The Listing Department,
BSE Limited,
Phiroje Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400001

The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, C / 1, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

BSE SCRIP Code: 500112

NSE SCRIP Code: SBIN

CC/S&B/AND/2024-25/542

03.10.2024

Madam / Sir,

Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015:
Credit Opinion Update

Pursuant to Regulation 30 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We advise that Moody's Investor Service has affirmed the Baa3 long-term local and foreign currency bank deposit ratings of State Bank of India (SBI). Moody's has also affirmed SBI's Baseline Credit Assessment (BCA) and Adjusted BCA to ba1. The outlook on the SBI's ratings remains stable.

We enclose copy of Credit Opinion issued by Moody's Investor Service.

This is for your information and record.

Yours faithfully,

ARUNA N DAK Digitally signed by ARUNA N DAK
Date: 2024.10.03 17:44:11 +05'30'

भारतीय स्टेट बैंक / S.B.I. शेयर एवं बाण्ड विभाग Shares & Bonds Dept. कार्पोरेट केंद्र / CORPORATE CENTRE

(Aruna Nitin Dak)
DGM (Compliance & Company Secretary)

Encl: A/a

MOODY'S RATINGS

CREDIT OPINION
2 October 2024

Update

Send Your Feedback

RATINGS

State Bank of India

Domicile	Mumbai, India
Long Term CRR	Baa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	(P)Baa3
Type	Senior Unsecured MTN - Fgn Curr
Outlook	Not Assigned
Long Term Deposit	Baa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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State Bank of India

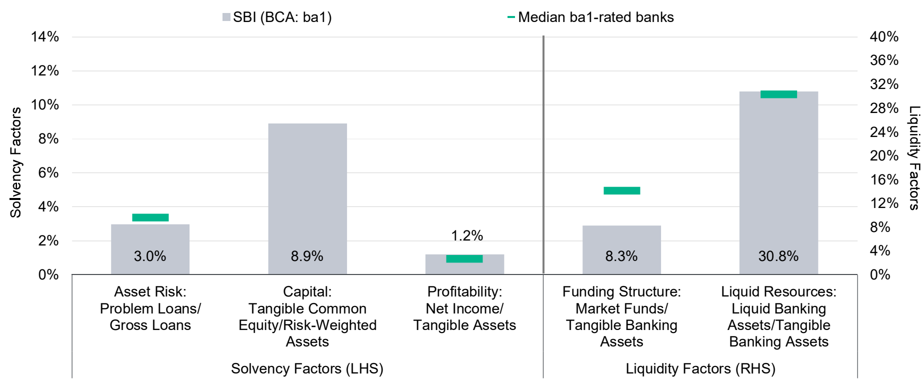
Update to credit analysis

Summary

State Bank of India's (SBI) Baa3 long-term local- and foreign-currency deposit ratings are one notch above its ba1 Baseline Credit Assessment (BCA) and Adjusted BCA, reflecting our assumption of a very high probability of government support in times of need. SBI's deposit ratings are on par with the Government of India's Baa3 sovereign rating.

SBI's ba1 BCA takes into consideration its improved asset quality and profitability. Although capital is modest, the bank benefits from financial flexibility because of its ability to raise capital by selling stakes in its listed subsidiaries if required. Funding and liquidity are SBI's key credit strengths, supported by its dominant domestic franchise and strong government links.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» Dominant domestic franchise, which contributes to the bank's strong funding and liquidity

» Very high probability of government support, reflecting the bank's dominant position and importance to the Indian banking system

Credit challenges

» Modest capitalization compared with that of global peers

Outlook

The stable outlook on SBI's ratings is in line with the stable outlook on India's sovereign rating.

Factors that could lead to an upgrade

An upgrade of SBI's deposit ratings is unlikely because they are at the same level as the sovereign rating.

SBI's BCA could be upgraded if there is an improvement in its core equity capital, with asset quality and profitability remaining at current levels.

Factors that could lead to a downgrade

We could downgrade SBI's ratings if India's sovereign rating is downgraded, reflecting the strong links between the bank's credit profile and that of the government. The bank's BCA could be downgraded if there is a significant deterioration in its asset quality, as reflected in a sustained increase in nonperforming loans (NPLs).

The deposit ratings could be downgraded if there is a multi-notch downgrade of the BCA.

Key indicators

Exhibit 2

State Bank of India (Consolidated Financials) [1]

	03-24[2]	03-23[2]	03-22[2]	03-21[2]	03-20[2]	CAGR/Avg.[3]
Total Assets (INR Billion)	67,089.3	59,280.9	53,402.9	48,296.1	41,850.5	12.5[4]
Total Assets (USD Billion)	804.4	721.3	704.8	660.6	553.2	9.8[4]
Tangible Common Equity (INR Billion)	3,744.6	3,173.7	2,729.6	2,473.9	2,246.3	13.6[4]
Tangible Common Equity (USD Billion)	44.9	38.6	36.0	33.8	29.7	10.9[4]
Problem Loans / Gross Loans (%)	2.2	2.8	3.9	4.9	6.1	4.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	8.9	8.7	8.4	8.4	8.5	8.6[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	18.5	22.2	29.8	36.2	44.8	30.3[5]
Net Interest Margin (%)	3.0	3.0	2.8	2.9	2.8	2.9[5]
PPI / Average RWA (%)	3.3	3.0	3.2	2.9	2.9	3.0[6]
Net Income / Tangible Assets (%)	1.5	1.1	1.1	0.7	0.7	1.0[5]
Cost / Income Ratio (%)	44.7	48.5	43.0	49.1	49.3	46.9[5]
Market Funds / Tangible Banking Assets (%)	8.3	7.4	7.3	7.8	6.8	7.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	30.8	31.2	33.9	33.3	28.9	31.6[5]
Gross Loans / Due to Customers (%)	77.7	74.9	70.7	70.0	75.8	73.8[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

State Bank of India (SBI) is the largest and one of the oldest commercial banks in India. The bank had a 23% market share each in system loans and deposits as of the end of June 2024.

SBI was established in 1921 as the Imperial Bank of India following the merger of three banks: Bank of Calcutta, Bank of Bombay and Bank of Madras. The bank's shares are listed on the National Stock Exchange and the Bombay Stock Exchange. As of 30 June 2024, the Indian government owned a 56.9% stake in the bank.

Detailed credit considerations

Asset quality has improved over the years

SBI's asset quality will remain broadly stable as economic momentum remains healthy in India.

The corporate sector is in a healthy state, with good profitability and de-leveraged balance sheets. Growth in secured retail loans, such as housing and vehicle loans, is backed by real demand, satisfactory employment conditions and adequate asset collateral. The bank has increased its unsecured retail portfolio at a measured pace, with a primary focus on customers with salaried jobs with the government, public-sector companies and top corporates.

Over the last few years, Indian banks, including SBI, have recorded a benign asset-quality cycle, largely due to the sharp post-pandemic economic recovery in India. As of the end of June 2024, SBI's loan book was diversified, with corporate loans constituting 30% of total loans, small and medium-sized enterprise (SME) loans 12%, retail loans 36%, agriculture 8% and foreign loans 15%. The health of the corporate credit book has improved in the past few years because of the write-off of legacy bad loans, balance-sheet leverage reduction and increased cash flow of companies. The bank has also strategically reduced single-name concentration over the years, and focused on higher-rated corporates and government-related companies.

Moreover, the retail book is diversified among secured categories like mortgages (19% of gross loans) and auto (3%), and unsecured categories like credit card and other personal loans (12%). The retail asset quality is benefiting from good employment conditions, a granular portfolio, good asset cover for secured lending, and focus on a superior selection of customers through employment and cash flow assessments.

As of 30 June 2024, SBI's gross and net NPL ratios decreased to 2.2% and 0.6%, respectively, from 2.7% and 0.7% a year earlier. These metrics compare well with the industry's gross NPL ratio of 2.8% as of 31 March 2024. In addition, SBI has adequate loan loss buffers. As of 31 March 2024, SBI's standalone specific provision coverage ratio was 74.4%; including other reserves (general provisions, other provisions and restructuring-related reserves), the coverage was well above 100%.

The asset quality is robust in all segments, barring the agriculture sector due to structural issues. As of 30 June 2024, the bank's gross NPL ratio was 0.8% in the personal loan segment, 2.2% in corporate, 3.8% in SME and 9.8% in agriculture. The gross NPL ratio in agriculture has steadily declined from 15.2% as of 31 March 2021.

We assign an Asset Risk score of baa3 to reflect the aforementioned factors.

Exhibit 3
SBI's NPL ratio has improved
Gross NPL ratio (in percentage terms)

HDFC = HDFC Bank Limited (Baa3 stable, baa3), Axis = Axis Bank Ltd (Baa3 stable, baa3), Yes = Yes Bank Limited's (Ba3 positive, b1), IndusInd = IndusInd Bank Limited (Ba1 stable, ba1), ICICI = ICICI Bank Limited (Baa3 stable, baa3), BoB = Bank of Baroda (Baa3 stable, ba2), CAN = Canara Bank (Baa3 stable, ba2), PNB = Punjab National Bank (Baa3 stable, ba2). The ratings provided here are the banks' deposit rating and BCA.
Source: Banks' Basel III disclosures

Profitability to remain satisfactory

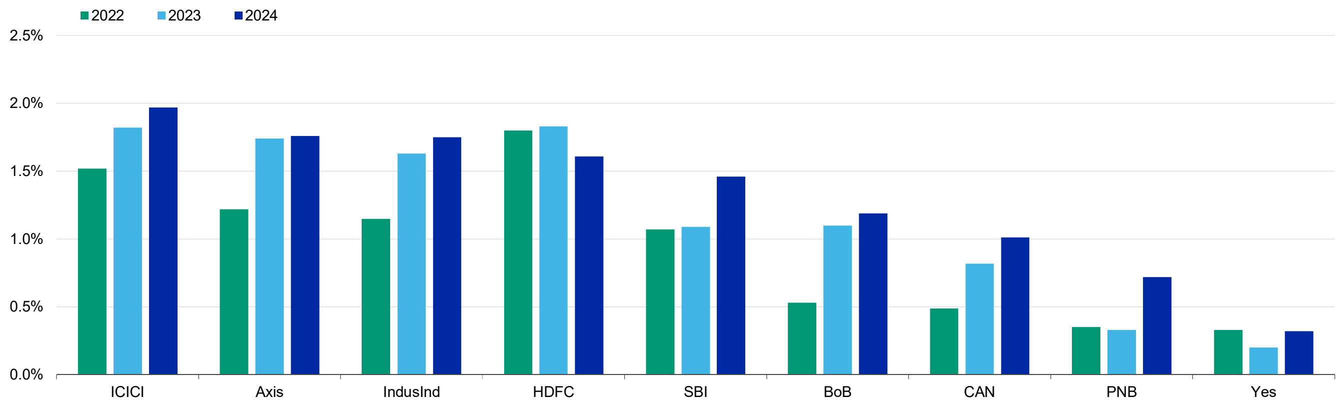
We expect SBI's profitability to remain in line with the level in the last year, with return on assets (ROA) of around 1%. The bank has a competitive domestic net interest margin (NIM) due to its presence in diversified loan categories, including some higher-yielding retail and SME categories, and because it has one of the lowest cost of funds in the industry. These factors are offset to an extent by a lower-yielding foreign book and the bank's sizable holdings of government securities.

SBI's consolidated annualized ROA was 1.1% for the first quarter ending 30 June 2024 (Q1 of fiscal 2025), a slight decline from 1.2% in the year-earlier period. The decrease in ROA was driven by the bank's lower NIM because of competition on the lending side and upward repricing of deposits. The bank's NIM declined to 3.27% from 3.37% over the same period. We expect a marginal moderation in NIM in the coming quarters given the possibility of policy rate cuts, which will be negative for margins as banks are asset-sensitive. Meanwhile, normalization in credit costs from cyclically very low levels also resulted in a decline in ROA. Standalone annualized credit costs increased to around 50 basis points in Q1 of fiscal 2025 from 32 basis points in the corresponding quarter a year earlier. We expect credit costs to remain largely stable at around the current levels over the next 12-18 months.

SBI's earnings have improved in the last few years. This improvement was driven by an increase in NIM in a rising policy rate environment, where loans repriced faster than deposits, and an increase in the share of higher-yielding retail loans. Credit costs declined substantially given the strong economic recovery in India after the pandemic and because the bank had adequately provided for legacy stressed loans.

We assign a baa3 Profitability score to SBI to reflect the factors mentioned above.

Exhibit 4
SBI's profitability has improved over the last few years
Net income as a percentage of tangible assets



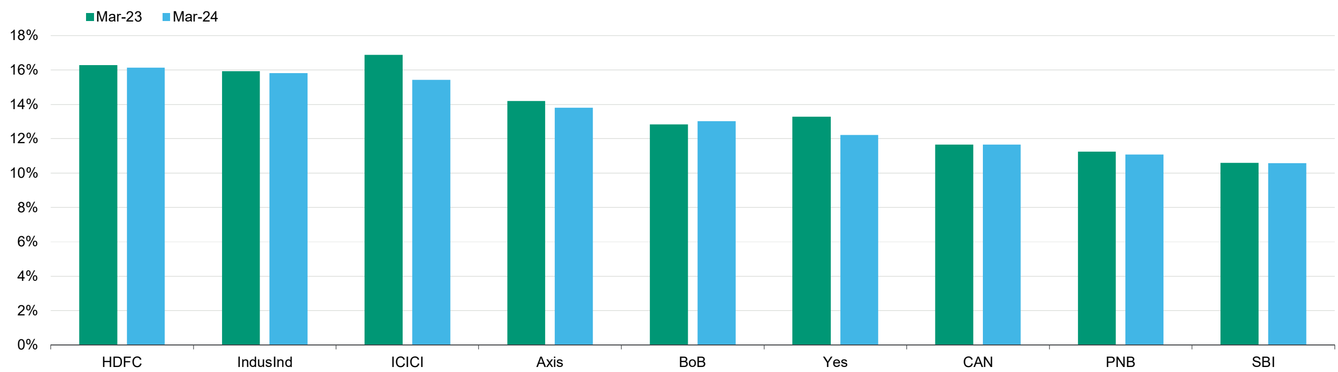
2024 refers to the fiscal year that ended 31 March 2024.
Source: Moody's Ratings

Capital will remain stable over the next 12-18 months

SBI's consolidated Common Equity Tier 1 (CET1) capital ratio increased slightly to 10.6% as of the end of June 2024 from 10.5% a year earlier because of profit accretion and increase in CET1 capital arising from the new investment norms under the Reserve Bank of India's revised guidance, which took effect from 1 April 2024. We expect SBI's capital to remain broadly stable over the next 12-18 months as profit accretion will keep pace with credit growth.

While SBI's capitalization is modest compared with that of its rated peers (see Exhibit 5), its stakes in leading Indian financial services companies — such as its life and general insurance, credit card and mutual fund subsidiaries — provide it with financial flexibility.

Exhibit 5
SBI's capital is lower than that of other rated Indian banks
CET1 capital ratio



Source: Banks' Basel III disclosures

As part of Yes Bank's rescue transaction, SBI acquired a 48.21% stake in Yes Bank in March 2020. Per the terms of the transaction, SBI was to maintain a 26% shareholding in the bank until March 2023. SBI has since divested some of its stake in Yes Bank, and currently holds a 24% stake in the bank as of 30 June 2024.

We assign a b1 Capital score to reflect the aforementioned factors.

Dominant domestic franchise and strong links with the government support funding and liquidity

The baa1 Funding Structure score reflects the bank's strong domestic franchise, with 22,584 bank branches as of the end of June 2024, and its strong links with government transaction-related businesses, which support its strong local-currency funding. Furthermore, its strong deposit base, reflected by a deposit market share of 23% as of 30 June 2024, provides a low-cost and stable funding source. While the industry is facing obstacles to mobilize deposits commensurate with loan growth, we expect SBI to be on a stronger footing given its comfortable deposit position and largest franchise in India.

SBI is primarily deposit funded, which accounted for 73.1% of its total assets as of 30 June 2024 on a consolidated basis. Total domestic deposits grew 8.1% year on year as of the end of June 2024 on a standalone basis, mainly because of an increase in term deposits, which grew 12.2% from the previous year, as depositors shifted toward higher-yielding term deposits in response to the policy rate hikes. Conversely, current account and savings account (CASA) deposits saw a more modest growth of 2.6% year on year as of the same date. Consequently, the share of low-cost CASA deposits decreased to 40.7% of total domestic deposits as of 30 June 2024 from 42.9% a year earlier.

SBI's strong funding position is also supported by its low reliance on market funds. As of 31 March 2024, market funds as a percentage of tangible banking assets remained modest at 8.3%.

Liquid assets, the bulk of which comprise cash, interbank assets and government securities, accounted for 30.8% of its total tangible assets as of 31 March 2024. This proportion has been broadly stable over the past few years. Meanwhile, SBI's liquidity coverage ratio (LCR) was robust at 127.1% as of 31 March 2024 on a consolidated basis, which is well above the minimum regulatory requirement of 100%.

The baa1 Liquid Resources score reflects the above-mentioned factors, as well as the bank's large exposure to the Indian government through its mandatory holdings of government securities.

SBI's BCA is supported by India's Moderate+ macro profile

The macro profile is an analytical input used to determine a bank's BCA and is designed to capture the systemwide factors that are predictive of the propensity of banks to fail. Because SBI operates predominantly in India, we assigned a Moderate+ macro profile to the bank, in line with that assigned to India.

India's macro profile balances the country's large and diversified economy with high growth potential against low per capita income and moderate institutional strength.

Credit conditions in India have gradually improved, with a significant reduction in the banks' stock of legacy problem loans over the past three years. Corporates' financial health has also improved following a decade of reduction in leverage. In addition, retail loans have performed well despite pandemic-induced economic stresses.

The funding and liquidity of Indian banks are stable because these banks are largely funded by customer deposits, with limited reliance on confidence-sensitive market funds. All the Indian banks that we rate meet their current LCR requirements, although only a part of the banks' holdings of government securities is included as high-quality liquid assets in LCR calculations.

ESG considerations

State Bank of India's ESG credit impact score is CIS-2

Exhibit 6
ESG credit impact score

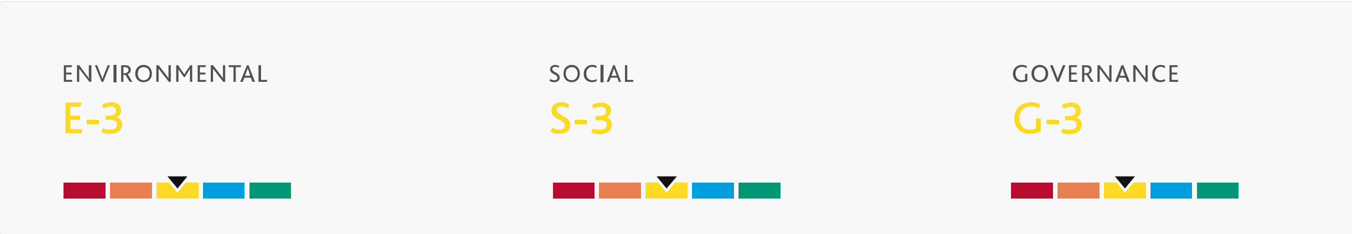
CIS-2

ESG considerations do not have a material impact on the current rating.

Source: Moody's Ratings

State Bank of India's **CIS-2** score reflects the limited credit impact of environmental and social risk factors on the rating to date, as well as the bank's moderate governance risk. A very high level of Government support buffers the impact of ESG factors on the rating.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

SBI faces moderate industrywide environmental risks from loan exposure to the agriculture sector, which is prone to water management issues, and to sectors subject to carbon transition risk. The environmental risks are partially offset by SBI's diversified loan book, and its efforts to increase the share of green and sustainable financing.

Social

SBI faces moderate social risks related to customer relations, tightening regulatory and compliance standards, and the impact of potential technological disruptions associated with an increasingly digitally active customer base. However, the bank is generally focused on intermediation with simpler product ranges with few identified conduct issues and has been subject to looser regulatory scrutiny on consumer protection. Furthermore, the bank benefits from India's favorable demographic factors, low credit penetration, and the bank's focus on investing in digitization to improve customer experience and promote financial education.

Governance

SBI faces moderate governance risks. Its financial strategy and risk management are modest, as reflected by the significant asset-quality challenges over the past decade. SBI also faces potential strategic risks because of its government ownership and status as the largest bank in India, which may limit management flexibility and independence.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Government support considerations

Our assessment of a very high probability of government support for SBI in the event of financial distress takes into account the bank's importance to the domestic banking industry and its close relationship with the government, which held a 56.9% stake in the bank as of the end of June 2024. SBI's deposit ratings of Baa3 receive a one-notch uplift from its BCA of ba1 because of this assessment.

The B1 rating on the bank's Basel III-compliant Additional Tier 1 securities does not include any uplift for government support and is positioned three notches below its Adjusted BCA, reflecting the increasing international trend of imposing losses on holders of junior-ranking securities as a precondition for an ailing bank to receive government support.

Although India does not have an explicit legal framework to impose losses on creditors outside of bankruptcy, the global financial crisis and the recent bank bailouts in India have demonstrated that bank recapitalization costs can be shared with subordinated creditors outside the legal framework by means of distressed exchanges without triggering any contagion, as was previously feared.

Counterpart Risk (CR) Assessment

SBI's CR Assessment is positioned at Baa3(cr)/P-3(cr)

The CR Assessment, before government support, is positioned in line with the bank's senior unsecured debt and deposit ratings, reflecting our expectation that in case of a bank rescue, Indian regulators will not differentiate between banks' operational creditors and depositors, as illustrated by the bailout of Yes Bank. We then assign government support assumptions in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk Ratings (CRRs)

SBI's CRRs are positioned at Baa3/P-3

The CRR, before government support, is positioned in line with the bank's senior unsecured debt and deposit ratings, reflecting our expectation that in case of a bank rescue, Indian regulators will not differentiate between banks' operational creditors and depositors, as illustrated by the bailout of Yes Bank. We then assign government support assumptions in line with our support assumptions on deposits and senior unsecured debt.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard might significantly differ from that suggested by raw data alone (although it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and might be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 8
Rating Factors

Macro Factors		
Weighted Macro Profile	**Moderate +**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	3.0%	baa1	↑	baa3	Expected trend	Long-run loss performance
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	8.9%	b1	↔	b1	Access to capital	
Profitability						
Net Income / Tangible Assets	1.2%	baa2	↔	baa3	Expected trend	
Combined Solvency Score		ba1		ba2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	8.3%	a3	↔	baa1	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	30.8%	baa1	↓	baa1	Quality of liquid assets	
Combined Liquidity Score		a3		baa1		
Financial Profile				ba1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Baa3		
BCA Scorecard-indicated Outcome - Range				baa3 - ba2		
Assigned BCA				ba1		
Affiliate Support notching				0		
Adjusted BCA				ba1		

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**
Counterparty Risk Rating	0	0	ba1	1	Baa3	Baa3
Counterparty Risk Assessment	0	0	ba1 (cr)	1	Baa3(cr)	
Deposits	0	0	ba1	1	Baa3	Baa3
Senior unsecured bank debt	-	-	-	1		(P)Baa3
Non-cumulative bank preference shares	-1	-2	b1	0		(P)B1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 9

Category	Moody's Rating
STATE BANK OF INDIA	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Baa3
STATE BANK OF INDIA, DIFC BRANCH	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Baa3
STATE BANK OF INDIA, GIFT CITY BRANCH	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Baa3
STATE BANK OF INDIA, HONG KONG BRANCH	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured MTN	(P)Baa3
STATE BANK OF INDIA, LONDON BRANCH	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured	Baa3

Source: Moody's Ratings

REPORT NUMBER 1414677

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454