Table of Content

- Executive Summary ............................................... 3
- Advantage India ..................................................... 4
- Market Overview and Trends ................................. 6
- Porters Five Forces Analysis ................................. 18
- Strategies Adopted ................................................. 20
- Growth Drivers and Opportunities .......................... 28
- Case Studies ......................................................... 32
- Key Industry Organizations ...................................... 37
- Useful Information .................................................. 39
### EXECUTIVE SUMMARY

<table>
<thead>
<tr>
<th>Robust asset growth</th>
<th>• Value of public sector bank assets increased to US$ 1.52 trillion in FY17 from US$ 1.34 billion in FY16.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing lending and deposit</td>
<td>• Total lending has increased at a CAGR of 12.38 per cent during FY07-17 and total deposits has increased at a CAGR of 10.08 per cent, during FY07-17 and are further poised for growth, backed by demand for housing and personal finance</td>
</tr>
<tr>
<td>Higher ATM penetration</td>
<td>• As of November 2017, total number of ATMs in India increased to 206,694 and is further expected to increase to 407,000 by 2021.</td>
</tr>
</tbody>
</table>
| Rising rural penetration | • As of June 2017, 56 regional rural banks are functioning in the country.  
  • Under 2nd phase of FIP (2013-16), 452,151 villages, with population less than 2,000 people, were covered as on June 30, 2016.  
  • RBI has allowed, regional rural banks with net worth of at least US$ 15.28 million to launch internet banking facilities.  
  • As of February 2017, Airtel payments bank opens over 1 lac accounts in UP, of which 60 per cent have been opened in rural areas. |

**Notes:** ATM - Automated Teller Machine, FIP – Financial Inclusion Plan, RBI – Reserve Bank of India  
**Source:** India Banking Association, Reserve Bank of India, Aranca Research
ADVANTAGE INDIA
ADVANTAGE INDIA

- Increase in working population & growing disposable incomes will raise demand for banking & related services
- Housing & personal finance are expected to remain key demand drivers
- Rural banking is expected to witness growth in the future
- Mobile, Internet banking & extension of facilities at ATM stations to improve operational efficiency
- Vast un-banked population highlights scope for innovation in delivery
- Rising fee incomes improving the revenue mix of banks
- High net interest margins, along with low NPA levels, ensure healthy business fundamentals
- Wide policy support in the form of private sector participation & liquidity infusion
- Healthy regulatory oversight & credible Monetary Policy by the Reserve Bank of India (RBI) have lent strength & stability to the country’s banking sector

Note: NPA – Non Performing Assets, FY171 - Till 29th December 2016
Source: IBA report titled “Being five-star in productivity - Roadmap for excellence in Indian banking”; Aranca Research
MARKET OVERVIEW AND TRENDS
EVOLUTION OF THE INDIAN BANKING SECTOR

- Closed market
- State-owned Imperial Bank of India was the only bank existing

- Imperial Bank expanded its network to 480 branches
- In order to increase penetration in rural areas, Imperial Bank was converted into State Bank of India

- In 2003, Kotak Mahindra Finance Ltd received a banking license from RBI and became the first NBFC to be converted into a bank.
- In 2009, the government removed the Banking Cash Transaction Tax which had been introduced in 2005.

- RBI was established as the central bank of country
- Quasi central banking role of Imperial Bank came to an end

- Nationalisation of 14 large commercial banks in 1969 & 6 more banks in 1980
- Entry of private players such as ICICI intensifying the competition
- Gradual technology upgradation in PSU banks

- NABARD sanctioned US$ 2.84 billion loan to National Water Development Agency for 50 irrigation projects in October 2016.
- As per RBI, as of December 29, 2017, India recorded foreign exchange reserves of approximately US$ 409.37 billion.

Note: RBI - Reserve Bank of India, FDI - Foreign Direct Investment, LIC - Life Insurance Corporation
Source: Indian Bank’s Association, Aranca Research, BMI

For updated information, please visit www.ibef.org
THE STRUCTURE OF INDIAN BANKING SECTOR

Banks

Scheduled Commercial Banks (SCBs)
- Public sector banks (27)
- Private sector banks (21)
- Foreign banks (45)\(^2\)
- Regional Rural Banks (RRB) (56)
- Urban cooperative banks (1,589)\(^1\)
- Rural cooperative credit institutions (93,550)

Cooperative credit institutions

Financial Institutions
- All-India financial institutions
- State-level institutions
- Other institutions

Note: Data on number of banks belongs to FY15 \(^1\) - Indicates data for FY14 \(^2\) - Indicates data for FY16
Source: Reserve Bank of India’s ‘Report on Trend and Progress of Banking in India’, Aranca Research

For updated information, please visit www.ibef.org
INDIAN BANKING SECTOR HAS GROWN AT A HEALTHY PACE…(1/2)

- Credit off-take has been surging ahead over the past decade, aided by strong economic growth, rising disposable incomes, increasing consumerism & easier access to credit.
- As of Q2 FY18, total credit extended surged to US$ 1,241.55 billion.
- Credit to non-food industries increased by 6.1 per cent reaching US$ 1,114.80 billion in September 2017 from US$ 1,050.8 billion during the previous financial year.
- Demand has grown for both corporate & retail loans; particularly the services, real estate, consumer durables & agriculture allied sectors have led the growth in credit.
- The digital payments revolution will trigger massive changes in the way credit is disbursed in India.^

Note: CAGR - Compounded Annual Growth Rate, * - FY18 data upto September 2017, ^ - according to Mr Amitabh Kant, CEO of NITI Aayog
Source: Reserve Bank of India (RBI), Aranca Research;
During FY06–17, deposits grew at a CAGR of 11.71 per cent and reached US$ 1.6 trillion by FY17. Deposits at the end of Q2 FY18 stood at US$ 1.695 trillion.

Strong growth in savings amid rising disposable income levels are the major factors influencing deposit growth.

Access to banking system has also improved over the years due to persistent government efforts to promote banking-technology and promote expansion in unbanked and non-metropolitan regions.

At the same time India’s banking sector has remained stable despite global upheavals, thereby retaining public confidence over the years.

Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY), have also increased. Rs 72,266.94 crore (US$ 11.16 billion) were deposited and 308.4 million accounts were opened in India.

**Note:** CAGR - Compounded Annual Growth Rate, * - FY18 data upto September 2017, ^ - as of January 3, 2018

**Source:** Reserve Bank of India (RBI), Aranca Research;
ASSETS BASE CONTINUES TO EXPAND

- Total banking sector assets have increased at a CAGR of 8.83 per cent to US$ 2.202 trillion during FY13–17
- FY13-17 saw growth in assets of banks across sectors
- Assets of public sector banks, which account for more than 70 per cent of the total banking assets, grew at a CAGR of 7.43 per cent
- Private sector expanded at an CAGR of 14.44 per cent, while foreign banks posted a growth of 4.69 per cent
- Corporate demand for bank loans have grown due to continued infrastructure investments and due to other policy decisions such as reducing oil subsidies, issuing of telecom spectrum licenses & the proposed abolition of penalty on loan prepayment

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Notes: CAGR - Compounded Annual Growth Rate, FDI – Foreign Direct Investments
Source: Reserve Bank of India (RBI), Aranca Research, Indian Banks Association;
INTEREST INCOME HAS SEEN ROBUST GROWTH

- Public sector banks account for over 67.31 per cent of interest income in the sector in FY17.
- They lead the pack in interest income growth with a CAGR of 7.86 per cent over FY09-17.
- Overall, the interest income for the sector has grown at 8.46 per cent CAGR during FY09-17.
- Interest income of Public Banks was witnessed to be US$ 105.55 billion in FY17.

**Note:** CAGR - Compound Annual Growth Rate

**Source:** Reserve Bank of India, IBA (Indian Banks Association), Aranca Research.
GROWTH IN ‘OTHER INCOME’ ALSO ON A POSITIVE TREND

- Public sector banks account for about 58.93 per cent of income other than from interest (‘other income’)
- ‘Other income’ for public sector banks has risen at a CAGR of 8.94 per cent during FY09-17
- ‘Other income’ for public sector banks stood at US$ 17.66 billion in FY17.
- Overall, ‘other income’ for the sector has risen at 8.42 per cent CAGR during FY09-17.

Notes: CAGR - Compound Annual Growth Rate,
Source: Indian Bank’s Association, Aranca Research, BMI
RETURN ON ASSETS AND LOAN-TO-DEPOSIT RATIO SHOWING AN UPTREND

- Loan-to-Deposit ratio for banks across sectors has increased over the years
- Private and foreign banks have posted high return on assets than nationalised & public banks
- This has prompted most of the foreign banks to start their operations in India

Note: Data for Return on Assets and Loan to Deposit Ratio is in percentage
Source: Reserve Bank of India (RBI), Aranca Research
### NOTABLE TRENDS IN THE BANKING INDUSTRY SECTOR … (1/3)

**Improved risk management practices**
- Indian banks are increasingly focusing on adopting integrated approach to risk management
- Banks have already embraced the international banking supervision accord of Basel II.; interestingly, according to RBI, majority of the banks already meet capital requirements of Basel III, which has a deadline of 31 March 2019
- Most of the banks have put in place the framework for asset-liability match, credit & derivatives risk management

**Diversification of revenue stream**
- Total lending has increased at a CAGR of 12.38 per cent during FY07-17 and total deposits has increased at a CAGR of 10.08 per cent, during FY07-17 & are further poised for growth, backed by demand for housing and personal finance

**Technological innovations**
- As of November 2017, total number of ATMs in India increased to 206,694 and is further expected to increase to 407,000 ATMs in 2021.
- The digital payments system in India has evolved the most among 25 countries, including UK, China and Japan, with the IMPS being the only system at level 5 in the Faster Payments Innovation Index (FPII). ^

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**Note:** ^ - according to a report by FIS

**Source:** Indian Bank’s Association, Indian Banking Sector 2020, Aranca Research
### NOTABLE TRENDS IN THE BANKING INDUSTRY SECTOR … (2/3)

<table>
<thead>
<tr>
<th>Focus on financial inclusion</th>
<th>Derivatives and risk management products</th>
<th>Consolidation</th>
<th>Demonetisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- RBI has emphasised the need to focus on spreading the reach of banking services to the un-banked population of India</td>
<td>- The increasingly dynamic business scenario &amp; financial sophistication has increased the need for customised exotic financial products</td>
<td>- With entry of foreign banks, competition in the Indian banking sector has intensified</td>
<td>- The effects of demonetisation are also visible in the fact that bank credit plunged by 0.8 per cent from November 8 to November 25, as US$ 9.85 billion were paid by defaulters. As per RBI, a total of US$ 237.17 billion was deposited in banks till August 30, 2017.</td>
</tr>
<tr>
<td>- Indian banks are expanding their branch network in the rural areas to capture the new business opportunity. According to RBI, Under 2nd phase of Financial Inclusion Plan (2013-16), 452,151 villages, with population less than 2,000 people, were covered as on June 30, 2016</td>
<td>- Banks are developing innovative financial products &amp; advanced risk management methods to capture the market share</td>
<td>- Banks are increasingly looking at consolidation to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organisational efficiency &amp; diversification of risks</td>
<td>- Debit cards have radically replaced credit cards as the preferred payment mode in India, after demonetisation. As of November 2017, debit cards garnered a share of 87.83 per cent of the total card spending.</td>
</tr>
<tr>
<td>- Bank of Maharashtra tied up with Cigna TTK, to market their insurance products across India.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Indian Bank’s Association, Indian Banking Sector 2020, Aranca Research*
### Focus towards Jan Dhan Yojana
- Key objective of Pradhan Mantri Jan Dhan Yojana (PMJDY) is to increase the accessibility of financial services such as bank accounts, insurance, pension, credit facilities, etc. mostly to the low income groups.
- Under the Jan Dhan Yojana, Rs 72,266.94 crore (US$ 11.16 billion) were deposited and 308.4 million accounts were opened in India.\(^\text{^1}\)
- 232.7 million ‘Rupay’ debit cards were issued to users.\(^\text{^1}\)

### Wide usability of RTGS and NEFT
- Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) are being implemented by Indian banks for fund transaction.
- Securities Exchange Board of India (SEBI) has included NEFT & RTGS payment system to the existing list of methods that a company can use for payment of dividend or other cash benefits to their shareholders & investors.

### Know Your Client
- RBI mandated the Know Your Customer (KYC) Standards, wherein all banks are required to put in place a comprehensive policy framework in order to avoid money laundering activities.
- The KYC policy is now mandatory for opening an account or making any investment such as mutual funds.

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**Note:** \(^{^1}\) - as of January 3, 2018

**Source:** Indian Bank’s Association, Indian Banking Sector 2020, Pradhanmantri Jan Dhan Yojna, Business India, Aranca Research
PORTERS FIVE FORCES ANALYSIS
## Porter’s Five Forces Framework Analysis

### Threat of Substitutes
- For deposit substitutes include investment in gold, real estate, equity etc.
- For advances substitutes include, bonds, IPO/FPO, etc.

### Bargaining Power of Suppliers
- Largely, customers prefer banks for its reliability
- Gradually, customers have hedged inflation by investing in other riskier avenues

### Competitive Rivalry
- At present public sector banks, led by SBI & associates, control 77.3 per cent of the banking sector
- Rivalry is much aggressive in metropolitan areas
- Issuing of new licenses will increase competitive rivalry in rural areas over medium to long term

### Threat of New Entrants
- High entry barriers, as RBI & Central Bank control the issuance of licenses
- New licenses may reduce market-share of public banks

### Bargaining Power of Buyers
- Nascent debt market & volatile stock market, are less opted
- Banks are an indispensable source of fund in India

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**Source:** Aranca Research
STRATEGIES ADOPTED
### STRATEGIES ADOPTED

#### Increased use of technology
- In March 2016, ICICI Bank launched Host Card Emulation (HCE) for its debit & credit card holders, to make contactless payments at stores by waving their phones across NFC enabled machines.
- Similarly State Bank of India unveiled ‘SBI Mingle’, as social media banking platform for Twitter & Facebook users.
- Banks protect margins by promoting usage of efficient technologies like mobile & internet banking.
- State Bank of India has created SBI Digi Bank, which has a financial superstore, an online market place and a digital bank for end to end digitisation for all products and services.
- As of July 2017, Microsoft Corp. launched Skype with Aadhaar authentication to allow access to bank accounts using webcams.

#### Cross-selling
- Major banks tend to increase income by cross-selling products to their existing customers.
- Foreign banks have been able to grow business, despite a much lower customer coverage.

#### Capture latent demand
- Expansion in unbanked rural regions helps banks to garner deposits.
- Increasing tele-density and support of regulators have aided rural expansion.

#### Overseas expansion
- As of November 2017, State Bank of India (SBI) is planning to set up more branches in Nepal and re-enter Vietnam under its three-year aim of growing its international operations to 15 per cent of its total business.
- Although at a nascent stage, private & public banks are gradually expanding operations overseas.
- Internationally, banks target India-based customers & investors, settled abroad.

*Source: Indian Bank’s Association, Indian Banking Sector 2020, Aranca Research*
GROWTH DRIVERS
AND OPPORTUNITIES
The real annual disposable household income in rural India is forecasted to grow at a CAGR of 3.6 per cent over the next 15 years.

The Indian agriculture, forestry & fishing sector has grown at a fast pace, clocking a CAGR of 12.71 per cent over FY09-FY17.

Rising incomes are expected to enhance the need for banking services in rural areas & therefore drive growth of the sector. Programmes like MNREGA have helped in increasing rural income, which was further aided by the recent Jan Dhan Yojana.

**Note:** CAGR – Compounded Annual Growth Rate, FY161 – Provisional Estimates; MNREGA: Mahatma Gandhi National Rural Employment Guarantee Act

**Source:** McKinsey estimates, Ministry of Agriculture, Aranca Research
MOBILE BANKING TO PROVIDE A COST EFFECTIVE SOLUTION … (1/2)

Banking penetration in rural India picking pace

- Of the 600,000 village habitations in India only 5 per cent have a commercial bank branch
- Only 40 per cent of the adult population has bank accounts
- Debit card holders constitute only 13 per cent of the population & only 2 per cent have a credit card
- 51.4 per cent of nearly 89.3 million farm households do not have access to any credit either from institutional or non-institutional sources
- Only 13 per cent of farm households are availing loans from the banks in the income bracket of < US$ 1000
- Agriculture requires timely credit to enable smooth functioning. However, only one-eighth of farm households avail bank credit
- Local money-lending practices involve interest rates well above 30 per cent therefore making bank credit a compelling alternative

Soaring rural tele-density opens avenue of mobile banking

(Million Units)

- Tele-density in rural India soared at a CAGR of nearly 64 per cent during 2007 to 2017.
- Banks, telecom providers & RBI are making efforts to make inroads into the un-banked rural India through mobile banking solutions

Source: TRAI, Aranca Research
MOBILE BANKING TO PROVIDE A COST EFFECTIVE SOLUTION … (2/2)

Robust asset growth

- Mobile banking allows customers to avail banking services on the move through their mobile phones. The growth of mobile banking could impact the banking sector significantly.
- Mobile banking across the world is still at a primitive stage with countries like China, India & UAE taking the lead.
- Mobile banking is especially critical for countries like India, as it promises to provide an opportunity to provide banking facilities to a previously under-banked market.
- RBI has taken several steps to enable mobile payments, which forms an important part of mobile banking; the central bank has recently removed the transaction limit of INR50,000 & allowed banks to set their own limits.
- In adoption of mobile banking, India holds 4th rank across the globe.
- The mobile wallet transactions value in India, stood at US$ 72.6 billion as of August 2017.

Source: PWC, ‘Searching for new frontiers of growth’, Aranca Research
# GROWTH DRIVERS OF INDIAN BANKING SECTOR

<table>
<thead>
<tr>
<th>Economic and demographic drivers</th>
<th>Policy support</th>
<th>Infrastructure financing</th>
<th>Government initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Favourable demographics and rising income levels</td>
<td>• The Goods &amp; Services Tax (GST) is expected to improve state finances by the Reserve Bank of India.</td>
<td>• India currently spends 6 per cent of GDP on infrastructure; NITI Aayog expects this fraction to grow going ahead</td>
<td>• A new portal named 'Udyami Mitra' has been launched by the Small Industries Development Bank of India (SIDBI) with the aim of improving credit availability to Micro, Small and Medium Enterprises' (MSMEs).</td>
</tr>
<tr>
<td>• Strong GDP growth (CAGR of 7 per cent expected over 2012–17) to facilitate banking sector expansion</td>
<td>• The government passed the Banking Regulation (Amendment) Bill 2017, which will empower RBI to deal with NPAs in the banking sector.</td>
<td>• Banking sector is expected to finance part of the US$ 1 trillion infrastructure investments in the 12th Five Year Plan, opening a huge opportunity for the sector</td>
<td>• As on January 4, 2018, the Lok Sabha has approved recapitalisation bonds worth Rs 80,000 crore (US$ 12.62 billion) for public sector banks, which will be accompanied by a series of reforms.</td>
</tr>
<tr>
<td>• The sector will benefit from structural economic stability and continued credibility of Monetary Policy</td>
<td>• The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed by Rajya Sabha and is expected to strengthen the banking sector.</td>
<td>• Simplification of KYC norms, introduction of no-frills accounts &amp; Kisan Credit Cards to increase rural banking penetration</td>
<td></td>
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</table>

## SCHEMES BY GOVERNMENT

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pradhan Mantri Suraksha Bima Yojana</strong></td>
<td>This scheme is mainly for accidental death insurance cover for up to Rs. 2 lakh. Premium: Rs. 12 per annum. Risk Coverage: For accidental death and full disability - Rs. 2 lakh and for partial disability – Rs. 1 lakh. Gross enrolment under the scheme reached 132.67 million.</td>
</tr>
<tr>
<td><strong>Pradhan Mantri Jeevan Jyoti Bima Yojana</strong></td>
<td>This scheme aims to provide life insurance cover. Premium: Rs. 330 per annum. It will be auto-debited in one instalment. Risk Coverage: Rs. 2 lakh in case of death for any reason. Gross enrolment under the scheme reached 52.334 million.</td>
</tr>
<tr>
<td><strong>Atal Pension Yojana</strong></td>
<td>Under the scheme, subscribers would receive the fixed pension of Rs 1,000, 2,000, 3,000, 4,000 or 5,000 at the age of 60 years (depending on their contributions). The Central Government will also co-contribute 50 per cent of the subscriber’s contribution or Rs 1,000 per annum, whichever is lower, to each eligible subscriber account, for a period of 5 years. 8 million enrolments have been made under this scheme since its launch and the PFRDA is targeting 10 million accounts by March 2018.</td>
</tr>
<tr>
<td><strong>Pradhan Mantri Jan Dhan Yojana</strong></td>
<td>308.4 million accounts were opened.* Under the scheme, each &amp; every citizen will be enrolled in a bank for opening a Zero balance account. Each person getting into this scheme will get an Rs. 30000 life cover with opening of the account. Overdraft limit under such accounts is Rs. 5000</td>
</tr>
</tbody>
</table>
HOUSING AND PERSONAL FINANCE HAVE BEEN KEY DRIVERS … (1/2)

- Rapid urbanisation, decreasing household size & easier availability of home loans has been driving demand for housing
- Personal finance, including housing finance provide an essential cushion against volatility in corporate loans
- The recent improvement in property value have reduced the ratio of loan to collateral value
- Credit to housing sector increased at a CAGR of 11.96 per cent during FY09–FY17, wherein, value of credit to housing sector increased from US$ 114.1 billion in FY16 to US$ 133.1 billion in FY17.
- Demand in the low & mid-income segments exceeds supply 3 to 4 fold
- This has propelled demand for housing loan in the last few years

Notes: CAGR - Compound Annual Growth Rate, FY13: Data as on 22 March 2013, FY14: Data as on 21 March 2014, FY15: Data as on 20 March 2015, FY16: Data as on 18 March 2016, Source: Reserve Bank of India (RBI), Aranca Research
HOUSING AND PERSONAL FINANCE HAVE BEEN KEY DRIVERS … (2/2)

- Growth in disposable income has been encouraging households to raise their standard of living & boost demand for personal credit
- Credit under the personal finance segment (excluding housing) rose at a CAGR of 6.87 per cent during FY09–FY17, and stood at US$111.61 billion in FY17
- Unlike some other emerging markets, credit-induced consumption is still less in India

Note: CAGR - Compound Annual Growth Rate FY13: Data as on 22 March 2013, FY14: Data as on 21 March 2014, FY15: Data as on 20 March 2015, FY16: Data as on 18 March 2016,
Source: Reserve Bank of India (RBI), Aranca Research
STRONG ECONOMIC GROWTH TO PROPEL BANKING SECTOR EXPANSION … (1/2)

- Rising per capita income will lead to increase in the fraction of the Indian population that uses banking services
- Population in 15-64 age group is expected to grow strongly going ahead, giving further push to the number of customers in banking sector

Note: E - Expected, F - Forecasted, GDP - Gross Domestic Product
Source: World Bank, IMF, Aranca Research

India’s working age population (in million) and GDP per capita (US$ )

![Graph showing population and GDP per capita over time]

Population | GDP-RHS
--- | ---
2011 | 780
2015 | 825
2019 | 839
2021 | 2302.5
STRONG ECONOMIC GROWTH TO PROPEL BANKING SECTOR EXPANSION … (2/2)

- Strong GDP growth will facilitate banking sector expansion
- Total banking sector credit increased at a CAGR of 3.86 per cent during FY11 to FY17 to US$ 1,124.8 billion in FY17
- The sector will also benefit from economic stability & credibility of the monetary policy

**Total bank loans (US$ billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Bank Loans (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>996.0</td>
</tr>
<tr>
<td>FY12</td>
<td>916.0</td>
</tr>
<tr>
<td>FY13</td>
<td>991.0</td>
</tr>
<tr>
<td>FY14</td>
<td>1,025.9</td>
</tr>
<tr>
<td>FY15</td>
<td>999.4</td>
</tr>
<tr>
<td>FY16</td>
<td>1,015.9</td>
</tr>
<tr>
<td>FY17</td>
<td>1,124.8</td>
</tr>
</tbody>
</table>

**Note:** CAGR - Compound Annual Growth Rate

**Source:** Reserve Bank of India, Business Monitor International Ltd (BMI), Aranca Research
SUCCESS STORIES IN THE INDIAN BANKING SECTOR: HDFC BANK … (1/2)

➢ HDFC Bank

• Established in 1994, HDFC Bank is the 2nd largest private sector bank in India. HDFC was amongst the 1st to receive an ‘in principle’ approval from the RBI to set up a bank in the private sector

• Divisions – Retail banking, Wholesale banking and Treasury operations

• Size – Number of branches & extensions (FY17): 4,715

• Number of ATMs: (FY17) 12,260

• Number of Employees (FY17): 84,325

• Total Assets (FY17): US$ 133.89. billion

➢ Recognition:

• In 2017, HDFC Bank was awarded ‘Best Bank of the Year’ by Business India 19th Best Bank survey

• In 2017, HDFC Bank was awarded ‘Best Private Sector Bank’ by Dun & Bradstreet Banking Awards 2017.

• In 2017, HDFC Bank was a part of Forbes’ List of 5 Companies that have shaped Asia, And the World
SUCCESS STORIES IN THE INDIAN BANKING SECTOR: HDFC BANK … (2/2)

**Income break-up (FY17)**

- Net Interest Income: 73%
- Other Income: 27%

**Advances and deposits (US$ billion)**

Source: Company Annual Reports, Aranca Research

For updated information, please visit www.ibef.org
SUCCESS STORIES IN THE INDIAN BANKING SECTOR: STATE BANK OF INDIA ... (1/2)

State Bank of India

- Established in 1955, State Bank of India is the largest public sector bank in India. The Net Interest Income of State Bank of India in FY16, was US$ 9.5 billion.
- Divisions – Treasury, retail banking, corporate/wholesale banking & other banking businesses
- Size – Number of branches & extensions (FY17): 24,017
- Number of ATMs( FY17): Over 59,263
- Number of Employees (FY17): 209,572
- Total Assets (FY17): US$ 365.43 billion
- SBI is planning Initial Public Offers (IPOs) of two regional rural banks (RRBs), namely Andhra Pradesh Grameena Vikas Bank and Saurashtra Gramin Bank by 2018, in order to create value and to increase efficiency.

Recognition

- In FY17, SBI was selected as “India’s Best Bank” by Financial Express.
- During the same year, SBI was also awarded “Helen Keller Award 2016 award for commitment towards promoting equal employment opportunities.
- SBI is undergoing a rebranding exercise and has merged with 5 associate banks to retain the old customers and to concentrate on young client base.
SUCCESS STORIES IN THE INDIAN BANKING SECTOR: STATE BANK OF INDIA … (2/2)

Income break-up (FY17)
- Net Interest Income: 36%
- Other Income: 64%

Advances and deposits (US$ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Advances</th>
<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>117.6</td>
<td>133.3</td>
</tr>
<tr>
<td>FY10</td>
<td>160.8</td>
<td>169.6</td>
</tr>
<tr>
<td>FY11</td>
<td>165.9</td>
<td>204.7</td>
</tr>
<tr>
<td>FY12</td>
<td>185.1</td>
<td>222.6</td>
</tr>
<tr>
<td>FY13</td>
<td>192.5</td>
<td>221.5</td>
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<td>FY14</td>
<td>200.7</td>
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</tr>
<tr>
<td>FY15</td>
<td>213.6</td>
<td>261.6</td>
</tr>
<tr>
<td>FY16</td>
<td>223.6</td>
<td>264.4</td>
</tr>
<tr>
<td>FY17</td>
<td>243.5</td>
<td>316.9</td>
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KEY INDUSTRY ORGANISATIONS
## INDUSTRY ORGANISATIONS

<table>
<thead>
<tr>
<th>Indian Banks' Association</th>
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<tbody>
<tr>
<td>World Trade Centre, 6th Floor</td>
</tr>
<tr>
<td>Centre 1 Building,</td>
</tr>
<tr>
<td>World Trade Centre Complex,</td>
</tr>
<tr>
<td>Cuff Parade, Mumbai - 400 005, India</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:webmaster@iba.org.in">webmaster@iba.org.in</a></td>
</tr>
</tbody>
</table>
USEFUL INFORMATION
GLOSSARY

- ATM: Automated Teller Machines
- CAGR: Compound Annual Growth Rate
- FY: Indian Financial Year (April to March)
- GDP: Gross Domestic Product
- INR: Indian Rupee
- KYC: Know Your Customer
- NIM: Net Interest Margin
- NPA: Non-Performing Assets
- RBI: Reserve Bank of India
- US$: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number.
# EXCHANGE RATES

## Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
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<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
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<td>2006–07</td>
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<td>2008–09</td>
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<tr>
<td>2012–13</td>
<td>54.31</td>
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<tr>
<td>2013–14</td>
<td>60.28</td>
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<tr>
<td>2014–15</td>
<td>61.06</td>
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<tr>
<td>2015–16</td>
<td>65.46</td>
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<tr>
<td>2016–17</td>
<td>67.09</td>
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<tr>
<td>Q1 2017-18</td>
<td>64.46</td>
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<tr>
<td>Q2 2017-18</td>
<td>64.29</td>
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<td>Q3 2017-18</td>
<td>64.74</td>
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</table>

## Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
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<td>2006</td>
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<td>67.21</td>
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<td>2017</td>
<td>65.12</td>
</tr>
</tbody>
</table>

*Source: Reserve bank of India, Average for the year*
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