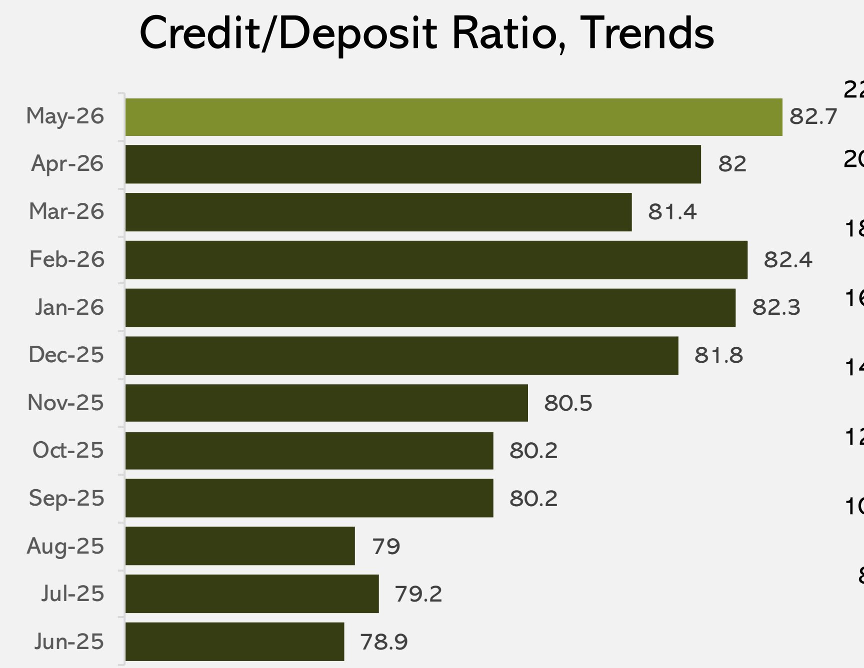
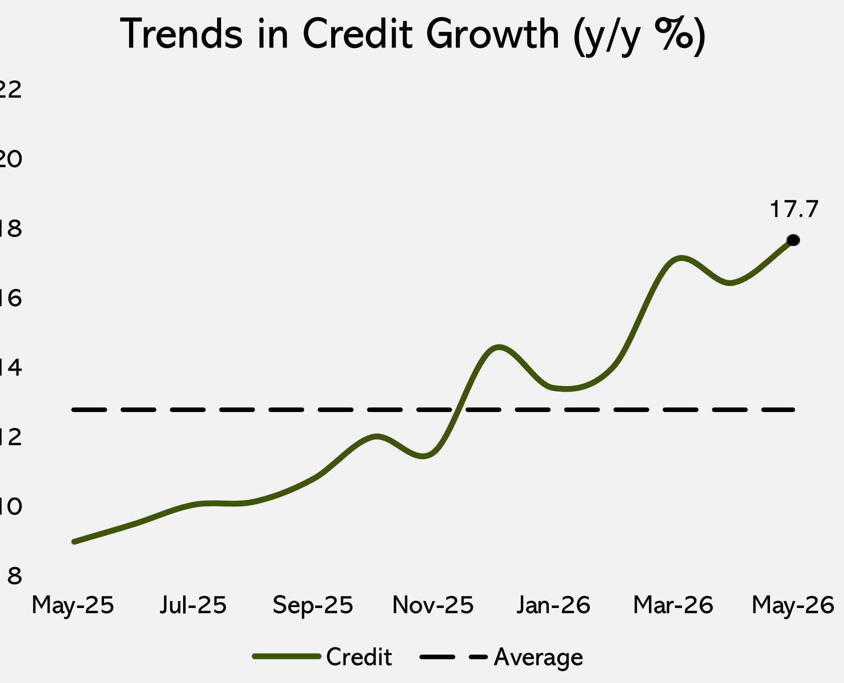
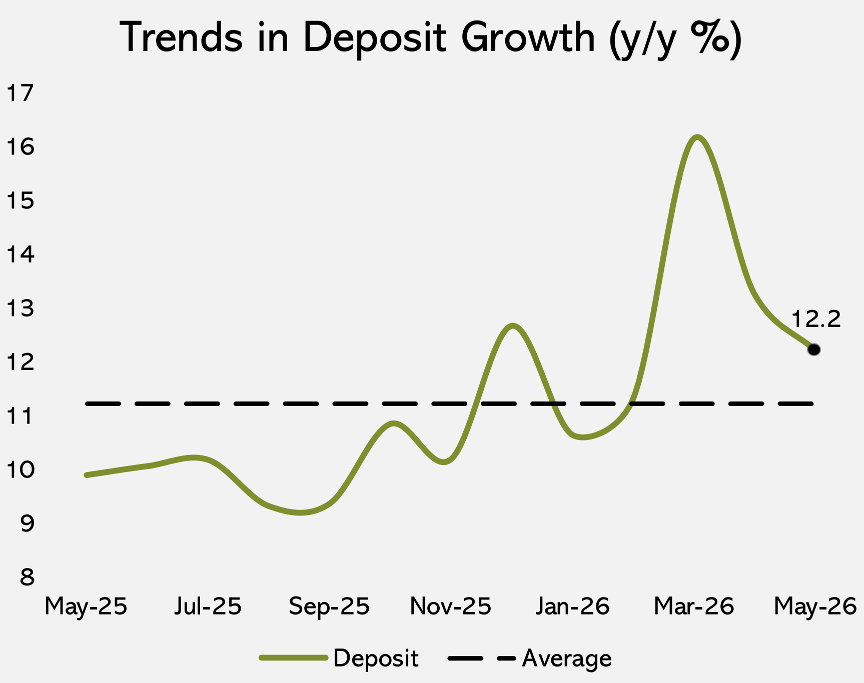
Banking Aggregates – May’26

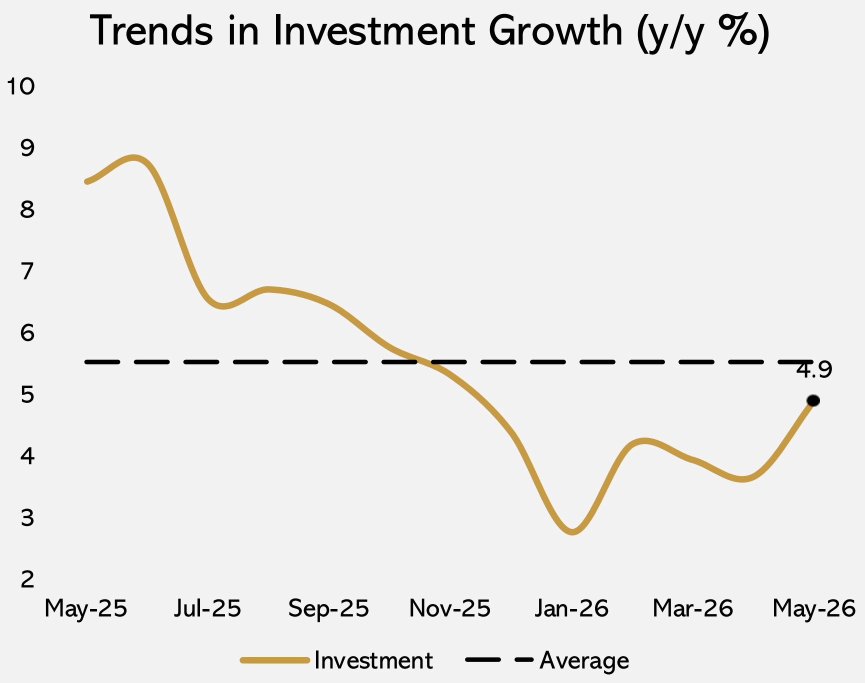
Credit growth rises to 17.7%

Credit growth picked up in May'26, aided by continued transmission of past rate cuts and a sharp pick-up in gold loans and robust MSME demand. Deposit growth moderated, reflecting post-year-end seasonality along with the continuing shift in household preference toward alternate financial instruments. This widened the C/D ratio further to a record 82.7%, with banks relying more on certificates of deposit despite their higher cost. Investment growth stayed muted, as elevated G-sec yields offered banks little reason to add to SLR holdings over deploying funds into higher-yielding credit.









1 July, 2026

Sujan Hajra | Chief Economist

Sectoral credit offtake steady. Sectoral credit growth remained broad-based, led by industry at 20.6% y/y and services at 20.4% y/y, while infrastructure and agriculture credit grew 11.6% y/y and 14.9% y/y, respectively. Personal loans were the only weak spot, slowing to 15.4% y/y due to softer credit card loan growth, despite resilient housing and gold loans.

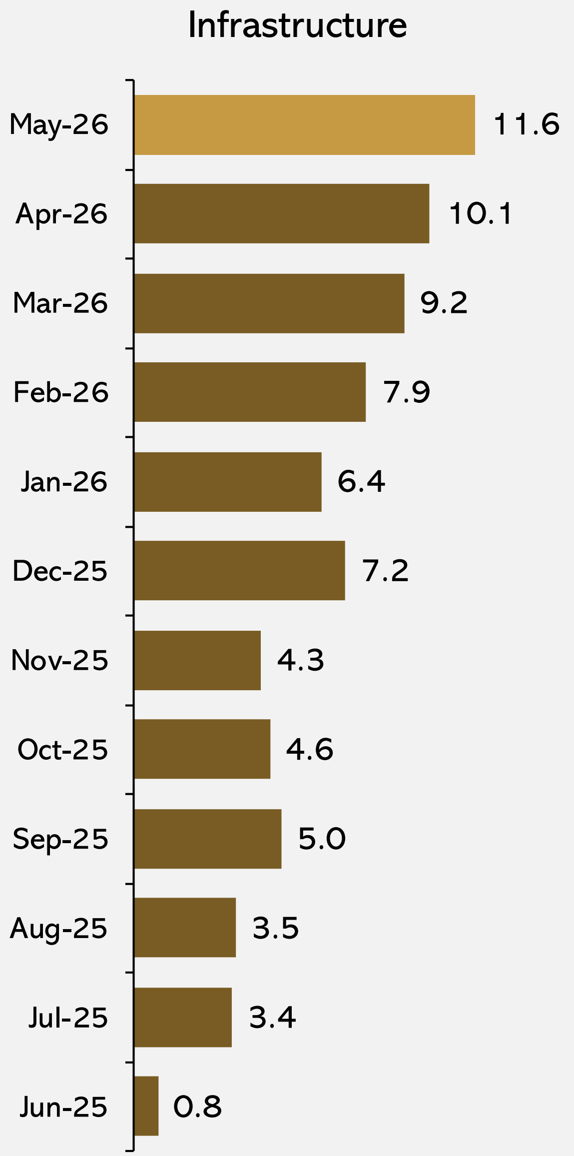
NIM on outstanding book falls; liquidity moderated. NIMs on the outstanding book eased marginally to 2.4% in May’26 as lower lending rates continued to outpace deposit rate repricing. Banking system liquidity stayed in surplus but narrowed temporarily due to advance tax outflows and RBI FX interventions. The RBI offset the tightening through VRR auctions, while the record ₹2.9 trn dividend transfer is expected to keep liquidity comfortable in the coming months.

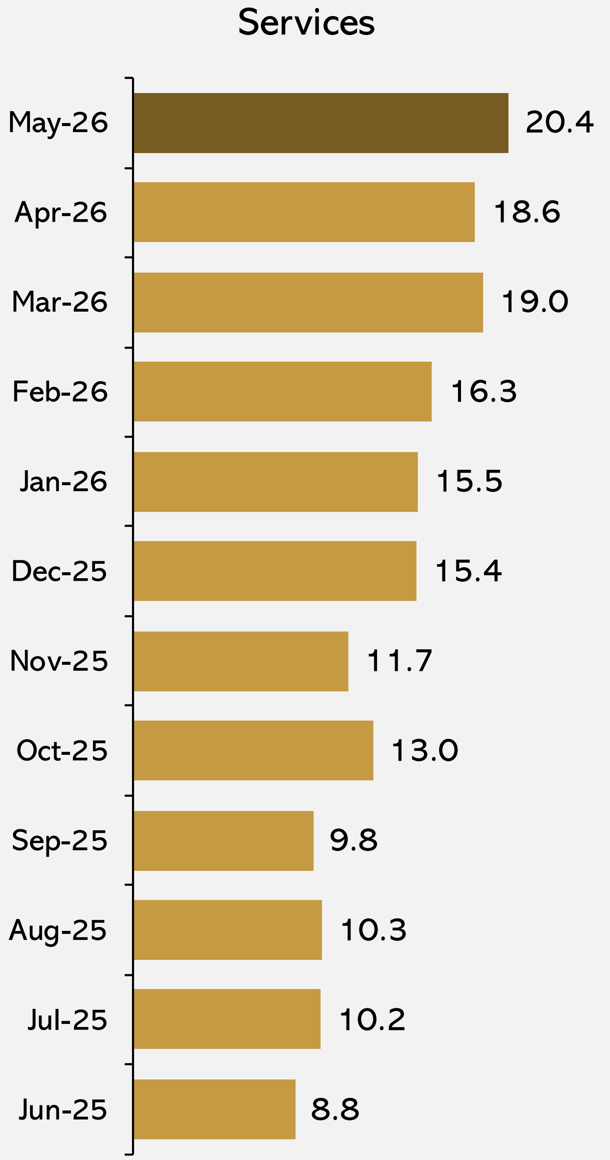
Credit offtake to remain stable. Credit growth is expected to remain resilient, supported by broad-based demand and a revival of industrial lending. The new FCNR(B) deposit rules, under which the RBI bears hedging costs and grants CRR/SLR exemption on deposits should aid deposit mobilisation, easing the funding gap. With cost of funds repricing down and a possible rate hike, NIMs are expect to shore up. Strong capitalisation and resilient asset quality should continue to support steady balance sheet growth.

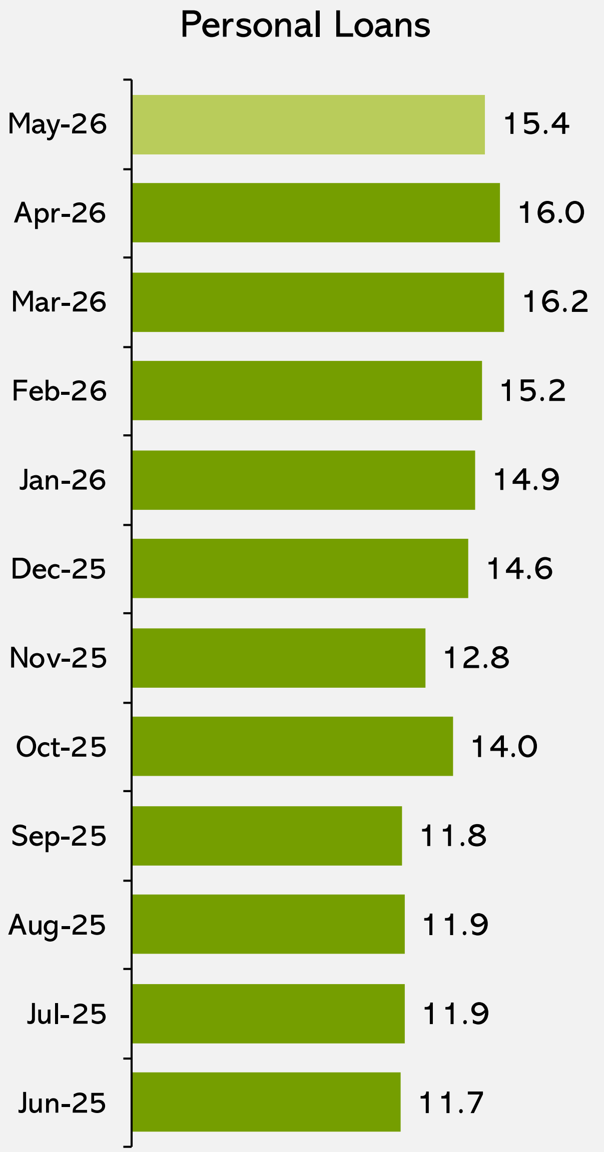
ANANDRATHI
Institutional Equities

Sectoral classification

Sectoral credit offtake experienced a broad-based uptick, led by credit to Industry which rose 20.6% y/y driven by buoyant engineering and textile growth. Infrastructure credit too recorded an uptick of 11.6% y/y, along with credit to services which accelerated to 20.4% y/y on the back of strong NBFC and real estate credit. Similarly, credit to agriculture grew 14.9% y/y. The personal loan segment remained the only outlier, where credit growth moderated to 15.4% y/y on sluggish credit card loan growth, while segments like gold and housing loans accelerated.

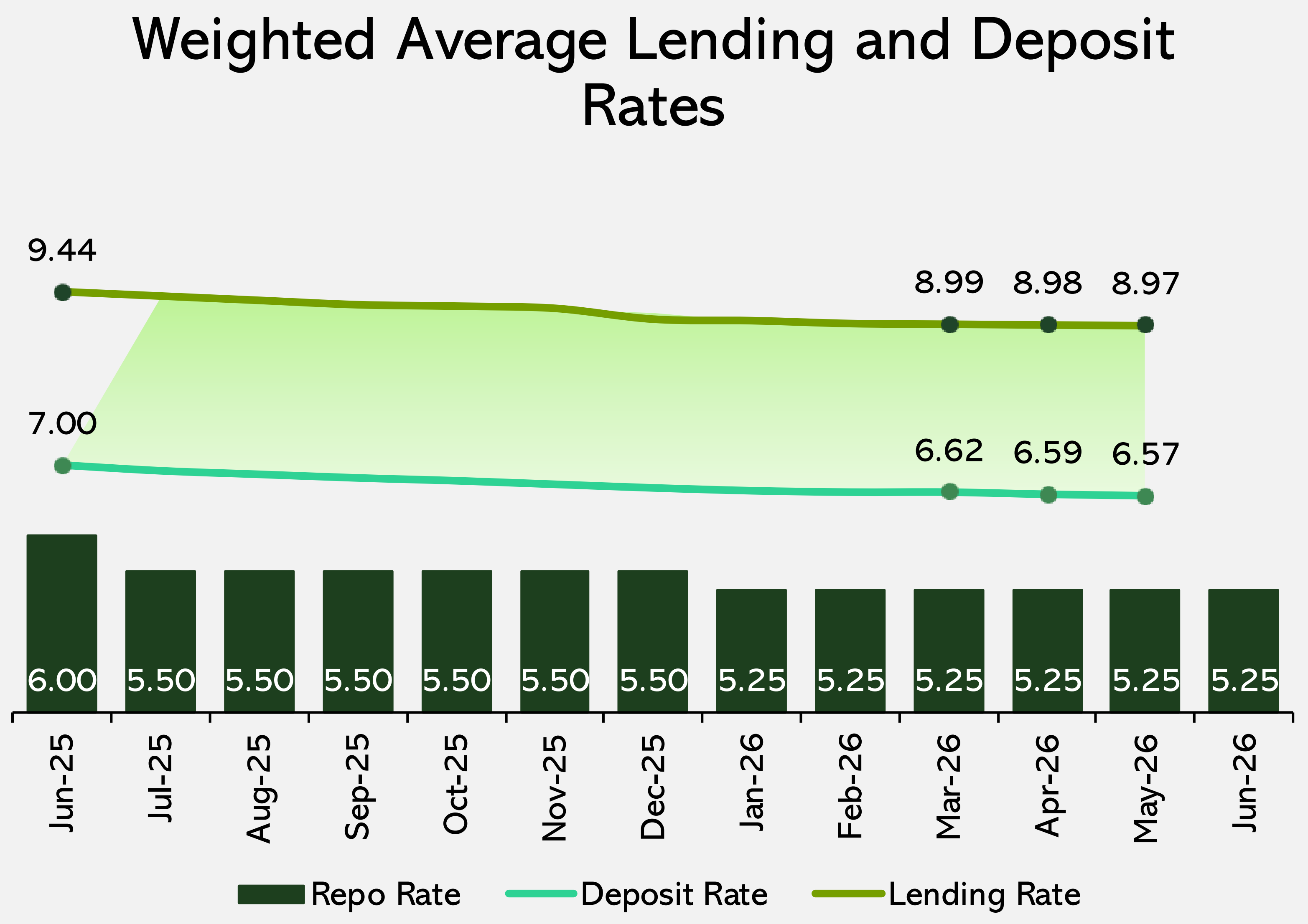


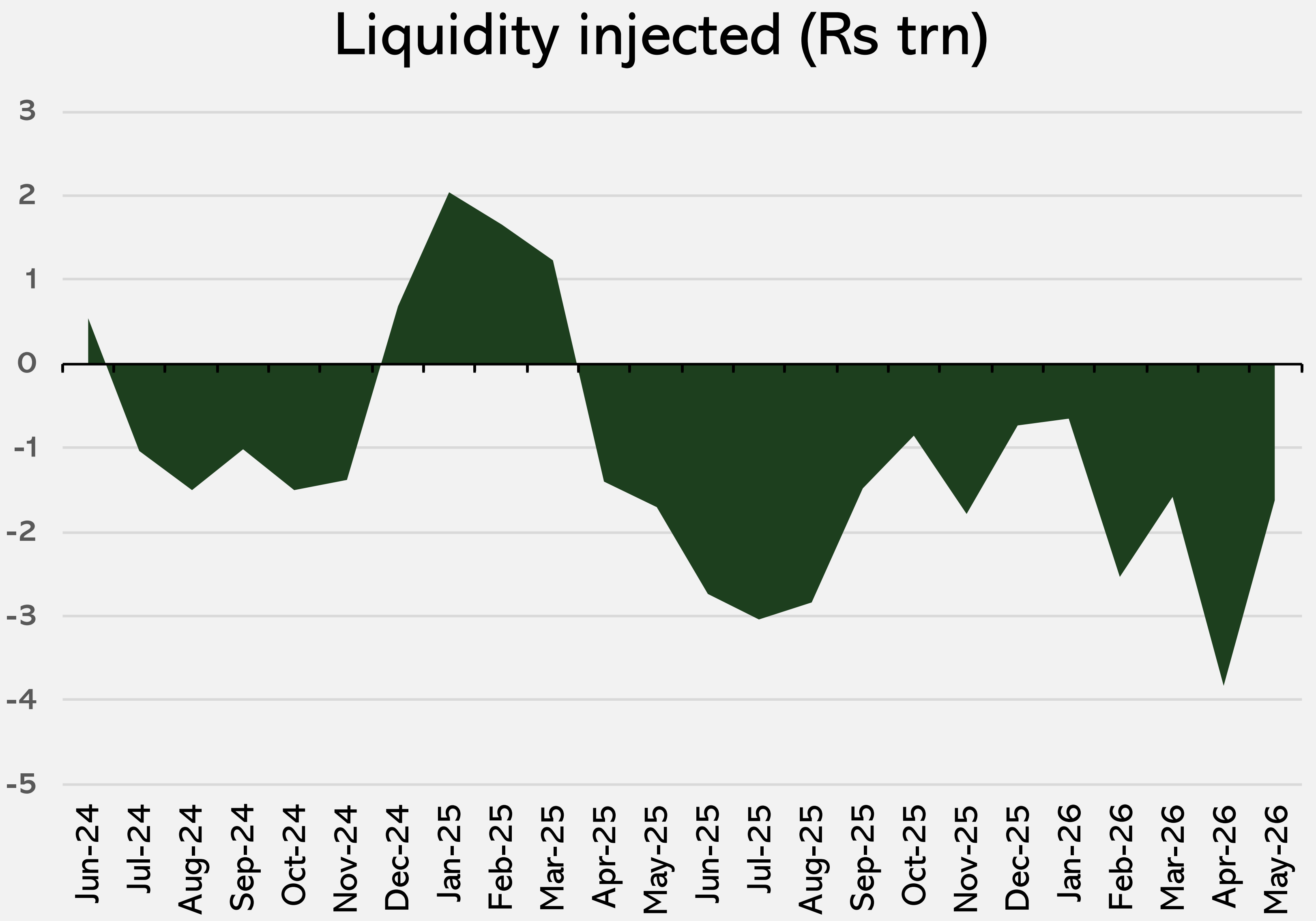




Liquidity Management

NIM's on outstanding book remained flat at 2.4%. Over the last twelve months, NIMs on outstanding book have been falling due to falling lending rates, while deposit rates have remained comparatively steady. Banking system liquidity remained in surplus through May'26, though the cushion narrowed over the course of the month on account of advance-tax related outflows and continued RBI FX intervention. The RBI smoothed this transient tightness via successive VRR auctions, keeping overnight rates broadly aligned with the 5.25% repo rate. Looking ahead, the record ₹2.9 trn RBI dividend should support liquidity as it flows through government spending along with continued RBI interventions, even as intermittent drags may remain.





Sectoral credit growth

	Indicator	May-26 (Rs. bn)	Apr-26 (Rs. bn)	May-25 (Rs. bn)	YoY (%)	MoM (%)
Industry	Total Credit	2,15,160	2,12,118	1,82,874	17.7	1.4
	Food	1,370	1,039	706	94.1	31.8
	Non Food	2,03,256	2,00,787	1,73,332	17.3	1.2
	Agriculture	26,415	26,260	22,988	14.9	0.6
	Industry (ex Infra	31,193	30,487	25,857	20.6	2.3
	Infrastructure	15,046	14,890	13,479	11.6	1.0
	Services	60,452	59,545	50,206	20.4	1.5
	Personal Loans	70,150	69,604	60,802	15.4	0.8
Industry (ex-Infra)	Mining	606	593	540	12.3	2.3
	Food Proccesing	2,551	2,543	2,236	14.1	0.3
	Beverage and To	374	385	342	9.3	-3.0
	Textile	3,010	2,982	2,729	10.3	0.9
	Leather	143	140	132	8.8	2.3
	Wood	316	312	282	11.8	1.2
	Paper	606	595	525	15.5	2.0
	Petroleum	1,941	1,867	1,378	40.9	4.0
	Chemicals	3,204	3,103	2,684	19.4	3.3
	Rubber, Plastic	1,138	1,111	1,019	11.7	2.4
	Glass	159	160	137	16.4	-0.7
	Cement	685	647	594	15.4	5.9
	Basic Metals	5,222	5,131	4,306	21.3	1.8
	All Engineering	3,243	3,140	2,401	35.1	3.3
	Transport	1,491	1,429	1,180	26.4	4.3
	Jewellery	1,179	1,146	870	35.5	2.9
	Construction	1,816	1,796	1,600	13.5	1.1
	Others (Industry)	3,508	3,407	2,902	20.9	3.0

	Indicator	May-26 (Rs. bn)	Apr-26 (Rs. bn)	May-25 (Rs. bn)	YoY (%)	MoM (%)
Infrastructure	Power	8,581	8,463	6,929	23.8	1.4
	Telecommunicati	978	988	1,051	-7.0	-1.0
	Roads	3,400	3,388	3,424	-0.7	0.4
	Airports	81	69	94	-14.5	17.3
	Ports	95	95	52	82.8	-0.4
	Railways	71	67	113	-37.6	5.7
	Others (Infra)	1,842	1,821	1,816	1.5	1.2
Services	Transport Operat	2,867	2,862	2,664	7.6	0.2
	Software	527	511	340	54.9	3.1
	Leisure	1,043	1,028	855	22.0	1.5
	Shipping	110	109	78	41.0	0.4
	Aviation	583	527	464	25.8	10.6
	Professional Serv	2,201	2,194	1,965	12.0	0.3
	Trade	13,625	13,172	11,618	17.3	3.4
	Wholesale	7,687	7,319	6,286	22.3	5.0
	Retail	5,937	5,853	5,332	11.3	1.4
	Commercial Real	6,421	6,354	5,407	18.7	1.1
	NBFC	20,884	20,564	15,621	33.7	1.6
	Others (Services)	3,696	3,674	3,088	19.7	0.6
Personal Loans	Consumer Durab	229	223	235	-2.6	2.7
	Housing	33,690	33,518	30,374	10.9	0.5
	Advances agains	1,547	1,580	1,432	8.1	-2.1
	Advances agains	102	101	94	8.3	0.8
	Credit Card	2,945	2,980	2,907	1.3	-1.2
	Education	1,575	1,557	1,381	14.0	1.2
	Vehicle	7,484	7,429	6,379	17.3	0.8
	Gold Loan	5,143	4,888	2,503	105.5	5.2
	Others (Personal	17,434	17,329	15,497	12.5	0.6

Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number - 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report	
Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000 **Grievance officer:** Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai - 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.