

# State Bank of India

Estimate change 

TP change 

Rating change 

Bloomberg	SBIN IN
Equity Shares (m)	8925
M.Cap.(INRb)/(USD\$b)	6713.5 / 76.7
52-Week Range (INR)	912 / 638
1, 6, 12 Rel. Per (%)	-3/-4/8
12M Avg Val (INR M)	13968

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	1,599	1,668	1,828
OP	867	1,078	1,190
NP	611	712	751
NIM (%)	3.1	2.9	2.9
EPS (INR)	68.4	79.8	84.1
EPS Gr. (%)	21.6	16.6	5.4
ABV (INR)	365	431	498
Cons. BV (INR)	448	523	616

## Ratios

RoA (%)	1.0	1.1	1.0
RoE (%)	18.8	18.8	17.2

## Valuations

P/BV (x) (Cons.)	1.7	1.4	1.2
P/ABV (x)*	1.4	1.2	1.0
P/E (x)	10.0	8.5	7.7
P/E (x)*	7.3	6.3	6.0

\*Adjusted for subsidiaries

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.9	56.9	56.9
DII	24.7	23.9	24.0
FII	11.1	11.6	11.8
Others	7.3	7.6	7.3

FII includes depository receipts

**CMP: INR752**

**TP: INR925 (+23%)**

**Buy**

## Asset quality robust; lower provisions drive earnings

### Margin contracts 13bp QoQ

- State Bank of India (SBIN) reported 3QFY25 PAT of INR168.9b (up 84% YoY, 4% beat) as lower provisions offset lower other income.
- NII grew 4% YoY to INR414.5b (2% miss). NIMs moderated 13bp QoQ to 3.01%. Provisions declined 80% QoQ to INR9.1b mainly due to the reversal of standard provisioning of INR4.9b and restructured provisioning reversal of ~INR9.0b.
- Loan book grew 13.8% YoY/3.8% QoQ, while deposits grew 10% YoY/2% QoQ. CASA ratio moderated 83bp QoQ to 39.2%.
- Fresh slippages declined to INR38.2b (INR48.7b in 2QFY25). GNPA ratio improved by 6bp QoQ to 2.07%, while net NPA ratio held flat at 0.53%. PCR ratio declined marginally to 74.7%. SMA2 as on Dec'24 included a long-term government sector customer of the bank, with fund-based outstanding of INR58b. The account has been pulled back subsequently. Excluding this, SMA 1 & 2 remained under control at 9bp of loans.
- We cut our earnings estimate by 1.7%/3.4% for FY26/FY27 and expect FY27E RoA/RoE of 1.05%/16.8%. We reiterate BUY with a TP of INR925 (1.2x FY27E ABV).**

### Loan growth guidance intact at 14-16%; NIMs to remain above 3%

- SBIN reported 3QFY25 PAT of INR168.9b (up 84% YoY, 4% beat), as lower provisions offset weakness in revenue/PPoP. For 9MFY25, earnings grew 29% YoY to INR522b. In 4QFY25, we expect PAT of INR189b (down 8.5% YoY).
- NII grew 4% YoY to INR414.5b (2% miss). NIMs moderated 13bp QoQ to 3.01%.
- Other income declined 4% YoY to INR110b (16% miss) as treasury gains declined to INR11.9b (vs. INR46.4b in 2QFY25). Forex income also declined to INR480m (vs. INR11b in 2QFY25), affected by MTM losses.
- Opex declined 6% YoY to INR289.4b (in line) resulting in 16% YoY growth in PPOp to INR235.5b. C/I ratio increased 662bp QoQ to 55.1%.
- Advances grew 13.8% YoY/3.8% QoQ. Of which, Retail grew 11.7% YoY, Corporate rose 15% YoY, and Agri/SME increased by 15.3%/18.7% YoY. Within Retail, Xpress credit saw a modest growth of 1% QoQ (up 2.8% YoY).
- Deposits grew 10% YoY/2% QoQ, with CASA ratio moderating 83bp QoQ to 39.2%. Domestic CD ratio increased 107bp QoQ to 68.9%.
- Fresh slippages declined to INR38.2b (INR48.7b in 2QFY25). GNPA ratio improved by 6bp QoQ to 2.07%, while net NPA ratio was flat at 0.53%. PCR ratio declined marginally to 74.7%. Restructured book declined to INR137b (0.34% of advances). SMA2 as on Dec'24 included a long-term government sector customer of the bank, with fund-based outstanding of INR58b. The account has been pulled back subsequently. Excluding this, SMA 1 & 2 remained under control at 9bp of loans. SBIN continues to expect FY25 credit cost at 0.5%.
- CET-1 stood at 9.52% (10.99% including profits for 9MFY25). Despite steady growth, the bank continues to accrete capital, driven by strong internal accruals.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.sankharva@MotilalOswal.com) | Disha Singhal (Disha.Singhal@MotilalOswal.com)

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- **Subsidiaries:** SBICARD clocked a PAT of INR3.8b (down 30% YoY). SBILIFE's PAT grew 71% YoY to INR5.5b. PAT of the AMC business was flat YoY at INR5.4b, while SBI General reported a profit of INR900m (up 20% YoY).

### Highlights from the management commentary

- Credit growth guidance remains at 14-16%, with broad-based growth across all segments.
- Repo-linked loans constitute 28% of the portfolio, and a 25bp rate cut is unlikely to have a significant impact on NIMs.
- Yields on advances have remained stable over the past year, but deposit costs have risen. NIMs were impacted by higher deposit costs.
- Forex income was impacted by MTM losses due to USD/INR appreciation. Despite adverse dollar movements, the bank managed to recoup some losses through rate corrections.

### Valuation and view

SBIN reported a mixed quarter as the provisioning reversal boosted earnings, while margins moderated 13bp QoQ. Other income too reported a miss, affected by weak treasury/forex performance. The bank now expects NIMs to remain above 3%, supported by levers such as CD ratio and MCLR repricing (20bp utilized, 35bp cushion in MCLR pricing). Credit growth was healthy, while the unsecured book (Xpress Credit) saw modest growth. Deposit growth was modest, while CASA growth remained under pressure. SBIN has guided for overall deposit growth of 10% YoY. The bank has seen an increase in its domestic CD ratio to ~68.9%. Fresh slippages and credit costs were contained, which underscores improvements in underwriting standards. Restructured book was well under control at 0.34% of advances and the SMA pool was high due to one long-term government sector customer of the bank, with fund-based outstanding of INR58b. The account has been pulled back subsequently. Excluding this, SMA1&2 remained under control at 9bp of loans. **We cut our earnings estimates by 1.7%/3.4% for FY26/FY27 and expect FY27 RoA/RoE of 1.05%/16.8%. We reiterate BUY with a TP of INR925 (1.2x FY27E ABV).**

### Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Interest Income</b>	<b>389.0</b>	<b>395.0</b>	<b>398.2</b>	<b>416.6</b>	<b>411.3</b>	<b>416.2</b>	<b>414.5</b>	<b>426.5</b>	<b>1,598.8</b>	<b>1,668.4</b>	<b>422.8</b>	<b>-2%</b>
% Change (YoY)	24.7	12.3	4.6	3.1	5.7	5.4	4.1	2.4	10.4	4.4	6.2	
Other Income	120.6	107.9	114.6	173.7	111.6	152.7	110.4	162.8	516.8	537.5	130.8	-16%
<b>Total Income</b>	<b>509.7</b>	<b>502.9</b>	<b>512.7</b>	<b>590.2</b>	<b>522.9</b>	<b>568.9</b>	<b>524.9</b>	<b>589.2</b>	<b>2,115.6</b>	<b>2,205.9</b>	<b>553.5</b>	<b>-5%</b>
Operating Expenses	256.7	308.7	309.4	302.8	258.4	276.0	289.4	304.2	1,248.6	1,127.9	283.0	2%
<b>Operating Profit</b>	<b>253.0</b>	<b>194.2</b>	<b>203.4</b>	<b>287.5</b>	<b>264.5</b>	<b>292.9</b>	<b>235.5</b>	<b>285.1</b>	<b>867.0</b>	<b>1,078.0</b>	<b>270.5</b>	<b>-13%</b>
% Change (YoY)	98.4	-8.1	-19.4	16.8	4.6	50.9	15.8	-0.8	3.6	24.3	33.0	
Provisions	25.0	1.2	6.9	16.1	34.5	45.1	9.1	34.4	49.1	123.1	51.6	-82%
Exceptional items (exp)	0.0	0.0	71.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0	0.0	
<b>Profit before Tax</b>	<b>228.0</b>	<b>193.0</b>	<b>125.5</b>	<b>271.4</b>	<b>230.0</b>	<b>247.9</b>	<b>226.4</b>	<b>250.7</b>	<b>746.8</b>	<b>955.0</b>	<b>218.8</b>	<b>3%</b>
Tax Provisions	59.1	49.7	33.8	64.4	59.6	64.6	57.5	61.2	207.1	242.9	56.5	2%
<b>Net Profit</b>	<b>168.8</b>	<b>143.3</b>	<b>91.6</b>	<b>207.0</b>	<b>170.4</b>	<b>183.3</b>	<b>168.9</b>	<b>189.4</b>	<b>539.8</b>	<b>712.0</b>	<b>162.4</b>	<b>4%</b>
% Change (YoY)	178.2	8.0	-35.5	24.0	0.9	27.9	84.3	-8.5	7.5	31.9	77.2	
Adj. Net profit	168.8	143.3	144.0	207.0	170.4	183.3	168.9	189.4	610.8		162.4	
<b>Operating Parameters</b>												
Deposits (INR t)	45.3	46.9	47.6	49.2	49.0	51.2	52.3	54.1	49.2	54.1	52.9	-1.2%
Loans (INR t)	32.4	33.5	35.2	37.0	37.5	38.6	40.0	42.1	37.0	42.1	40.6	-1.4%
Deposit Growth (%)	12.0	11.9	13.0	11.1	8.2	9.1	9.8	10.1	11.1	10.1	11.2	
Loan Growth (%)	14.9	13.3	15.1	15.8	15.9	15.3	13.8	13.6	15.8	13.6	15.4	
<b>Asset Quality</b>												
Gross NPA (%)	2.76	2.55	2.42	2.24	2.21	2.13	2.07	1.99	2.24	1.99	2.04	
Net NPA (%)	0.71	0.64	0.64	0.57	0.57	0.53	0.53	0.51	0.57	0.51	0.50	
PCR (%)	74.8	75.4	74.2	75.0	74.4	75.7	74.7	74.7	74.8	74.7	75.6	

E: MOFSL Estimates

## Quarterly snapshot

INR b	FY24				FY25			Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Interest Income	959.8	1,013.8	1,067.3	1,110.4	1,115.3	1,138.7	1,174.3	10	3
Interest Expenses	570.7	618.8	669.2	693.9	704.0	722.5	759.8	14	5
<b>Net Interest Income</b>	<b>389.0</b>	<b>395.0</b>	<b>398.2</b>	<b>416.6</b>	<b>411.3</b>	<b>416.2</b>	<b>414.5</b>	<b>4</b>	<b>0</b>
Other Income	120.6	107.9	114.6	173.7	111.6	152.7	110.4	-4	-28
Trading profits	38.5	20.2	25.1	34.6	25.9	46.4	11.9	-52	-74
Fee Income	66.3	65.4	62.4	87.2	69.2	68.3	72.7	16	6
<b>Total Income</b>	<b>509.7</b>	<b>502.9</b>	<b>512.7</b>	<b>590.2</b>	<b>522.9</b>	<b>568.9</b>	<b>524.9</b>	<b>2</b>	<b>-8</b>
<b>Operating Expenses</b>	<b>256.7</b>	<b>308.7</b>	<b>309.4</b>	<b>302.8</b>	<b>258.4</b>	<b>276.0</b>	<b>289.4</b>	<b>-6</b>	<b>5</b>
Employee	166.0	189.3	193.6	163.5	154.7	148.1	160.7	-17	9
Others	90.7	119.5	115.8	139.3	103.7	127.9	128.6	11	1
<b>Operating Profits</b>	<b>253.0</b>	<b>194.2</b>	<b>203.4</b>	<b>287.5</b>	<b>264.5</b>	<b>292.9</b>	<b>235.5</b>	<b>16</b>	<b>-20</b>
<b>Core Operating Profits</b>	<b>214.5</b>	<b>174.0</b>	<b>178.3</b>	<b>252.8</b>	<b>238.6</b>	<b>246.5</b>	<b>223.6</b>	<b>25</b>	<b>-9</b>
Provisions	25.0	1.2	6.9	16.1	34.5	45.1	9.1	32	-80
PBT	228.0	193.0	196.5	271.4	230.0	247.9	226.4	15	-9
Taxes	59.1	49.7	33.8	64.4	59.6	64.6	57.5	70	-11
<b>PAT</b>	<b>168.8</b>	<b>143.3</b>	<b>162.6</b>	<b>207.0</b>	<b>170.4</b>	<b>183.3</b>	<b>168.9</b>	<b>4</b>	<b>-8</b>
<b>Balance Sheet (INR t)</b>									
Loans	32.4	33.5	35.2	37.0	37.5	38.6	40.0	14	4
Deposits	45.3	46.9	47.6	49.2	49.0	51.2	52.3	10	2
CASA Deposits	18.7	18.9	18.8	19.4	19.1	19.7	19.7	4	0
-Savings	16.1	16.3	16.3	16.5	16.7	16.9	16.8	3	0
-Current	2.6	2.5	2.5	2.9	2.5	2.8	2.9	14	2
<b>Loan mix (%)</b>									
Retail	36.5	36.5	36.2	35.9	35.9	35.6	35.6	(59)	(4)
-Home	17.1	17.6	18.2	19.0	19.4	20.0	0.0	(1,820)	(2,005)
-Auto	2.6	2.8	3.0	3.1	3.1	3.1	8.3	530	519
-Xpress credit	8.2	8.4	8.8	9.1	9.1	9.0	12.2	341	324
Agri	8.0	8.0	8.1	8.1	8.1	8.2	8.3	13	5
SME	11.2	11.4	11.7	11.5	11.6	11.6	12.2	54	56
Corporate	29.7	28.7	28.6	30.2	29.9	29.5	28.9	35	(60)
International	14.6	15.5	15.5	14.3	14.5	15.0	15.0	(43)	3
<b>Asset Quality (INR b)</b>									
GNPA	913.3	869.7	867.5	842.8	842.3	833.7	843.6	-3	1
NNPA	230.0	213.5	224.1	210.5	215.5	202.9	213.8	-5	5
Slippages	78.7	40.8	50.5	39.8	87.1	49.5	41.5	-18	-16
<b>Asset Quality Ratios (%)</b>									
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY(Bp)	QoQ(Bp)
GNPA	2.8	2.6	2.4	2.2	2.2	2.1	2.1	(35)	(6)
NNPA	0.7	0.6	0.6	0.6	0.6	0.5	0.5	(11)	-
PCR (Cal.)	74.8	75.4	74.2	75.0	74.4	75.7	74.7	49	(100)
PCR (inc TWO)	91.4	91.9	91.5	91.9	91.8	92.2	91.7	25	(47)
Slippage Ratio	1.1	0.6	0.7	0.3	1.1	0.6	0.5	(22)	(12)
<b>Business Ratios (%)</b>									
CASA (Reported)	42.9	41.9	41.2	41.1	40.7	40.0	39.2	(198)	(83)
Loan/Deposit	71.4	71.3	73.9	75.3	76.5	75.4	76.6	267	120
Fees to Total Income	13.0	13.0	12.2	14.8	13.2	12.0	13.8	167	183
Cost to Core Income	54.5	64.0	63.4	54.5	52.0	52.8	56.4	(703)	360
Tax Rate	25.9	25.8	17.2	23.7	25.9	26.0	25.4	817	(65)
<b>Capitalisation Ratios (%)</b>									
Tier I	12.0	11.8	10.6	11.9	11.8	11.3	10.9	27	(47)
- CET 1	10.2	9.9	9.1	10.4	10.3	10.0	9.5	43	(43)
CAR	14.6	14.3	13.1	14.3	13.9	13.8	13.8	71	-
RWA / Total Assets	50.5	49.3	52.6	52.1	53.2	54.0	53.9	130	(14)
LCR	147.8	145.5	137.8	129.0	129.0	130.0	NA	NA	NA
<b>Profitability Ratios (%)</b>									
Yield on Advances	8.8	8.9	8.9	8.9	8.8	8.9	8.9	1	2
Yield on Investments	6.4	6.7	7.0	6.7	7.1	6.7	6.7	(28)	2
Yield On Funds	8.3	8.4	8.6	16.3	8.6	8.5	8.4	(19)	(9)
Cost of Deposits	4.6	4.7	4.8	4.8	5.0	5.0	5.1	32	4
Margins	3.3	3.3	3.2	3.3	3.2	3.1	3.0	(21)	(13)

Source: Company, MOFSL



## Highlights from the management commentary

### Opening remarks

- The results highlight the bank's continued strength and stability.
- In 2025, the global economy reflected a strong US market, offset by a weaker Eurozone.
- Global GDP growth is projected at 3.3% for 2025 and 2026, below the long-term average.
- PPI inflation has moderated and is expected to ease further.
- SBIN's performance demonstrates its ability to sustain long-term growth at scale.
- CD ratio stood at 68.9%.
- PCR remained strong at 74.66%.
- Total deposits grew by 9.8% YoY, surpassing INR52t, with continued strong growth in Current Account (CA).
- Advances growth stood at 13.8% YoY, and the domestic CD ratio is sufficient for a scalable expansion.
- Slippage ratio was 0.39%, while Net NPA improved by 11bp YoY, with a well-provisioned NPA book (PCR at 75%).
- CRAR, including 9MFY25 profit, stood at 14.5%, while CET-1 was at 10.99%.
- Subsidiaries continued to perform well and maintained their leadership in respective segments.
- Sustained growth underscores the bank's scalability with RoA of over 1%, reinforcing its financial strength.
- SBIN aims to enhance its CA share and further strengthen its SA deposit base.
- It targets a sustainable RoE of over 15%, outperforming credit growth.

### Advances and deposits

- Credit growth guidance of 14-16% is strong and achievable.
- Deposit growth is targeted at 10% YoY, with a possibility of meeting this goal in the current quarter.
- SBIN is prioritizing SA deposit acquisition, with a focus on salary accounts.
- Credit growth of INR2.61t is in the pipeline, indicating a healthy outlook.
- The definition of microcredit under PSL has been revised. The bank has revamped SME funding, introducing cash flow-based credit using GST and income tax data.
- Borrowings have increased due to cash flow mismatch.
- Xpress Credit experienced a base effect, with no unusual credit in 3Q. Double-digit growth is expected in 4Q as digital lending stabilizes.
- Growth is primarily driven by capex, contributing 50% to overall growth guidance.
- 3Q saw strong auto loan growth, which is expected to continue.
- Home loans reached INR8t, with an NPA ratio of 0.76%.
- RaRoC is being utilized for wholesale lending, with RWA allocation tailored to each department.
- SBIN does not intend to engage in a rate war for deposits.
- It opens 500-600 branches annually and expands into new regions. So far, 227 branches have been opened this year, with a target of 425-450 branches.
- Various initiatives and product variants have been introduced to enhance CA deposits. As economic activity picks up, CA balances tend to decline.
- When there is a significant gap between SA and term deposit (TD) rates, customers shift toward TDs.

- 36% of SBIN's customer base is under 30 years old.
- The international book has surpassed INR6t, maintaining a well-balanced portfolio. Margins have improved in this segment.

### **Yields, cost, margins, and opex**

- SBIN was affected by MTM losses.
- The cost of funds has risen due to a shift in customers' saving behavior, from savings accounts to term deposits.
- NIMs declined by 13bp QoQ, while yields fell by 8bp and the CoF increased in 3Q.
- Yields on advances have remained stable over the past year, but deposit costs have risen. NIMs were impacted by higher deposit costs.
- NIMs are expected to remain above 3%.
- SBIN is exiting certain loans that are not favorable to its profitability.
- Repo-linked loans constitute 28% of the portfolio, and a 25bp rate cut is unlikely to have a significant impact on NIMs.
- The bank still has 35bp of MCLR repricing remaining.
- NIMs have been primarily affected by the rising CoF.

### **Asset quality**

- SMA-2 accounts increased in 3Q, but only one major account was affected as of Dec'24. This account has since been regularized, reducing the risk of further stress.
- Credit costs have remained stable and asset quality has improved over the past five years. The bank maintains guidance of ~50bp credit costs through the cycle.
- No significant impact of over-leveraging has been observed.

### **Other income**

- Forex income was impacted by MTM losses due to USD/INR appreciation. Despite adverse dollar movements, the bank managed to recoup some losses through rate corrections.

### **Provisions**

- Restructured standard account has been upgraded, and as a result, the bank has seen a reversal in provisions.

### **Miscellaneous**

- SBIN emphasizes responsible selling of insurance products, with an internal ombudsman to address any concerns.
- The Union Budget is expected to be value-accretive for SBIN, benefiting from tax cuts and increased consumer spending.
- Senior citizen savings are expected to flow into banking channels.
- Consumption multiplier is estimated at 3x, meaning surplus savings will flow into consumption, bank deposits, and investments.
- Consumption demand is expected to drive Xpress Credit growth.
- Increased risk weights are attributed to higher investment levels.

### **Guidance**

- Credit growth guidance remains at 14-16%, which is achievable.
- Deposit growth is targeted at 10% YoY, which could be achieved in the current quarter.
- The guidance of ~50bp credit cost through the cycle holds for the bank.

**Fresh slippages decline; GNPA ratio improves; SMA book under control**

The restructuring book improved 4bp QoQ to 0.34% of loans, while the SMA book remained under control.

- Total slippages (fresh + existing) declined QoQ to ~INR41.5b in 3QFY25. Recoveries/upgrades came in at INR12b, while write-offs stood at ~INR19.5b.
- GNPA ratio improved by 6bp QoQ to 2.07% while net NPA ratio was flat at 0.53%. PCR ratio declined marginally to 74.7%.
- GNPA's in the Agri/Corporate/SME/per segment stood at 9.1%/2.0%/6.5%/0.8%.
- Restructuring 1.0/2.0 declined 9.3%/6.9% QoQ to INR38b/INR99b. Thus, total restructuring stood at INR137b (0.34% of loans).

**Exhibit 1: SMA 1/2 stood at 24bp of loans vs 36bp in 2QFY25**

INR b	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25
SMA 1	30.59	24.65	56.38	21.8	20.72	12.39	26.62	118.91	21.28
SMA 2	16.88	7.95	15.83	17.84	20.55	20.62	19.74	18.40	74.24
<b>Total</b>	<b>47.47</b>	<b>32.6</b>	<b>72.21</b>	<b>39.64</b>	<b>41.27</b>	<b>33.01</b>	<b>46.36</b>	<b>137.31</b>	<b>95.52</b>

Source: Company, MOFSL

**Advances up 13.8% YoY/3.8% QoQ; loan book remains well-diversified**

- The retail personal segment grew 3.6% QoQ (up 11.7% YoY), led by growth in home loans (up 3.8% QoQ) and auto loans (up 6% QoQ). Xpress credit grew 1% QoQ/2.8% YoY.
- Growth in the corporate book stood at 1.7% QoQ, while the SME/Agri book grew ~8.7%/~4.4% QoQ.

**Exhibit 2: Loan book remains well-diversified – SME book up 8.7% QoQ; Retail/Agri book up 3.6/4.4% QoQ**

INR b	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY	QoQ
Retail personal	11,245	11,792	12,043	12,434	12,963	13,523	13,680	13,966	14,473	11.7%	3.6%
Agri	2,470	2,586	2,641	2,739	2,917	3,049	3,091	3,222	3,364	15.3%	4.4%
SME	3,506	3,593	3,699	3,890	4,181	4,330	4,434	4,565	4,964	18.7%	8.7%
Large corporate	9,250	9,798	9,822	9,777	10,241	11,382	11,386	11,572	11,763	14.9%	1.7%

Source: Company, MOFSL

**Subsidiary performance**

- SBICARD clocked a PAT of INR3.8b (down 30% YoY). SBILIFE's PAT grew 71% YoY to INR5.5b. PAT of the AMC business was flat YoY at INR5.4b, while SBI General reported a profit of INR900m (up 20% YoY).



Story in charts

Exhibit 3: Loans grew 13.8% YoY; deposits up 9.8% YoY

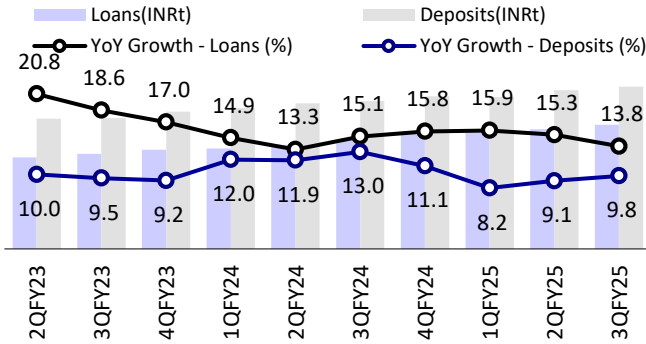


Exhibit 4: Retail loans up ~11.7% YoY/3.6% QoQ

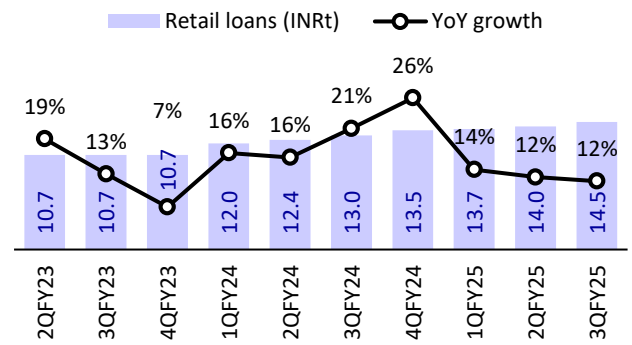


Exhibit 5: CASA ratio moderated to 39.2% in 3QFY25

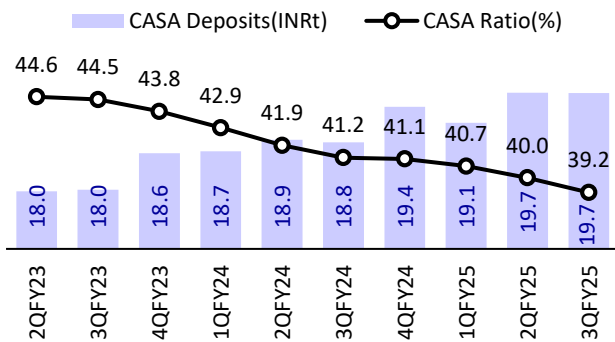


Exhibit 6: Global NIMs moderated 13bp QoQ to 3.01%

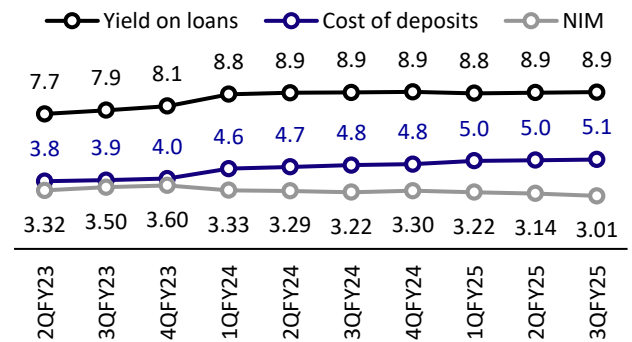


Exhibit 7: C/I ratio increased YoY to 55.1%; cost-to-asset inched down YoY to 1.8%

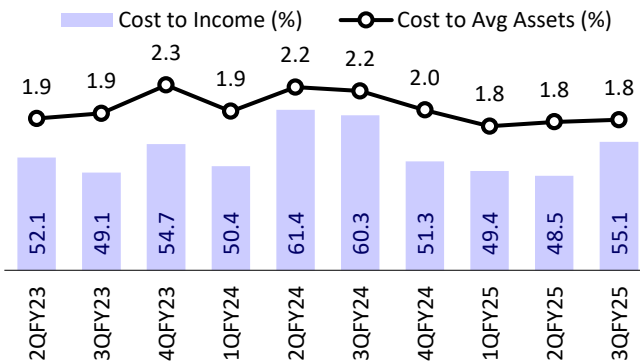


Exhibit 8: Global CD ratio increased to 76.6% in 3QFY25

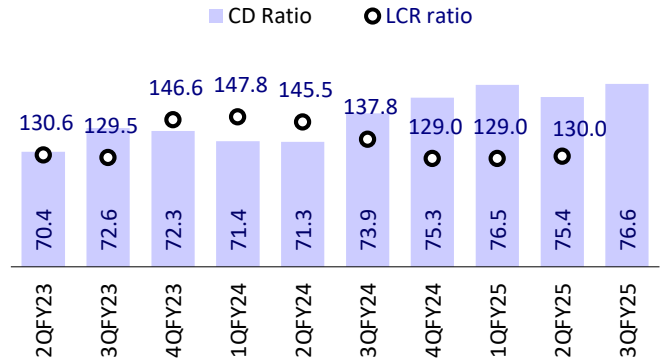


Exhibit 9: Total slippages declined to INR41.5b in 3QFY25

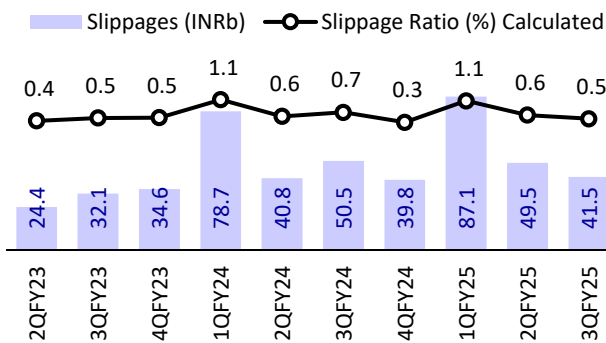
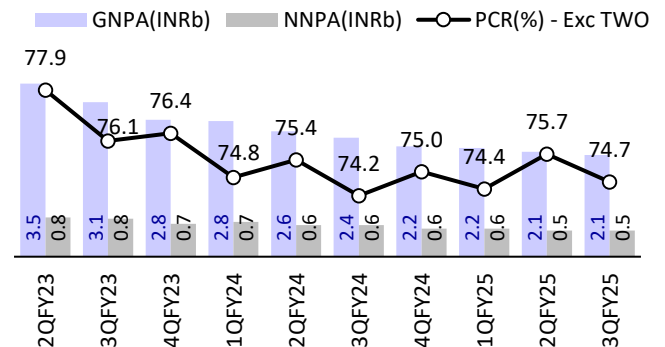


Exhibit 10: GNPA ratio moderated 6bp QoQ/NNPA ratio stood flat

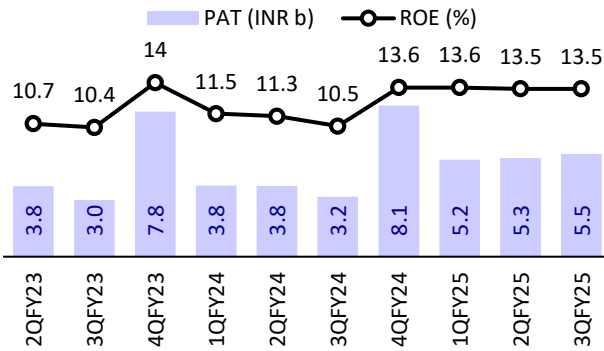


Source: MOFSL, Company

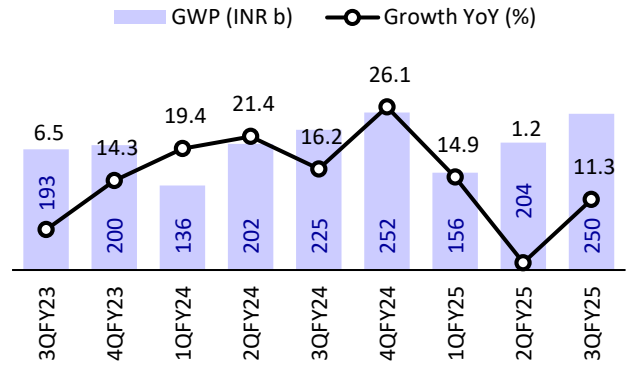
Source: MOFSL, Company

## Subsidiaries performance and consolidated earnings snapshot

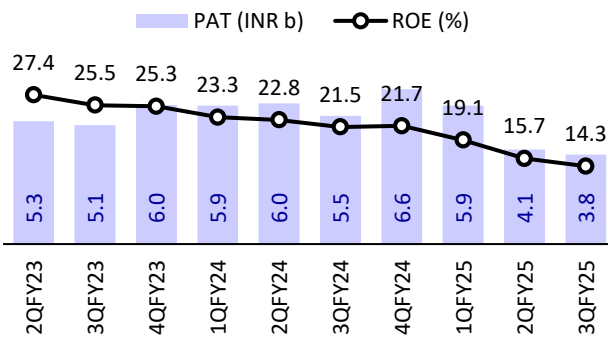
**Exhibit 11: SBI life: PAT grew 71% YoY to INR5.5b**



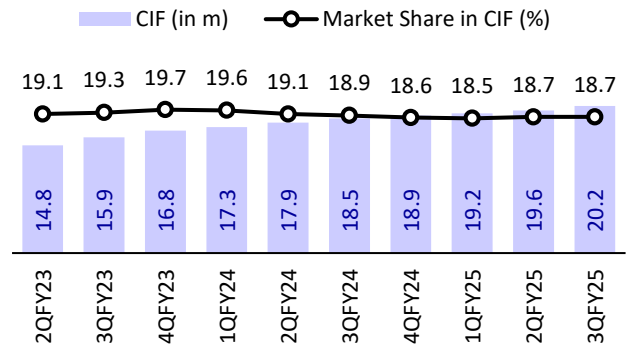
**Exhibit 12: SBI Life: GWP grew 11.3% YoY to INR250b**



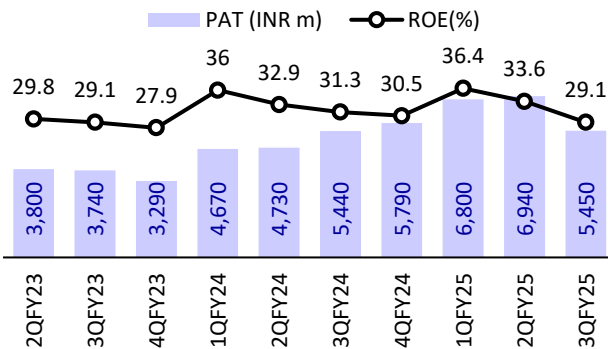
**Exhibit 13: SBICARD: PAT declined 30% YoY; RoE at 14.3%**



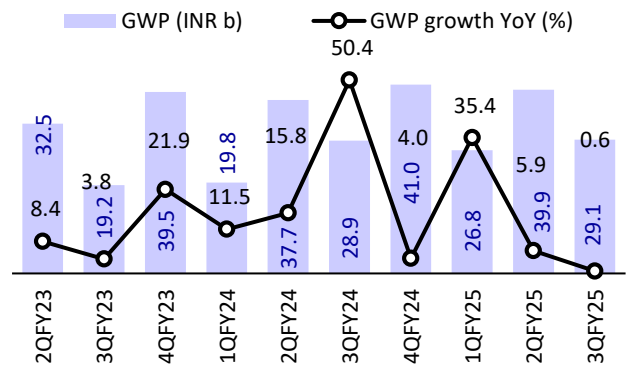
**Exhibit 14: SBICARD: Market share in CIF stands at 18.7%**



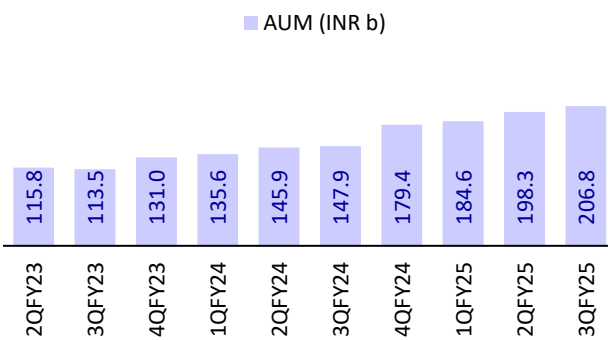
**Exhibit 15: SBI MF: PAT stood flat at INR6.9b; RoE at 29.1%**



**Exhibit 16: SBI General: GWP grew broadly flat to INR29.1b**



**Exhibit 17: SBI General: AUM stood at INR206.8b**



**Exhibit 18: SBI: Consol earnings snapshot**

	3QFY24	2QFY25	3QFY25	YoY (%)	QoQ (%)
Standalone bank	91.6	183.3	168.9	84.3	(7.9)
SBI Life	3.2	5.3	5.5	71.1	4.2
SBI Funds Management	5.4	6.9	5.5	0.2	(21.5)
SBI cards	5.5	4.1	3.8	(30.2)	(5.4)
SBI General	0.8	2.3	0.9	20.0	(61.0)
SBI Caps	4.3	4.6	2.3	(46.8)	(51.0)
<b>Total</b>	<b>110.8</b>	<b>206.5</b>	<b>186.9</b>	<b>68.7</b>	<b>(9.5)</b>

Source: MOFSL, Company

Source: MOFSL, Company



**Valuation and view: Reiterate BUY with a TP of INR925**

- SBIN reported a mixed quarter as provisioning reversal aided robust earnings while margins moderated 13bp QoQ. Other income too reported a miss affected by weak treasury/forex performance. The bank now expects NIMs to remain above 3%, supported by levers such as CD ratio and MCLR repricing (20bp utilized, 35bp cushion in MCLR pricing). Credit growth was healthy while the unsecured book (Xpress Credit) saw modest growth.
- Deposit growth was modest while CASA growth remains under pressure and bank has guided for overall deposit growth of 10% YoY. The bank has seen an increase in its domestic CD ratio to ~68.9%.
- Fresh slippages and credit cost were contained, which underscores the improvement in underwriting standards. Restructured book was well in control at 0.34% of advances and the SMA pool was high due to one long term government sector customer of the bank, with fund based outstanding of INR58b. The account has been pulled back subsequently. Excluding this, SMA1&2 was under control at 9bp of loans.
- **We cut our earnings estimate by 1.7%/3.4% for FY26/27 and estimate FY27 RoA/RoE of 1.05%/16.8%. We reiterate BUY with a TP of INR925 (1.2x FY27E ABV).**

**Exhibit 19: We estimate RoA/RoE of 1.1%/16.8% for FY27**

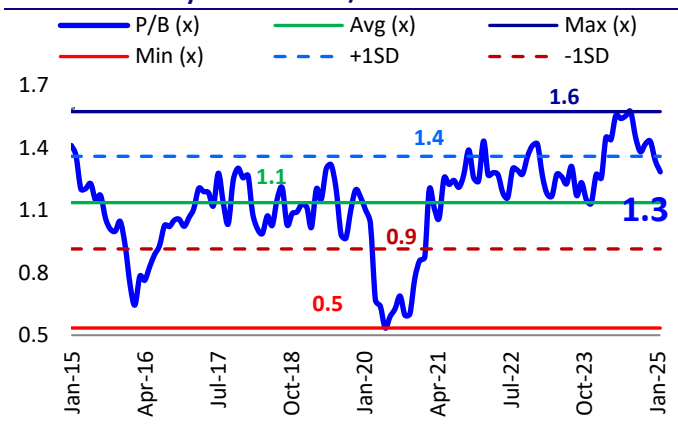
INR B	Old Estimates			Revised Estimates			Change (%) /bps		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	1,684.3	1,845.4	2,114.2	1,668.4	1,827.5	2,080.9	-0.9	-1.0	-1.6
Other Income	568.5	619.7	681.6	537.5	585.9	644.5	-5.5	-5.5	-5.5
<b>Total Income</b>	<b>2,252.8</b>	<b>2,465.0</b>	<b>2,795.8</b>	<b>2,205.9</b>	<b>2,413.4</b>	<b>2,725.3</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-2.5</b>
Operating Expenses	1,123.2	1,227.5	1,356.2	1,127.9	1,223.4	1,344.0	0.4	-0.3	-0.9
<b>Operating Profits</b>	<b>1,129.7</b>	<b>1,237.5</b>	<b>1,439.6</b>	<b>1,078.0</b>	<b>1,189.9</b>	<b>1,381.3</b>	<b>-4.6</b>	<b>-3.8</b>	<b>-4.0</b>
Provisions	178.1	215.7	275.7	123.1	185.2	256.7	-30.9	-14.1	-6.9
<b>PBT</b>	<b>951.6</b>	<b>1,021.9</b>	<b>1,163.9</b>	<b>955.0</b>	<b>1,004.7</b>	<b>1,124.7</b>	<b>0.4</b>	<b>-1.7</b>	<b>-3.4</b>
Tax	240.7	258.5	294.5	242.9	254.2	284.5	0.9	-1.7	-3.4
<b>PAT</b>	<b>710.8</b>	<b>763.3</b>	<b>869.4</b>	<b>712.0</b>	<b>750.5</b>	<b>840.1</b>	<b>0.2</b>	<b>-1.7</b>	<b>-3.4</b>
Loans (INRt)	42.0	47.1	52.6	42.1	47.3	52.8	0.2	0.4	0.4
Deposits (INRt)	54.4	60.1	66.6	54.1	59.8	66.0	-0.5	-0.5	-1.0
Margins (%)	2.9	2.9	3.0	2.9	2.9	2.9	-3	-4	-6
Credit Cost (%)	0.4	0.5	0.5	0.3	0.4	0.5	-14	-7	-4
<b>RoA (%)</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>0</b>	<b>-2</b>	<b>-4</b>
<b>RoE (%)</b>	<b>18.8</b>	<b>17.4</b>	<b>17.3</b>	<b>18.8</b>	<b>17.2</b>	<b>16.8</b>	<b>3</b>	<b>-27</b>	<b>-49</b>
Standalone ABV	431.8	498.7	577.7	431.4	497.9	574.3	-0.1	-0.2	-0.6
Consol BV	522.8	617.3	729.0	522.9	616.0	724.4	0.0	-0.2	-0.6

Source: Company, MOFSL

**Exhibit 20: SoTP-based pricing**

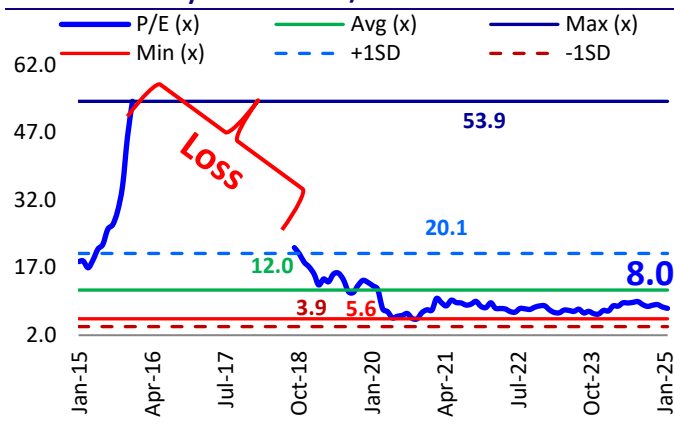
Name	Stake (%)	Value (INRb)	Fair Value per Share	% of total value	Rationale
<b>SBI Bank</b>	<b>100</b>	<b>6,011</b>	<b>674</b>	<b>73</b>	<b>1.2x FY27E ABV</b>
Life insurance	55.4	1,251	140	15	2.2x FY27E EV
Cards	68.6	554	62	7	17x FY27E PAT
Asset management	62.2	486	54	6	21x FY27E PAT
General insurance	69.1	86	10	1	17x FY27E PAT
YES Bank	26.1	145	16	2	Based on CMP
Capital Market/DFHI/Others		283	32	3	
<b>Total Value of Subs</b>		<b>2,805</b>	<b>314</b>	<b>34</b>	
Less: 20% holding disc		561	63	7	
<b>Value of Subs (Post Holding Disc)</b>		<b>2,244</b>	<b>251</b>	<b>27</b>	
<b>Target Price</b>		<b>8,255</b>	<b>925</b>		

Exhibit 21: One year forward P/BV



Source: MOFSL, Company

Exhibit 22: One year forward P/E



Source: MOFSL, Company

Exhibit 23: DuPont analysis

Y/E MARCH	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	5.79	6.32	7.10	7.27	7.18	7.13
Interest Expense	3.25	3.57	4.36	4.71	4.65	4.52
<b>Net Interest Income</b>	<b>2.54</b>	<b>2.76</b>	<b>2.73</b>	<b>2.56</b>	<b>2.53</b>	<b>2.61</b>
Fee income	0.78	0.72	0.68	0.61	0.58	0.55
Trading and others	0.07	-0.03	0.20	0.22	0.24	0.26
<b>Non-Interest income</b>	<b>0.85</b>	<b>0.70</b>	<b>0.88</b>	<b>0.82</b>	<b>0.81</b>	<b>0.81</b>
<b>Total Income</b>	<b>3.39</b>	<b>3.45</b>	<b>3.62</b>	<b>3.39</b>	<b>3.35</b>	<b>3.42</b>
<b>Operating Expenses</b>	<b>1.96</b>	<b>1.86</b>	<b>2.13</b>	<b>1.73</b>	<b>1.70</b>	<b>1.69</b>
Employee cost	1.21	1.09	1.34	0.97	0.95	0.95
Others	0.75	0.77	0.80	0.76	0.75	0.74
<b>Operating Profit</b>	<b>1.43</b>	<b>1.59</b>	<b>1.48</b>	<b>1.65</b>	<b>1.65</b>	<b>1.73</b>
Core Operating Profit	1.36	1.62	1.28	1.44	1.41	1.48
Provisions	0.51	0.31	0.08	0.19	0.26	0.32
<b>PBT</b>	<b>0.91</b>	<b>1.28</b>	<b>1.40</b>	<b>1.47</b>	<b>1.39</b>	<b>1.41</b>
Tax	0.25	0.32	0.35	0.37	0.35	0.36
<b>RoA</b>	<b>0.67</b>	<b>0.96</b>	<b>1.04</b>	<b>1.09</b>	<b>1.04</b>	<b>1.05</b>
Leverage (x)	19.6	18.9	18.0	17.2	16.5	15.9
<b>RoE</b>	<b>13.0</b>	<b>18.1</b>	<b>18.8</b>	<b>18.8</b>	<b>17.2</b>	<b>16.8</b>

Source: Company, MOFSL

## Financials and valuations

Income Statement						(INRb)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	2,754.6	3,321.0	4,151.3	4,735.2	5,180.7	5,686.1
Interest Expense	1,547.5	1,872.6	2,552.5	3,066.8	3,353.2	3,605.3
<b>Net Interest Income</b>	<b>1,207.1</b>	<b>1,448.4</b>	<b>1,598.8</b>	<b>1,668.4</b>	<b>1,827.5</b>	<b>2,080.9</b>
- Growth (%)	9.0	20.0	10.4	4.4	9.5	13.9
<b>Non-Interest Income</b>	<b>405.6</b>	<b>366.2</b>	<b>516.8</b>	<b>537.5</b>	<b>585.9</b>	<b>644.5</b>
<b>Total Income</b>	<b>1,612.7</b>	<b>1,814.6</b>	<b>2,115.6</b>	<b>2,205.9</b>	<b>2,413.4</b>	<b>2,725.3</b>
- Growth (%)	4.6	12.5	16.6	4.3	9.4	12.9
Operating Expenses	934.0	977.4	1,248.6	1,127.9	1,223.4	1,344.0
<b>Pre Provision Profits</b>	<b>678.7</b>	<b>837.1</b>	<b>867.0</b>	<b>1,078.0</b>	<b>1,189.9</b>	<b>1,381.3</b>
- Growth (%)	-5.1	23.3	3.6	24.3	10.4	16.1
<b>Core Provision Profits</b>	<b>646.5</b>	<b>850.7</b>	<b>748.6</b>	<b>936.0</b>	<b>1,019.5</b>	<b>1,176.8</b>
- Growth (%)	-1.3	31.6	-12.0	25.0	8.9	15.4
Provisions (excl tax)	244.5	165.1	49.1	123.1	185.2	256.7
Exceptional Items (Exp)	0.0	NA	0.0	NA	NA	NA
<b>PBT</b>	<b>434.2</b>	<b>672.1</b>	<b>817.8</b>	<b>955.0</b>	<b>1,004.7</b>	<b>1,124.7</b>
Tax	117.5	169.7	207.1	242.9	254.2	284.5
Tax Rate (%)	27.1	25.3	25.3	25.4	25.3	25.3
<b>PAT</b>	<b>316.8</b>	<b>502.3</b>	<b>610.8</b>	<b>712.0</b>	<b>750.5</b>	<b>840.1</b>
- Growth (%)	55.2	58.6	21.6	16.6	5.4	11.9
<b>Cons. PAT post MI</b>	<b>353.7</b>	<b>556.5</b>	<b>670.9</b>	<b>796.3</b>	<b>868.5</b>	<b>1,005.3</b>
- Growth (%)	57.9	57.3	20.6	18.7	9.1	15.8

### Balance Sheet

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	9	9	9	9	9	9
Reserves & Surplus	2,792	3,267	3,764	4,345	4,935	5,614
<b>Net Worth</b>	<b>2,801</b>	<b>3,276</b>	<b>3,772</b>	<b>4,354</b>	<b>4,944</b>	<b>5,623</b>
<b>Deposits</b>	<b>40,515</b>	<b>44,238</b>	<b>49,161</b>	<b>54,126</b>	<b>59,809</b>	<b>65,970</b>
- Growth (%)	10.1	9.2	11.1	10.1	10.5	10.3
<b>of which CASA Dep</b>	<b>18,036</b>	<b>18,874</b>	<b>19,614</b>	<b>20,893</b>	<b>23,625</b>	<b>26,520</b>
- Growth (%)	7.9	4.7	3.9	6.5	13.1	12.3
Borrowings	4,260	4,931	5,976	6,892	7,553	8,339
Other Liab. & Prov.	2,299	2,725	2,888	3,148	3,431	3,740
<b>Total Liabilities</b>	<b>49,876</b>	<b>55,170</b>	<b>61,797</b>	<b>68,520</b>	<b>75,737</b>	<b>83,671</b>
Current Assets	3,946	3,079	3,108	3,205	3,406	3,647
<b>Investments</b>	<b>14,814</b>	<b>15,704</b>	<b>16,713</b>	<b>17,883</b>	<b>19,582</b>	<b>21,619</b>
- Growth (%)	9.6	6.0	6.4	7.0	9.5	10.4
<b>Loans</b>	<b>27,340</b>	<b>31,993</b>	<b>37,040</b>	<b>42,077</b>	<b>47,253</b>	<b>52,781</b>
- Growth (%)	11.6	17.0	15.8	13.6	12.3	11.7
Fixed Assets	377	424	426	447	479	512
Other Assets	3,399	3,971	4,510	4,908	5,017	5,112
<b>Total Assets</b>	<b>49,876</b>	<b>55,170</b>	<b>61,797</b>	<b>68,520</b>	<b>75,737</b>	<b>83,671</b>

### Asset Quality

GNPA (INR b)	1,120	909	843	849	906	987
NNPA (INR b)	282	217	212	215	224	234
Slippages (INR m)	250	184	203	217	286	335
GNPA Ratio (%)	3.98	2.78	2.2	2.0	1.9	1.8
NNPA Ratio (%)	1.03	0.68	0.6	0.5	0.5	0.4
Slippage Ratio (%)	1.0	0.6	0.6	0.5	0.6	0.7
Credit Cost (%)	0.9	0.6	0.1	0.3	0.4	0.5
PCR (Excl Tech. W/O)	74.9	76.2	74.8	74.7	75.3	76.3

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield-Earning Assets</b>	<b>6.7</b>	<b>7.2</b>	<b>8.1</b>	<b>8.2</b>	<b>8.1</b>	<b>8.0</b>
Avg. Yield on loans	6.6	7.5	8.3	8.6	8.4	8.2
Avg. Yield on Investments	6.1	6.4	6.8	6.9	6.8	6.8
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>3.6</b>	<b>4.0</b>	<b>4.9</b>	<b>5.3</b>	<b>5.2</b>	<b>5.1</b>
Avg. Cost of Deposits	3.7	3.8	4.7	5.0	5.0	4.8
<b>Interest Spread</b>	<b>3.0</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>
<b>Net Interest Margin</b>	<b>2.9</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>

### Capitalization Ratios (%)

CAR	13.8	14.7	14.3	13.8	13.9	13.9
Tier I	11.4	12.1	11.9	11.5	11.8	12.0
-CET-1	9.9	10.3	10.4	10.0	10.2	10.4
Tier II	2.4	2.6	2.4	2.3	2.1	1.9

### Business Ratios (%)

Loans/Deposit Ratio	67.5	72.3	75.3	77.7	79.0	80.0
CASA Ratio	44.5	42.7	39.9	38.6	39.5	40.2
Cost/Assets	1.9	1.8	2.0	1.6	1.6	1.6
Cost/Total Income	57.9	53.9	59.0	51.1	50.7	49.3
Cost/Core Income	59.1	53.5	62.5	54.6	54.5	53.3
Int. Expense./Int. Income	56.2	56.4	61.5	64.8	64.7	63.4
Fee Income/Total Income	23.2	20.9	18.8	17.9	17.2	16.1
Non Int. Inc./Total Income	25.2	20.2	24.4	24.4	24.3	23.6
Empl. Cost/Total Expense	61.6	58.6	62.7	56.0	56.0	56.1

### Efficiency Ratios (INRm)

Employee per branch (in nos)	10.9	10.4	10.2	10.2	9.9	9.6
Staff cost per employee	2.4	2.4	3.4	2.6	2.8	3.0
CASA per branch	810.0	842.4	870.1	891.2	959.7	1,026.0
Deposits per branch	1,819.6	1,974.5	2,180.9	2,308.8	2,429.7	2,552.3
Business per Employee	277.8	323.2	371.1	402.0	438.2	476.3
Net profit per Employee	13.0	21.3	26.3	29.8	30.7	33.7

### Profitability Ratios and Valuation

RoE	13.0	18.1	18.8	18.8	17.2	16.8
RoA	0.7	1.0	1.0	1.1	1.0	1.1
RoRWA	1.2	1.7	1.8	1.8	1.7	1.6
Consolidated RoE	11.8	16.2	16.7	17.5	16.6	16.4
Consolidated RoA	0.7	1.0	1.1	1.1	1.1	1.1
Book Value (INR)	299	350	406	471	537	613
- Growth (%)	10.9	16.9	15.9	16.1	14.0	14.2
<b>Price-BV (x)</b>	<b>1.7</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>
Consol BV (INR)	328	385	448	523	616	724
- Growth (%)	11.5	17.4	16.3	16.7	17.8	17.6
<b>Price-Consol BV (x)</b>	<b>2.3</b>	<b>2.0</b>	<b>1.7</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>
Adjusted BV (INR)	256	311	365.3	431.4	497.9	574.3
<b>Price-ABV (x)</b>	<b>2.0</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>
EPS (INR)	35.5	56.3	68.4	79.8	84.1	94.1
- Growth (%)	55.2	58.6	21.6	16.6	5.4	11.9
<b>Price-Earnings (x)</b>	<b>14.2</b>	<b>8.9</b>	<b>7.3</b>	<b>6.3</b>	<b>6.0</b>	<b>5.3</b>
Consol EPS (INR)	39.6	62.4	75.2	89.2	97.3	112.6
- Growth (%)	57.9	57.3	20.6	18.7	9.1	15.8
<b>Price-Consol EPS (x)</b>	<b>19.0</b>	<b>12.1</b>	<b>10.0</b>	<b>8.5</b>	<b>7.7</b>	<b>6.7</b>
Dividend Per Share (INR)	7.1	11.3	13.7	17.4	18.0	18.0
<b>Dividend Yield (%)</b>	<b>0.9</b>	<b>1.5</b>	<b>1.8</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>

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UNDER REVIEW	Rating may undergo a change
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#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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