भारतीय स्टेट बैंक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

The Listing Department,
BSE Limited,
Phiroje Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400001.
BSE SCRIP Code: 500112

The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No.: C / 1, 'G' Block,
BKC, Bandra (East), Mumbai – 400051.
NSE SCRIP Code: SBIN

CC/S&B/SD/2024-25/656 **13.11.2024**

Madam / Sir,

Reporting under Regulation 30 and 51 of SEBI (LODR) Regulations, 2015- Rating Rationale

In terms of Regulation 30, 51 and other applicable Regulations of SEBI (LODR) Regulations, 2015, we enclose copy of the rating rationale issued on 12.11.2024 by:

1. India Ratings and Research Private Limited (Annexure A)
2. CARE Ratings Limited (Annexure B)

Thanking You,
Yours faithfully,

SHIMA DEVI

Digitally signed by SHIMA DEVI
DN: st=MAHARASHTRA, serialNumber=e5459b41505fad0952a4e2dfade457abe15af637fa114e4caeecd789551d5399, postalCode=400021, ou=SHARES AND BONDS DEPARTMENT, o=STATE BANK OF INDIA, c=IN, cn=SHIMA DEVI
Date: 2024.11.13 13:03:52 +05'30'

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

(Shima Devi)
Assistant General Manager (Company Secretary)

Encl.: A/a

India Ratings & Research
A Fitch Group Company

India Ratings Assigns State Bank of India's Long-Term Bonds 'IND AAA'/Stable; Affirms Existing Ratings

Nov 12, 2024 | Public Sector Bank

India Ratings and Research (Ind-Ra) has taken the following rating actions on State Bank of India (SBI) and its debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating assigned along with Outlook/ Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Affirmed
Long-term bonds^*	-	-	-	INR100	IND AAA/Stable	Assigned
Long-term bonds*	-	-	-	INR100	IND AAA/Stable	Affirmed
Basel III Tier II bonds*	-	-	-	INR225	IND AAA/Stable	Affirmed
Basel III additional tier 1 bonds*	-	-	-	INR204.74	IND AA+/Stable	Affirmed
Infrastructure bond*	-	-	-	INR400	IND AAA/Stable	Affirmed
Certificates of deposit	-	-	1-365 days	INR300	IND A1+	Affirmed

*Details in Annexure
^Unutilised

Analytical Approach

Ind-Ra continues to take a fully consolidate SBI's subsidiaries to arrive at the ratings, owing to the strategic, operational and legal linkages among them.

Detailed Rationale of the Rating Action

The ratings continue to reflect SBI's strong franchise with a dominant market share in the Indian banking system making it high in systemic importance, strong competitive position, experienced and deep management strength, solid funding, and adequate capitalisation with robust access to capital markets. The ratings of infrastructure bonds are equated to the Long-Term Issuer Rating. The rating of additional tier 1 (AT1) bonds reflects the bank's ability to service coupons and manage principal write-down risk on its debt capital instruments. To arrive at the rating, Ind-Ra has considered the discretionary component, coupon omission risk and the write-down/conversion risk as key parameters. The agency recognises the unique going-concern loss absorption features that these bonds carry and differentiates them from the bank's senior debt, factoring in a higher probability of an ultimate loss for investors in these bonds. Ind-Ra envisages coupon deferrals and principal write-down risk as a remote possibility in view of the bank's adequate revenue reserve buffers.

List of Key Rating Drivers

Strengths
- Largest bank with high systemic importance
- Superior asset quality
- Strong catchments, tech adoption to entrench bank further
- Stable operating performance

Weaknesses
- Moderate capital ratios, capitalisation supported by enhanced ability to raise equity

Detailed Description of Key Rating Drivers

Largest Bank with High Systemic Importance: SBI remains the largest bank in India; as per Ind-Ra, the bank has a deposit market share of about 22.55% in the universe of domestic banks in FY24 (FY23: 22.99%) and a net advance share of 19.06% (19.7%). It has a pan-India presence, and has the largest branch network in the country, with 22,542 branches as of March 2024. The bank had low-cost current and savings account (CASA) deposits of 40.03% as at 1HFYE25 (FYE24: 41.1%; a modest decline from 43.8% in FYE23, in line with broader banking universe), a large granular retail portfolio, stronger-than-peer public sector banks' (PSBs) fee income profile and large non-bank franchises as investments. SBI continues to hold a high systemic importance, resulting in sustained high probability of ordinary and extraordinary support from the government of India (GoI), if required. The ratings also reflect the bank's quasi-sovereign status and its strong standalone profile. The GoI owns a majority stake in SBI (end-September 2024: 56.92%). Many of the bank's subsidiaries are among the largest businesses in their own segments and SBI has frequently monetised its stake in these over the last three years. The bank recorded a net profit of INR610.8 billion in FY24 (one of the highest profit earning Indian companies; FY23: INR502.3billion), with a return of asset (RoA) of 1.04% (0.96%) and return on average equity of 20.3% (19.43%).

Superior Asset Quality: In 1HFY25, the bank's gross non-performing assets declined to 2.13% (FY24:2.24%; FY23: 2.78%), net non-performing assets to 0.53% (0.57%, 0.67%) and the provision cover to 75.66% (75%, 76.4%). The bank's gross slippage stood comfortable at 0.51% of net advances (INR203 billion) in FY24 from 2.1% (INR496 billion) in FY20. Over the medium term, Ind-Ra does not expect gross slippages to remain at such low levels. However, the agency also does not expect any drastic adverse changes in this regard. The retail GNPAs trended slightly higher at 2.66% as of September 2024 (2.63 as of March 2024; 3.02% as of March 2023) compared to the agency's expectations of a modest uptick. Moreover, the bank is of the opinion that even under expected credit loss assessment, its provision requirement would remain below 1% of the net advances.

Strong Catchments, Tech Adoption to Entrench Bank Further: The bank has a significant share in government transactions. Also, being the largest bank with the largest branch-and-ATM network, it is a beneficiary of government businesses and float. Hence, the bank is uniquely positioned; its retail asset growth as well as asset quality could be better than peers'. Its ability to take large exposures at a lower cost on account of cost of deposits being among the lowest, also make it the preferred lender for most large corporates. The bank has rolled out many tech initiatives in the last few years including YONO mobile application and cash management (CMS) for corporates. SBI plans to use its heft to push its CMS into client value chains and benefit from transaction-led income and float; the bank witnessed a 10.05% yoy growth in current account deposits at end-September 2024. There are several additional initiatives such as co-lending partnerships and collection partnerships that the bank is piloting and fine tuning for business and strengthening collections.

Stable Operating Performance: SBI reported a net income of INR183.3 billion in 2QFY25 (FY24: INR610.8 billion; FY23: INR502.3billion, FY22: INR316.7 billion, FY21: INR204.11 billion). Profit on sale of investments (FY24: INR68.9 billion; FY23: INR32.9 billion; FY22: INR34.85 billion; FY21: INR60.3 billion) and recovery in the written-off accounts (INR69.33 billion; INR70.97 billion; INR77.82 billion; INR103 billion) continue to be important to the bank's profitability. The bank's RoA stood at 1.17% in 2QFY25 (FY24: 1.04%; FY23: 0.96%; FY22: 0.67%, FY21: 0.48%). Its credit costs declined to 0.29% in FY24 (FY23: 0.32%; FY22: 0.5%, FY21: 1.1%). Furthermore, the credit costs are expected to be less than 1% in the medium term with 75% provision cover at 1HFYE25, excluding technical write-offs (FYE24: 76.4%). Over the next two years, Ind-Ra expects the bank's profitability to be adequate and believes it would maintain sufficient capital generation through profitability to cover its advances growth target of 14%-16%.

Moderate Capital Ratios Compared to Peers; Capitalisation Supported by Enhanced Ability to Raise Equity: SBI remains moderately capitalised PSB than its peers, with a common equity tier 1 (CET1) ratio of 9.95% in 2QFY25 (FY24: 10.36%; FY23: 10.3%; FY22: 9.94%; FY21: 10.02%). In the agency's opinion, SBI has enhanced its ability to raise equity from the markets. Over the past two years, the bank has also been raising infrastructure bonds from the market. It also has non-core assets that are large profitable enterprises in their own segments and the bank has established a track record of monetising them periodically to raise equity. Ind-Ra derives comfort from SBI's capital buffers and operating buffers being adequate to cover any increase in credit costs in a stressed operating environment and deliver profitability. Ind-Ra does not envisage the risk of coupon deferral or principal write-down.

Liquidity

Superior: SBI's domestic CASA was fairly robust at 41%-46% over FY20-FY24, due to, which, its dependence on volatile and high-cost wholesale deposits remains low. Its deposit profile is also bolstered by its large branch network and a highly entrenched customer base. The bank's top 20 deposits to the total deposits ratio of 4.74% was the least among Indian banks at end-March 2024, highlighting the large size, granularity and robustness of its liability franchise. Furthermore, the bank saw a growth of 10% yoy in current accounts deposits and 3.3% yoy in savings account deposits at end-September 2024. Ind-Ra expects SBI to maintain market growth on current account deposits over the near-to-medium term.

SBI's liquidity coverage ratio was 128% at 2QFYE25 (FYE24: 129%; FYE23: 146.6%). Ind-Ra opines this can be offset by the bank's large deposit mobilising network, its ability to increase deposit rates (current rates offered are materially lower than those offered by most banks), its ability to access the overnight debt capital markets, and interbank markets and repo against excess statutory securities that the bank carries. This ability is backed by the bank's position as India's largest bank, its systemic importance and superior asset quality compared to most large banks.

Rating Sensitivities

Positive: Not applicable

Negative: SBI's long-term ratings are at its support floor and are unlikely to change unless there is a change in the government of India's support stance.

The rating of the AT1 bonds could be downgraded in case of a substantial deterioration in the credit profile of the bank which, among other factors, could reflect in a material decline in SBI's market share, loss of deposit franchise or a large spike in delinquencies that could result in substantial losses. The rating could also undergo a review in case CET 1 capital buffers continue to decline and fall below 8.5%, as this could impact the bank's ability to service coupons, in Ind-Ra's opinion. This could be important in case the bank incurs losses, causing the capital ratios to fall below the minimum regulatory requirement.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on SBI, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

SBI is India's largest bank in terms of assets, deposits, operating profit and number of branches. The bank has one of the largest branch networks in the world (22,640 branches at end-September 2024). The branches are located across the country, with around 65% being in rural and semi-urban locations, furthering the government of India's initiative to increase banking footprint in the less banked regions of the country.

Key Financial Indicators

Particulars (INR billion)	**FY24**	**FY23**
Total assets	61,796.9	55,170.0
Total equity*	3,772.5	3,276.0
Net income	610.7	502.3
Return on assets (%)	1.04	0.96
CET1 (%)	10.4	10.3
Capital adequacy ratio (%)	14.3	14.7
Source: SBI, Ind-Ra		
*Total equity is capital + reserves		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook										
	Rating Type	Rated Limits (billion)	Rating	21 August 2024	21 June 2024	26 October 2023	4 August 2023	20 July 2023	10 January 2023	29 November 2022	23 March 2022	3 December 2021	1 October 2021	23 August 2021
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Basel III Tier II bonds	Long-term	INR225	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Basel III AT1 bonds	Long-term	INR204.74	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	INDAA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Certificates of deposit	Short Term	INR300	IND A1+	IND A1+	INDA1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	-	-	-
Infrastructure bonds	Long-term	INR400	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	-	-	-	-
Long-term bonds	Long-term	INR200	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	-	-	-	-	-	-	-	-	-

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel 3 Tier II bonds	Moderate
Basel III additional tier 1 bonds	High
Certificates of deposit	Low
Infrastructure bonds	Low
Long-term bonds	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate/Interest Rate (%)	Maturity Date	Rated Amount (billion)	Rating/Outlook
Basel III AT1 bonds	INE062A08249	9 September 2020	7.74	Perpetual	INR40	IND AA+/Stable
Basel III Tier II bonds	INE062A08264	26 October 2020	5.83	26 October 2030	INR50	IND AAA/Stable
Basel III AT1 bonds	INE062A08272	24 November 2020	7.73	Perpetual	INR25	IND AA+/Stable
Basel III AT1 bonds	INE062A08280	3 September 2021	7.72	Perpetual	INR40	IND AA+/Stable
Basel III AT1 bonds	INE062A08298	18 October 2021	7.72	Perpetual	INR60	IND AA+/Stable
Basel III AT1 bonds	INE062A08306	14 December 2021	7.55	Perpetual	INR39.74	IND AA+/Stable
Infrastructure bonds	INE062A08330	6 December 2022	7.51	6 December 2032	INR100	IND AAA/Stable
Infrastructure bonds	INE062A08348	19 January 2023	7.70	19 January 2038	INR97.18	IND AAA/Stable
Infrastructure bonds	INE062A08389	1 August 2023	7.54	1 August 2038	INR100	IND AAA/Stable
Infrastructure Bonds	INE062A08397	26 September 2023	7.49	24 September 2038	INR100	IND AAA/Stable
Basel III Tier II Bonds	INE062A08405	2 November 2023	7.81	2 November 2038	INR100	IND AAA/Stable
Long Term Bonds	INE062A08421	27 June 2024	7.36	27 June 2039	INR100	IND AAA/Stable
Basel III Tier II Bonds	INE062A08447	29 August 2024	7.42	29 August 2039	INR75	IND AAA/Stable
Utilised limits (Tier 2)					**INR225**	
Utilised AT1 limits					**INR204.74**	
Utilised (Infrastructure bonds)					**INR397.18**	
Unutilised Limits (Infrastructure bonds)					**INR2.82**	
Unutilised long-term bonds					**INR100**	
Total limits					**INR1,029.74**	
Unutilised limits					**INR102.82**	

Source: NSDL; SBI

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.
Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.
Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.
India Ratings is a 100% owned subsidiary of the Fitch Group.
For more information, visit www.indiaratings.co.in.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.
Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Rating Bank Subordinated and Hybrid Securities

Evaluating Corporate Governance

Financial Institutions Rating Criteria

The Rating Process

State Bank of India

November 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Infrastructure bonds	10,000.00	CARE AAA; Stable	Assigned
Infrastructure bonds	10,000.00	CARE AAA; Stable	Reaffirmed
Tier I bonds	10,000.00	CARE AA+; Stable	Reaffirmed
Tier I bonds	5,000.00	CARE AA+; Stable	Reaffirmed
Tier II bonds	500.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	950.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	500.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	200.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	10,000.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	4,000.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	7,500.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

[&]Tier-II bonds under Basel-III are characterised by a 'point of non-viability' (PONV) trigger, due to which, the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which, the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I (CET I) capital of the bank should be considered the most appropriate way to prevent the bank from turning non-viable.

[#]CARE Ratings Limited (CARE Ratings) has rated the mentioned Basel-III compliant additional Tier-I bonds after taking into consideration following key features:

- The bank has full discretion, at all times, to cancel coupon payments. The coupon is to be paid from the current year's profits. However, if the current year's profits are not sufficient, the payment of such coupon is likely to result in losses in the current year, balance coupon payment may be made from revenue reserves, including statutory reserves and/or credit balance in profit and loss account and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve, and reserves created on amalgamation, provided the bank meets the minimum regulatory requirements for CET I, Tier-I and total capital ratios, and capital buffer frameworks as prescribed by the RBI.
- The instrument may be written down on CET I breaching pre-specified trigger of 5.5% before March 31, 2019, 6.125% on and after March 31, 2019, or written off/converted into common equity shares on the occurrence of the trigger event called PONV. PONV trigger will be determined by the RBI.

Delays in payment of interest or principal (as the case may be) due to invocation of features mentioned will constitute an event of default per CARE Ratings' definition of default, and as such these instruments may exhibit somewhat sharper migration of the rating compared to other subordinated debt instruments.

Rationale and key rating drivers

Ratings assigned to debt instruments of State Bank of India (SBI) factor in majority ownership and expected support from the Government of India (GoI) and SBI's systemic importance and its dominant position in the Indian banking sector, being the largest bank in terms of business and asset size, with gross advances of ₹37,67,535 crore and deposits of ₹49,16,076 crore as on March 31, 2024. As on September 30, 2024, the gross advances increased to ₹39,20,719 crore and deposits stood at ₹51,17,285 crore.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Ratings continue to derive strength from SBI's strong and established franchise through an extensive pan-India branch network and international presence, which helped the bank develop a strong current account savings account (CASA) base, and diversified advances profile with a growing share of retail advances.

Ratings further factor in consistent improvement in SBI's asset quality parameters in the last three years with lower slippages and prudent provisioning. As a result, moderation in credit cost has helped the bank's earnings profile and improved profitability. The bank's capitalisation levels remain adequate and are likely to be supported by internal accruals in the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Reduction in government support and ownership below 51%.
- Deterioration in the asset quality parameters, with net non-performing assets (NNPA)-to-net worth ratio of over 30% on a sustained basis.

Analytical approach: Standalone

Ratings are based on the bank's standalone profile and factor in support from GoI, which holds majority shareholding in the bank.

Outlook: Stable

The 'stable' outlook reflects CARE Ratings' expectation that SBI will continue to maintain its steady growth in advances, deposits, and a healthy profitability profile in the medium term, while maintaining stable asset quality and comfortable capitalisation levels.

Detailed description of key rating drivers:

Key strengths

Ownership and support by GoI, systemic importance of the bank, and experienced management

The bank's major shareholder is GoI, which held 56.92% stake as on March 31, 2024. SBI is the largest bank in India in terms of asset size and is designated as one of the domestic systemically important banks (D-SIB) in the country. The bank also has a sizeable overseas presence, with overseas advances accounting for 14% of the total gross loan portfolio as on March 31, 2024. Considering majority shareholding and the bank's systemic importance, GoI has been providing support to the bank in terms of capital and management, and CARE Ratings expects continued support of the GoI to SBI, when required, in the future as well. The bank has an experienced management team across functions of its business.

Strong and established franchise with extensive branch network and strong depositor base

The bank had a network of 22,542 branches (241 foreign offices), 82,932 business correspondence outlets, 63,580 ATMs or automated deposit and withdrawal machines (ADWMs), and a customer base of over 50 crore as on March 31, 2024. The bank's resource profile continues to be healthy, having a robust CASA proportion of 41.11% as on March 31, 2024, and a strong retail liabilities franchise. In FY24 (FY refers to April 01 to March 31), the bank's total deposits grew at 11% from ₹44,23,778 crore as on March 31, 2023, to ₹49,16,077 crore as on March 31, 2024. CASA deposits grew slower compared to term deposits, in line with industry trend due to higher interest rate scenario and other investment avenues shifting depositors from away from CASA deposits. As a result, proportion of CASA deposits decreased to 41.11% of total deposits as on March 31, 2024, compared to

43.80% for the corresponding date of the previous year (domestic CASA – March 31, 2023: 43.80%; March 31, 2024: 41.11%). As on September 30, 2024, CASA deposits increased to ₹19,65,899 crore constituting 40.03% of total deposits.

Adequate capitalisation levels

The bank has been maintaining adequate levels of capitalisation to meet minimum regulatory requirement and support credit growth. It reported a capital adequacy ratio (CAR) (standalone) of 14.28% (PY: 14.68%) and CET I ratio of 10.36% (PY: 10.27%) as on March 31, 2024, against minimum regulatory requirement of a capital adequacy ratio (CAR) of 12.10% and CET I ratio of 8.6% (including 0.6% additional buffer for being classified as D-SIB). The bank has not raised incremental equity capital in the last three years and has been funding credit growth through internal capital generation and accruals, which has been healthy for the last two years, maintaining cushion over minimum requirements.

The bank been raising non-core capital and has raised Tier-II bonds of ₹10,000 crore and ATI bonds of ₹8,101 crore in FY24 to support its capitalisation levels. During FY25(till date) the company has raised Tier I bonds of ₹5,000 crore and Tier 2 Bonds of Rs 15,000 crores. While the strong internal accruals will help the bank fund growth in the near term, considering the bank's size, CARE Ratings expects it to raise core equity in the medium term to support continued credit growth. As on September 30, 2024, the CAR stood at 13.76% and CET I ratio at 9.95% against minimum regulatory requirement of a CAR of 12.10% and CET I ratio of 8.6% (including 0.6% additional buffer for being classified as D-SIB).

Diversified advances profile

SBI's advances portfolio is diversified in terms of products and geographies. As on March 31, 2024, the retail segment being the largest segment constituted 36% of total gross advances, agriculture loans constituted 8%, micro, small and medium enterprise (MSME) loans at 11%, while corporate constituted 30% of total advances. SBI has significant international presence, as its foreign offices advances book construed around 14% of gross advances. SBI's gross advances grew by 15% (y-o-y) in FY24 and stood at ₹37,67,535 crore as on March 31, 2024. SBI witnessed all-round growth, with each segment recording good growth.

Domestically, the retail and MSME segments grew relatively faster at 15% and 21% respectively, whereas corporate grew by 16%. Within retail, home loans – the largest segment, contributing 54% as on March 31, 2024 – grew by 13% in FY24, while 'Xpress credit' – the retail personal loans offered to salaried employees, contributing 26% to the retail segment – grew by 15%.

CARE Ratings notes that non-performing asset (NPA) levels in the personal loan segment remained below 1%. Although the bank witnessed growth in corporate advances, its focus on retail is expected to continue and drive credit growth in the near term.

For H1FY25, gross advances grew 14.93% (Y-o-Y) to ₹39,20,719 crore against gross advances of ₹34,11,252 crore in H1FY24. As on September 30, 2024, the advances growth stood at 12.32% for Retail advances, 17.67% for Agriculture advances and 17.36% for MSME advances.

Improvement in profitability

The interest income increased by 25% in FY24 compared to the previous year due to growth in advances book and rise in advance yields. Non-interest income also grew by 41% y-o-y due to increase in fees and commission income. The bank's total income stood at ₹4,66,813 crore in FY24 compared to ₹3,68,719 crore in FY23, registering a growth of 26%.

Yields-on-advances improved in FY24 due to a significant rise in interest rates, whereas the bank was able to control rise in cost of deposits, resulting in an increase in the net interest income (NII) by 10% to ₹1,59,876 crore in FY24 against ₹1,44,841 crore in FY23. The bank maintained its net interest margin (NIM) at 3.28% for FY24 against 3.37% for FY23. Operating expenses to total assets increased to 2.01% of the average total assets in FY24 compared to 1.86% (excluding exceptional item) for the previous year. The cost-to-income ratio also increased to 55.66% for FY24 (from 53.87%, including exceptional item of change in family pension rules for FY23) due to higher provisions considering wage hike negotiations.

The bank's pre-provision operating profit (PPOP) increased by 12.05% to ₹93,797 crore for FY24 from ₹83,713 crore for FY23. Credit cost (provisions and write-offs/average assets) reduced by 70% due to lower incremental slippages requiring less provisions, and therefore, credit cost also reduced from 0.32% in FY23 to 0.29% in FY24. The bank's net profit also rose to ₹61,077 crore with a return on total assets (ROTA) of 1.04% for FY24 from ₹50,232 crore for FY23 with a ROTA of 0.96%. CARE Ratings expects the bank's credit costs to remain moderate.

For H1FY25, the bank reported profit after taxes (PAT) ₹35,367 crore against PAT of ₹31,214 crore in H1FY24 resulting in the ROTA of 1.13% (annualised) for H1FY25.

Key weaknesses

Moderate but improving asset quality

The bank has seen improvement in its asset quality parameters with reduced gross non-performing assets (GNPA) and NNPA over the years, due to lower slippages, continued write-offs, and recoveries. The bank has written-off NPAs of ₹16,161 crore and recoveries of ₹8,236 for FY24 against fresh slippages of ₹20,982 crore in the same period. The additions to GNPA have been reducing each year, with slippages ratio falling from 2.16% for FY20 to 0.62% for FY24. The GNPA ratio and NNPA ratio for the bank improved to 2.24% and 0.57%, respectively, as on March 31, 2024, against 2.78% and 0.67%, respectively, as on March 31, 2023. NPA levels have been declining across all segments. The agriculture segment had GNPA at 9.58% (PY: 11.47%), followed by MSME at 3.75% (PY:4.76%), and corporate at 2.45% (PY: 3.55%) as on March 31, 2024.

Net stressed assets (net NPA + standard restructured assets + security receipts)-to-net worth fell from 18.24% as on March 31, 2023, to 17.20% as on March 31, 2024, respectively. SBI's special mention accounts (SMA), SMA 1 and SMA 2 (₹5 crore or more) stood low at 0.09% of the gross advances as on March 31, 2024. SBI continued to carry higher provisions against the standard restructured book as on March 31, 2024.

The bank reported GNPA ratio of 2.13% and NNPA ratio of 0.53% of Net as on September 30, 2024.

Going forward, the bank's ability to limit incremental slippages and maintain asset quality will be a key rating monitorable.

Liquidity: Strong

The bank's liquidity profile is supported by its strong retail and sizeable deposit franchise. The bank had an excess statutory liquidity ratio (SLR) investment of ₹13,13,148 crore as on March 31, 2024, which provides adequate liquidity. It has access to borrowings from the RBI's liquidity adjustment facility (LAF) and marginal standing facility (MSF) and an option to refinance from the Small Industries Development Bank of India (SIDBI), the National Housing bank (NHB), and the National Bank for Agriculture and Rural Development (NABARD), etc, and access to call money markets. Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) as on March 31, 2024, stood at 129.02% and 113.87%, respectively, against minimum regulatory requirement of 100%. The LCR for quarter ended September 30, 2024, stood at 130.0%. Considering the bank's stable franchise, SBI is expected to roll over its deposits.

Environment, social, and governance (ESG) risks

- The bank has developed an ESG financing framework aligned with sustainable finance guidelines and principles. This framework serves as a guide for future bond and loan issuance programmes, ensuring that proceeds are used to finance or refinance eligible assets and projects with environmental or social benefits.
- The bank concluded its largest inaugural syndicated social loan of US$1 billion (US$500 million + green shoe of US$500 million), making it the largest ESG loan raised by a commercial bank in the Asia-Pacific market.
- The bank has availed lines of credit from multilateral agencies, the World Bank, and KfW German Development Bank, among others, for onward lending to renewable energy power developers

Applicable criteria

Policy on default recognition
Factoring Linkages Government Support
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Rating Basel III - Hybrid Capital Instruments issued by Banks
Bank

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Public sector bank

SBI is the largest bank in India in terms of assets and total business and is systemically important with an asset base of ₹61,79,694 crore as on March 31, 2024. The bank has the largest market share in advances and deposits in the Indian banking system. Per RBI's press release dated January 02, 2023, the bank has been classified as one of the three D-SIB in India by the RBI and is mandated to maintain an additional CET I capital of 0.60% of the risk weighted assets. GoI is the major shareholder, holding 56.92% stake in the bank as on March 31, 2024. As on March 31, 2024, the bank had a network of over 22,542 domestic branches, 63,580 ATMs, and an international network of 241 offices across 29 countries.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	September 30, 2024 (UA)
Total income	3,68,719	4,66,813	2,51,829
PAT	50,232	61,077	35,367
Total assets	54,78,688#	61,41,403#	63,41,459
Net NPA (%)	0.67	0.57	0.53
ROTA (%)	0.96	1.04	1.13

A: Audited; UA: Unaudited. Note: These are latest available financial results.
Note: All analytical ratios are per CARE Ratings' calculations.
#Total assets and net worth adjusted by DTA, revaluation reserve and intangible assets.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Bonds-Tier-I bonds (Basel III)	INE062A08355	21-02-2023	8.2	Perpetual (Call option date: 21-02-2033)	4,544	CARE AA+; Stable
Bonds-Tier-I bonds (Basel III)	INE062A08363	09-03-2023	8.25	Perpetual (Call option date: 09-03-2033)	3,717	CARE AA+; Stable
Bonds-Tier-I bonds (Basel III) (Proposed)	-	-	-	-	1,739	CARE AA+; Stable
Bonds-Tier-II bonds (Basel III)	INE651A08033	17-12-2014	8.55	17-12-2024	500	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE652A08015	22-01-2015	8.29	22-01-2025	950	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE649A08029	30-12-2015	8.4	30-12-2025	500	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE649A08037	08-02-2016	8.45	08-02-2026	200	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE062A08322	23-09-2022	7.57	23-09-2037	4,000	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE062A08231	21-08-2020	6.8	21-08-2035	8,931	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III) (Proposed)	-	-	-	-	1,069	CARE AAA; Stable
Bonds- Infrastructure bonds	INE062A08439	11-07-2024	7.36	11-07-2039	10,000	CARE AAA; Stable
Bonds-Tier-II bonds (Basel III)	INE062A08454	20-09-2024	7.33	20-09-2039	7,500	CARE AAA; Stable
Bonds-Tier-I bonds (Basel III)	INE062A08462	24-10-2024	7.98	Perpetual (Call option date: 24-10-2034)	5,000	CARE AA+; Stable
Bonds- Infrastructure bonds (Proposed)	-	-	-	-	10,000	CARE AAA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Bonds-Perpetual Bonds	LT	-	-	-	-	1)Withdrawn (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
2	Bonds-Lower Tier II	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
3	Bonds-Lower Tier II	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
4	Certificate Of Deposit	ST	-	-	-	1)Withdrawn (06-Nov-23) 2)CARE A1+ (06-Oct-23)	1)CARE A1+ (13-Feb-23) 2)CARE A1+ (07-Oct-22) 3)CARE A1+ (14-Sep-22) 4)CARE A1+ (05-Jul-22)	1)CARE A1+ (06-Jul-21)
5	Bonds-Upper Tier II	LT	-	-	-	-	1)Withdrawn (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
6	Bonds-Tier II Bonds	LT	-	-	1)Withdrawn (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22) 4)CARE AAA; Stable (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
7	Bonds-Tier II Bonds	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22)	1)CARE AAA; Stable (06-Jul-21)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
							4)CARE AAA; Stable (05-Jul-22)	
8	Bonds-Tier II Bonds	LT	950.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22) 4)CARE AAA; Stable (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
9	Bonds-Tier II Bonds	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22) 4)CARE AAA; Stable (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
10	Bonds-Tier II Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
11	Bonds-Tier II Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
12	Bonds-Tier II Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
13	Bonds-Tier II Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Jul-21)
14	Bonds-Tier II Bonds	LT	-	-	-	-	1)Withdrawn (07-Oct-22) 2)CARE AAA; Stable (14-Sep-22)	1)CARE AAA; Stable (06-Jul-21)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
							3)CARE AAA; Stable (05-Jul-22)	
15	Bonds-Tier I Bonds	LT	-	-	-	-	1)Withdrawn (05-Jul-22)	1)CARE AA+; Stable (06-Jul-21)
16	Bonds-Tier II Bonds	LT	200.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22) 4)CARE AAA; Stable (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
17	Bonds-Tier I Bonds	LT	-	-	-	-	1)Withdrawn (07-Oct-22) 2)CARE AA+; Stable (14-Sep-22) 3)CARE AA+; Stable (05-Jul-22)	1)CARE AA+; Stable (06-Jul-21)
18	Bonds-Tier II Bonds	LT	10000.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Nov-23) 2)CARE AAA; Stable (06-Oct-23)	1)CARE AAA; Stable (13-Feb-23) 2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22) 4)CARE AAA; Stable (05-Jul-22)	1)CARE AAA; Stable (06-Jul-21)
19	Bonds-Tier II Bonds	LT	4000.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24)	1)CARE AAA; Stable (06-Nov-23)	1)CARE AAA; Stable (13-Feb-23)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
					2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	2)CARE AAA; Stable (06-Oct-23)	2)CARE AAA; Stable (07-Oct-22) 3)CARE AAA; Stable (14-Sep-22)	
20	Bonds-Tier I Bonds	LT	10000.00	CARE AA+; Stable	1)CARE AA+; Stable (14-Oct-24) 2)CARE AA+; Stable (10-Sep-24) 3)CARE AA+; Stable (05-Jul-24)	1)CARE AA+; Stable (06-Nov-23) 2)CARE AA+; Stable (06-Oct-23)	1)CARE AA+; Stable (13-Feb-23)	-
21	Bonds-Infrastructure Bonds	LT	10000.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24) 3)CARE AAA; Stable (05-Jul-24)	-	-	-
22	Bonds-Tier II Bonds	LT	7500.00	CARE AAA; Stable	1)CARE AAA; Stable (14-Oct-24) 2)CARE AAA; Stable (10-Sep-24)	-	-	-
23	Bonds-Tier I Bonds	LT	5000.00	CARE AA+; Stable	1)CARE AA+; Stable (14-Oct-24)	-	-	-
24	Bonds-Infrastructure Bonds	LT	10000.00	CARE AAA; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Tier I Bonds	Highly Complex
3	Bonds-Tier II Bonds	Complex
4	Bonds-Tier II Bonds	Highly Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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