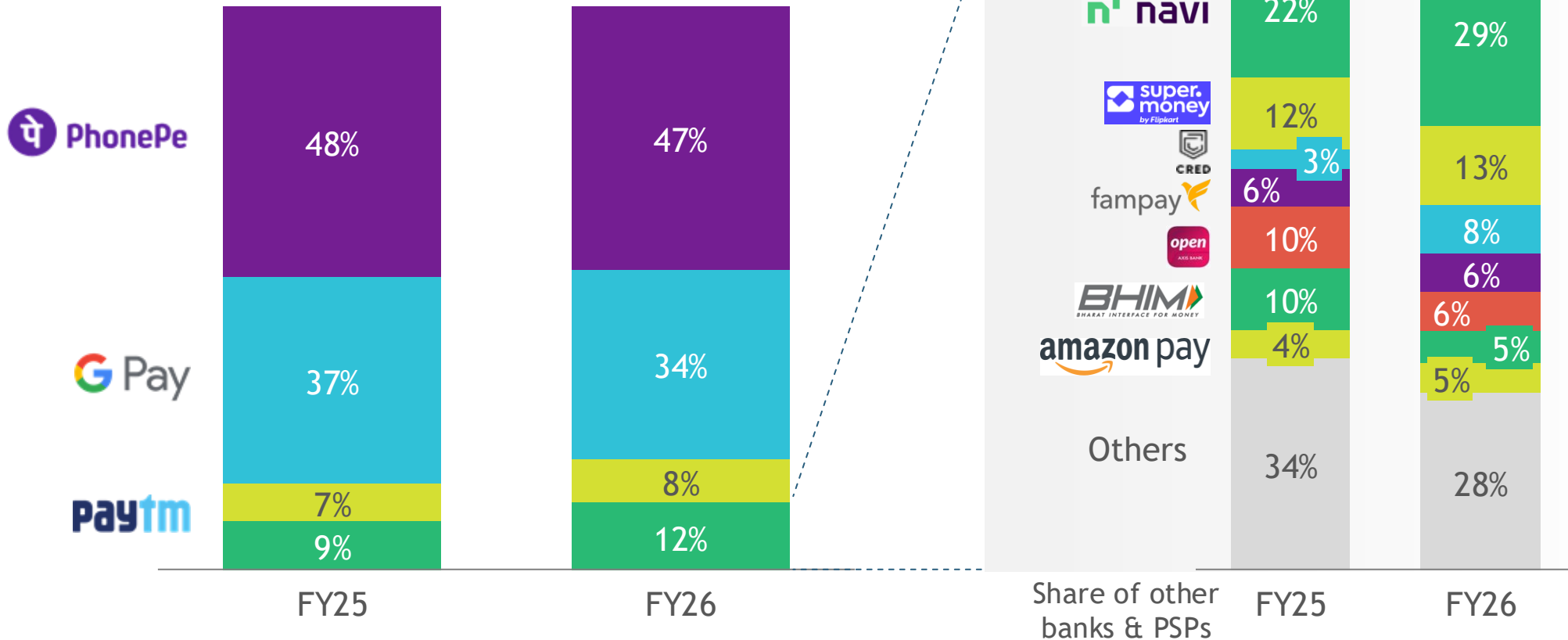


Notes: Only domestic financial transactions are considered;
 1. RTGS transactions excludes interbank transactions; Volumes of RTGS is less than 0.5%
 Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis



Top-two share is gradually eroding as emerging players scale faster than incumbents

UPI transaction volume share by app



1. Total may not sum to 100 because of differences due to rounding off
 Source: RBI data, NPCI, Press Releases, BCG Analysis



Top five banks across digital payment categories



UPI Payments

Share of Remitter Bank

	FY25	FY26
➤ State Bank of India	26%	26%
➤ HDFC Bank	8%	7%
➤ Bank of Baroda	6%	7%
➤ Union Bank of India	6%	6%
➤ Punjab National Bank	5%	5%

Share of PSP¹ Bank

	FY25	FY26
➤ Axis Bank	33%	36%
➤ Yes Bank	30%	31%
➤ ICICI Bank	17%	14%
➤ HDFC Bank	10%	8%
➤ State Bank of India	8%	8%



Card Payments

Share of o/s Credit Cards

	FY25	FY26
➤ HDFC Bank	22%	22%
➤ State Bank of India	19%	19%
➤ ICICI Bank	17%	16%
➤ Axis Bank	14%	14%
➤ RBL Bank	4%	4%

Share of o/s Debit Cards

	FY25	FY26
➤ State Bank of India	24%	24%
➤ Bank of Baroda	9%	8%
➤ HDFC Bank	6%	6%
➤ Canara Bank	6%	6%
➤ Union Bank of India	6%	5%



POS Machines

Share of o/s POS Machines

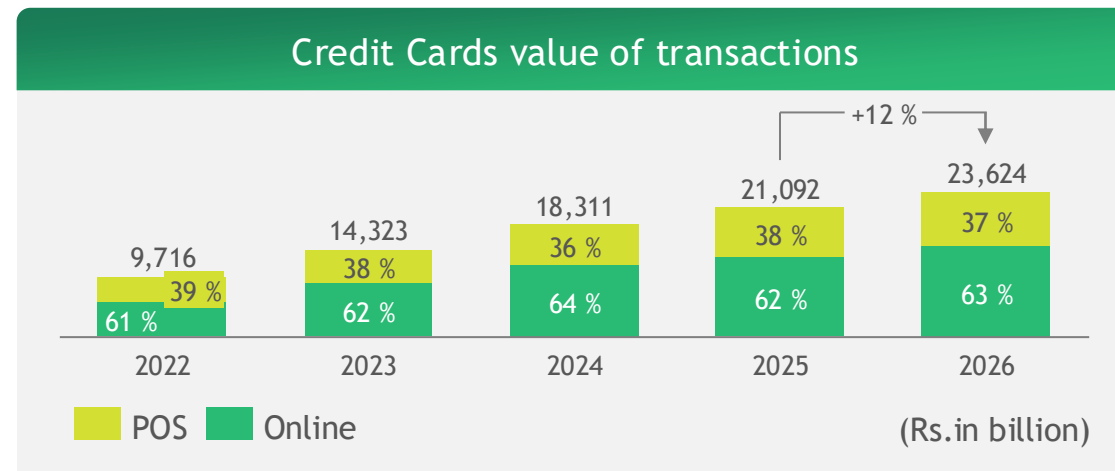
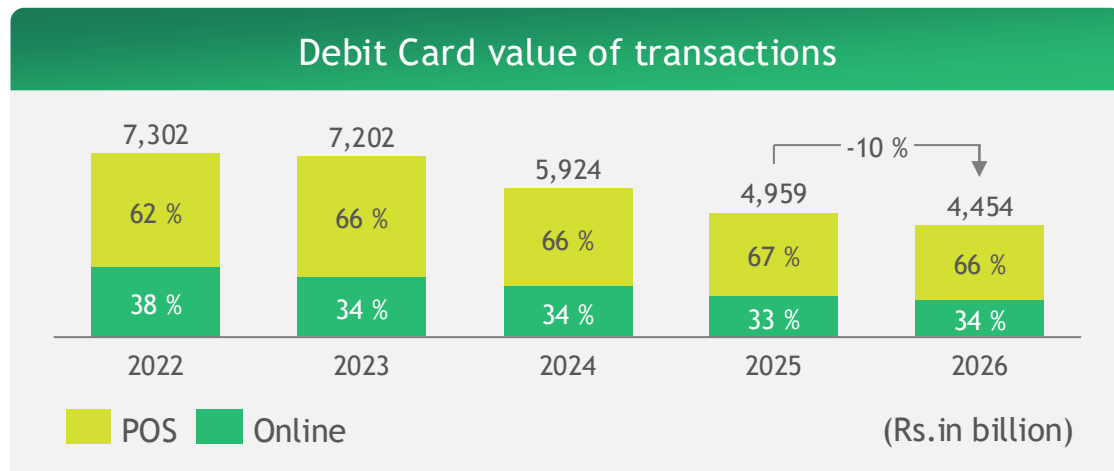
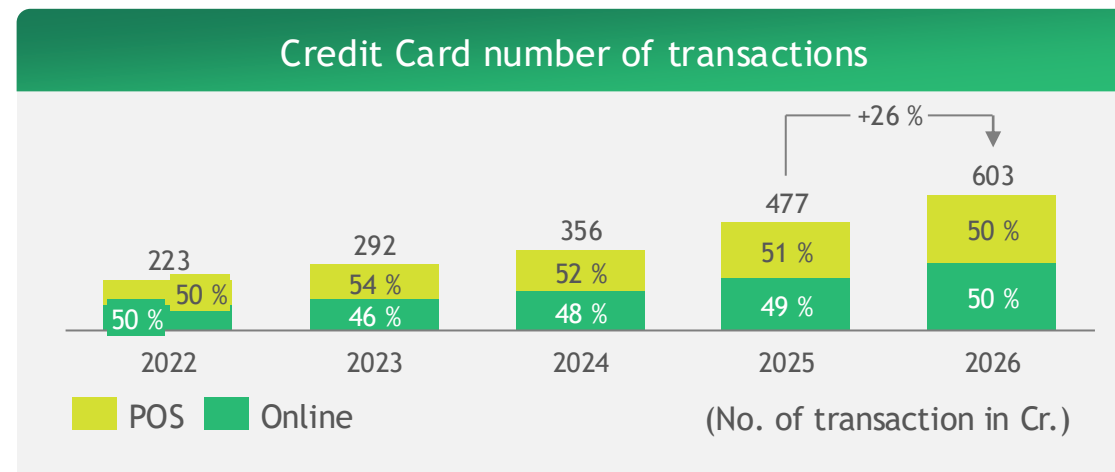
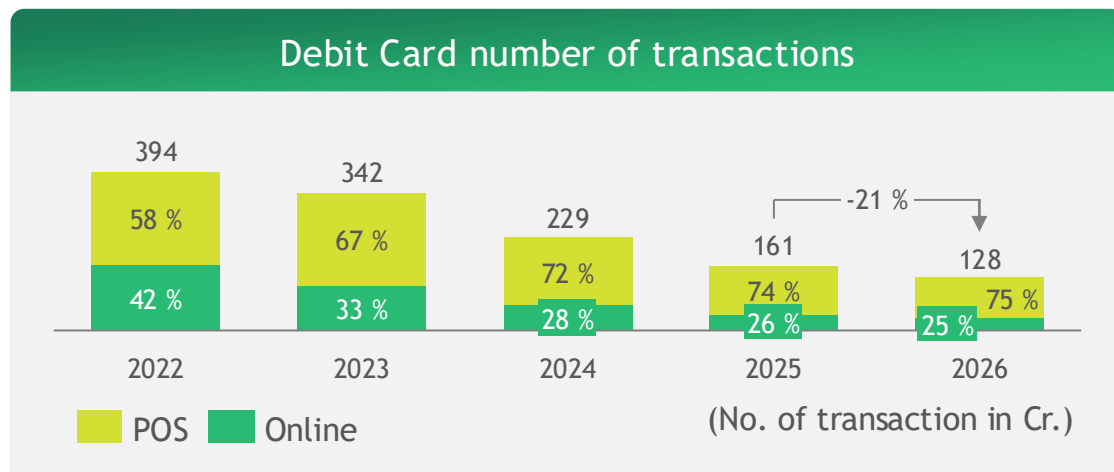
	FY25	FY26
➤ RBL Bank	23%	23%
➤ Axis Bank	20%	22%
➤ ICICI Bank	18%	18%
➤ HDFC Bank	16%	15%
➤ State Bank of India	14%	15%

1. PSP- Payment Service Provider

Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis



Credit card transaction volumes drive continued growth; debit cards continue to decline



1. Above debit card and credit card transactions excludes ATM and POS cash withdrawal transactions; 2. Online in Debit card includes e-commerce, card to card transfer & digital bill payment through ATMs; 3. Online in Credit card includes e-commerce & digital payments through ATMs
 Source: RBI data, National Payments Corporation of India (NPCI) statistics, BCG analysis

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance



Key Recent Regulatory Measures



Credit Facilities Amendment Directions, 2026

- RBI introduced a **dedicated acquisition finance framework** for banks, permitting lending for strategic M&A subject to a borrower **debt-to-equity cap of 3:1** on a consolidated basis.
- Revised capital market lending norms, requiring fully secured credit to brokers and clearing members; LTV on listed shares **capped at 60%**, with **IPO financing limited to ₹25 lakh** per individual.



Collateral-Free MSE Lending Limit Enhancement

- RBI **doubled the collateral-free loan limit** for Micro and Small Enterprises from **₹10 lakh to ₹20 lakh**, effective April 1, 2026, significantly broadening formal credit access.
- Applicable across banks, SFBs, and NBFCs; provides strong tailwind **for cash-flow-based MSME underwriting** and supports the broader priority sector lending agenda.



Revised External Commercial Borrowing (ECB) Framework

- RBI amended FEMA Borrowing and Lending Regulations and ECB Master Directions, with immediate effect, **updating norms for ECBs, trade credits, and structured obligations**.
- Aimed at **easing external borrowing** for Indian corporates while reinforcing AD Category-I bank compliance obligations and PRAVAAH portal-based reporting.



OTC Derivatives - Unique Transaction Identifier (UTI) Mandate

- RBI mandated **UTI for all OTC market transactions** including rupee interest rate derivatives, foreign currency derivatives, and credit derivatives reported to CCIL's Trade Repository.
- Aligns India with global reporting standards, enabling policymakers to obtain a comprehensive view of OTC derivative exposures and systemic risk across the financial system.

Banking sector overview



Macro Indicators



Key Performance Indicators - Banking Sector



Business: Advances & Deposits



NPA & Risk Management



Digital in Banking



Key Regulatory Measures



Individual Player Performance



Individual player performance (I/IV)-Standalone

	Period	Net Advances Rs Lakh Cr	Deposits Rs Lakh Cr	CASA Ratio ³ (%)	NIM ¹ (%)	CIR ² (%)	GNPA (%)	ROA ¹ (%)	
Private New Banks	HDFC BANK	FY26	29.4 ▲ 12%	31.1 ▲ 14%	34.1 ▼ 65 bps	3.1 ▼ 15 bps	38.0 ▼ 251 bps	1.2 ▼ 18 bps	1.8 ▲ 2 bps
		FY25	26.2	27.1	34.8	3.3	40.5	1.3	1.8
	ICICI Bank	FY26	15.5 ▲ 16%	17.9 ▲ 11%	41.4 ▼ 40 bps	3.9 ▼ 15 bps	39.7 ▲ 111 bps	1.4 ▼ 27 bps	2.2 ▼ 13 bps
		FY25	13.4	16.1	41.8	4.1	38.6	1.7	2.4
	AXIS BANK	FY26	12.3 ▲ 19%	13.4 ▲ 14%	39.6 ▼ 117 bps	3.2 ▼ 32 bps	47.9 ▲ 79 bps	1.2 ▼ 5 bps	1.4 ▼ 31 bps
		FY25	10.4	11.7	40.8	3.5	47.1	1.3	1.7
	Kotak Kotak Mahindra Bank	FY26	5.0 ▲ 16%	5.7 ▲ 15%	43.3 ▲ 31 bps	4.1 ▼ 32 bps	47.0 ▼ 17 bps	1.2 ▼ 22 bps	1.9 ▼ 65 bps
		FY25	4.3	5.0	43.0	4.4	47.2	1.4	2.5
	IndusInd Bank	FY26	3.2 ▼ 8%	4.0 ▼ 3%	31.2 ▼ 159 bps	3.3 ▼ 28 bps	63.5 ▲ 333 bps	3.4 ▲ 30 bps	0.2 ▼ 32 bps
		FY25	3.5	4.1	32.8	3.6	60.2	3.1	0.5
YES BANK	FY26	2.7 ▲ 11%	3.2 ▲ 12%	35.1 ▲ 84 bps	2.2 ▲ 3 bps	66.7 ▼ 456 bps	1.3 ▼ 30 bps	0.8 ▲ 20 bps	
	FY25	2.5	2.8	34.3	2.2	71.3	1.6	0.6	
IDBI BANK	FY26	2.5 ▲ 16%	3.5 ▲ 12%	44.6 ▼ 195 bps	3.1 ▼ 70 bps	46.5 ▲ 317 bps	2.3 ▼ 66 bps	2.2 ▲ 23 bps	
	FY25	2.2	3.1	46.5	3.8	43.3	3.0	1.9	
IDFC FIRST Bank	FY26	2.8 ▲ 20%	2.9 ▲ 17%	49.8 ▲ 289 bps	5.7 ▼ 32 bps	75.2 ▲ 339 bps	1.6 ▼ 26 bps	0.4 ▼ 4 bps	
	FY25	2.3	2.5	46.9	6.0	71.8	1.9	0.5	
Bandhan Bank	FY26	1.5 ▲ 14%	1.7 ▲ 10%	29.3 ▼ 206 bps	5.4 ▼ 84 bps	56.8 ▲ 787 bps	3.3 ▼ 144 bps	0.6 ▼ 88 bps	
	FY25	1.3	1.5	31.4	6.2	48.9	4.7	1.5	
RBL BANK	FY26	1.1 ▲ 23%	1.4 ▲ 25%	33.6 ▼ 54 bps	3.9 ▼ 65 bps	68.5 ▲ 384 bps	1.5 ▼ 115 bps	0.5 ▲ 1 bps	
	FY25	0.9	1.1	34.1	4.5	64.7	2.6	0.5	

Note: All figures are global, unless stated otherwise; Calculated ratios may not match with reported figures due to differences in formula

1. NIM is calculated as NII as a % of average total assets; Return on assets is calculated a net profit as a % of average total assets

2. CIR is calculated as Opex by Total Income (NII + Other Income), HDFC Bank CIR includes transaction gains 3. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



Individual player performance (II/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)	
SBI	FY26	48.8	▲ 17%	59.8	▲ 11%	39.5	▼ 51 bps	2.4	▼ 17 bps	51.1	▼ 58 bps	1.5	▼ 33 bps	1.1	▲ 2 bps
	FY25	41.6		53.8		40.0		2.6		51.6		1.8		1.1	
pnb	FY26	12.3	▲ 14%	17.1	▲ 9%	35.6	▼ 98bps	2.2	▼ 33 bps	51.8	▼ 281 bps	3.0	▼ 100 bps	0.9	▼ 10 bps
	FY25	10.8		15.7		36.6		2.5		54.6		4.0		1.0	
बैंक ऑफ बरोडा Bank of Baroda	FY26	14.1	▲ 17%	16.5	▲ 12%	38.9	▼ 107 bps	2.5	▼ 19 bps	49.1	▲ 121 bps	1.9	▼ 37 bps	1.1	▼ 8 bps
	FY25	12.1		14.7		40.0		2.7		47.9		2.3		1.1	
केनरा बैंक Canara Bank	FY26	12.2	▲ 16%	15.7	▲ 10%	29.8	▼ 133 bps	2.1	▼ 25 bps	48.4	▲ 118 bps	1.8	▼ 110 bps	1.1	▲ 0.3 bps
	FY25	10.5		14.3		31.2		2.3		47.3		3.0		1.1	
Union Bank of India	FY26	10.5	▲ 11%	13.1	▲ 3%	35.2	▲ 169 bps	2.4	▼ 18 bps	49.0	▲ 350 bps	2.8	▼ 78 bps	1.2	▼ 3 bps
	FY25	9.5		12.7		33.5		2.6		45.5		3.6		1.2	
Bank of India <i>Relationship beyond banking</i>	FY26	7.6	▲ 17%	9.3	▲ 14%	37.6	▼ 264 bps	2.3	▼ 21 bps	51.4	▲ 51 bps	2.0	▼ 129 bps	1.0	▲ 1 bps
	FY25	6.5		8.2		40.3		2.5		50.8		3.3		0.9	
भारतीय बैंक Indian Bank	FY26	6.5	▲ 15%	8.3	▲ 12%	37.9	▼ 49 bps	2.9	▼ 13 bps	46.0	▲ 126 bps	2.0	▼ 111 bps	1.3	▼ 1 bps
	FY25	5.7		7.4		38.4		3.0		44.8		3.1		1.3	
सेंट्रल बैंक ऑफ इंडिया Central Bank of India	FY26	3.4	▲ 19%	4.7	▲ 13%	47.3	▼ 161 bps	2.8	▼ 25 bps	58.6	▲ 19 bps	2.7	▼ 51 bps	0.8	▲ 3 bps
	FY25	2.8		4.1		48.9		3.0		58.4		3.2		0.8	
Indian Overseas Bank	FY26	3.1	▲ 25%	3.7	▲ 18%	41.0	▼ 266 bps	2.9	▼ 2 bps	44.9	▼ 220 bps	1.4	▼ 72 bps	1.2	▲ 31 bps
	FY25	2.5		3.1		43.7		2.9		47.1		2.1		0.9	
यूको बैंक UCO BANK	FY26	2.6	▲ 20%	3.3	▲ 12%	38.6	▲ 74 bps	2.7	▼ 13 bps	49.3	▼ 768 bps	2.2	▼ 52 bps	0.7	▲ 2 bps
	FY25	2.2		2.9		37.9		2.8		57.0		2.7		0.7	
बैंक ऑफ महाराष्ट्र Bank of Maharashtra	FY26	2.9	▲ 22%	3.5	▲ 14%	52.5	▼ 77 bps	3.4	▼ 2 bps	37.1	▼ 129 bps	1.5	▼ 29 bps	1.8	▲ 13 bps
	FY25	2.4		3.1		53.3		3.4		38.4		1.7		1.6	
Punjab & Sind Bank	FY26	1.2	▲ 19%	1.5	▲ 12%	30.8	▼ 66 bps	2.2	▼ 21 bps	61.0	▼ 26 bps	2.4	▼ 98 bps	0.8	▲ 12 bps
	FY25	1.0		1.3		31.4		2.4		61.2		3.4		0.7	

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2. CIR is calculated as Opex by Total Income (NII + Other Income), HDFC Bank CIR includes transaction gains 3. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



Individual player performance (III/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)	
FEDERAL BANK <small>YOUR PERFECT BANKING PARTNER</small>	FY26	2.6	▲ 13%	3.1	▲ 11%	32.9	▲ 270 bps	2.9	▲ 1 bps	52.3	▼ 175 bps	1.6	▼ 22 bps	1.1	▼ 11 bps
	FY25	2.3		2.8		30.2		2.9		54.0		1.8		1.2	
J&K Bank	FY26	1.2	▲ 18%	1.6	▲ 11%	45.6	▼ 406 bps	3.3	▼ 30 bps	56.2	▼ 151 bps	2.5	▼ 87 bps	1.3	▲ 3 bps
	FY25	1.0		1.5		47.0		3.6		57.7		3.4		1.3	
SOUTH INDIAN Bank	FY26	1.0	▲ 16%	1.2	▲ 15%	33.0	▲ 79 bps	2.6	▼ 30 bps	56.4	▼ 73 bps	1.4	▼ 177 bps	1.1	▲ 2 bps
	FY25	0.9		1.1		32.2		2.9		57.2		3.2		1.1	
Karnataka Bank	FY26	0.8	▲ 7%	1.0	▲ 4%	33.6	▲ 185 bps	2.5	▼ 24 bps	56.3	▼ 377 bps	2.8	▼ 30 bps	1.0	▼ 0.5 bps
	FY25	0.8		1.0		31.8		2.7		60.1		3.1		1.1	
KVB Karur Vysya Bank <small>Smart way to bank</small>	FY26	1.0	▲ 17%	1.1	▲ 13%	26.9	▼ 36 bps	3.9	▲ 7 bps	42.0	▼ 527 bps	0.8	▼ 1 bps	2.0	▲ 23 bps
	FY25	0.8		1.0		27.3		3.8		47.2		0.8		1.7	
CITY UNION BANK	FY26	0.7	▲ 26%	0.8	▲ 23%	27.6	▼ 88 bps	3.2	▲ 11 bps	48.0	▲ 22 bps	1.9	▼ 118 bps	1.5	▲ 0.4 bps
	FY25	0.5		0.6		28.5		3.1		47.8		3.1		1.5	
TMB <small>Tamilnad Mercantile Bank Ltd. Be a step ahead of life.</small>	FY26	0.5	▲ 21%	0.6	▲ 15%	28.1	▲ 170 bps	3.6	▼ 3 bps	45.5	▲ 89 bps	0.7	▼ 52 bps	1.9	▲ 4 bps
	FY25	0.4		0.5		26.4		3.6		44.6		1.3		1.8	
DCB BANK	FY26	0.6	▲ 18%	0.7	▲ 21%	22.4	▼ 214 bps	3.0	▼ 3 bps	60.9	▼ 283 bps	2.5	▼ 54 bps	0.9	▲ 1 bps
	FY25	0.5		0.6		24.5		3.0		63.7		3.0		0.9	
CSB Bank <small>Formerly The Catholic Syrian Bank Ltd.</small>	FY26	0.4	▲ 26%	0.4	▲ 20%	20.0	▼ 423 bps	3.3	▼ 26 bps	62.5	▼ 29 bps	1.7	▲ 9 bps	1.2	▼ 22 bps
	FY25	0.3		0.4		24.2		3.5		62.8		1.6		1.4	
Dhanlaxmi Bank	FY26	0.1	▲ 25%	0.2	▲ 16%	28.9	▼ 16 bps	3.2	▲ 33 bps	73.5	▼ 1197 bps	1.9	▼ 109 bps	0.5	▲ 13 bps
	FY25	0.1		0.2		29.0		2.9		85.4		3.0		0.4	

Private Old Banks

Note: All figures are global, unless stated otherwise; Calculated ratios may not match with reported figures due to differences in formula

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2. CIR is calculated as Opex by Total Income (NII + Other Income), HDFC Bank CIR includes transaction gains 3. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year



Individual player performance (IV/IV)-Standalone

	Period	Net Advances Rs Lakh Cr		Deposits Rs Lakh Cr		CASA Ratio ³ (%)		NIM ¹ (%)		CIR ² (%)		GNPA (%)		ROA ¹ (%)		
Small Finance Banks		FY26	1.3	▲ 25%	1.5	▲ 23%	28.4	▼ 77 bps	5.2	▼ 78bps	57.9	▲ 138 bps	2.0	▼ 25 bps	1.5	▼ 7 bps
		FY25	1.1		1.2		29.2		6.0		56.5		2.3		1.6	
		FY26	0.4	▲ 18%	0.5	▲ 8%	26.2	▼ 257 bps	6.0	▼ 65 bps	71.7	▲ 372 bps	2.6	▼ 29 bps	0.2	▼ 12 bps
		FY25	0.4		0.4		28.8		6.6		67.9		2.9		0.3	
		FY26	0.4	▲ 27%	0.5	▲ 22%	28.6	▲ 285 bps	7.4	▼ 90 bps	65.6	▲ 334 bps	2.3	▲ 8 bps	1.3	▼ 33 bps
		FY25	0.3		0.4		25.7		8.3		62.3		2.2		1.6	
		FY26	0.1	▲ 29%	0.1	▲ 32%	22.6	▲ 169 bps	6.2	▼ 798 bps	73.7	▲ 308 bps	6.6	▼ 61 bps	0.9	▼ 62 bps
		FY25	0.1		0.1		20.9		14.2		70.6		7.2		1.5	
		FY26	0.3	▲ 25%	0.4	▲ 23%	17.9	▼ 4 bps	6.0	▼ 58 bps	67.8	▲ 570 bps	2.5	▼ 25 bps	0.8	▼ 65 bps
		FY25	0.3		0.3		18.0		6.6		62.1		2.7		1.4	

Note: All figures are global, unless stated otherwise; Calculated ratios may not match with reported figures due to differences in formula

1. NIM is calculated as NII as a % of average total assets; Return on assets is calculated a net profit as a % of average total assets

2. CIR is calculated as Opex by Total Income (NII + Other Income), HDFC Bank CIR includes transaction gains 3. CASA deposits as % of overall global deposits

Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year

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