

Result Update

Q4 FY25

State Bank of India

Institutional
Research

Subdued Q4; Guidance Indicates Conservative Stance for FY26

Net Interest Income stood at Rs. 42,775 crores, up 3.2% QoQ / up 2.7% YoY. Operating Expenses stood at Rs. 35,698 crores, up 23.4% QoQ / up 17.9% YoY. Higher insurance-related costs and other operating expenditures largely drove the rise in expenses. The cost-to-income ratio stood at 53.29%, up 190bps YoY. Pre-Provision Operating Profit (PPOP) came in at Rs. 31,286 crores, up 32.8% QoQ / up 8.8% YoY. Growth in PPOP was primarily supported by healthy other income, mainly due to asset revaluation gains and strong forex-related income. Net Profit (PAT) stood at Rs. 18,643 crores, up 10.4% QoQ / down 9.9% YoY. Profitability was impacted by elevated provisioning during the quarter. However, Net profit was ahead of street estimates. Provisions rose to Rs. 12,643 crores, up 89.9% QoQ / up 57.1% YoY, with increases observed across all lending segments. CASA Ratio stood at 41.1%, up 191bps QoQ / up 113bps YoY. Return on Assets (ROA) stood at 1.12%, up 8bps QoQ / down 24bps YoY. Net Interest Margin (NIM) stood at 3.00%, down 1bps QoQ / down 30bps YoY, impacted by rising cost of funds and a repo rate cut. Gross Advances stood at Rs. 41,63,312 crores, up 4.0% QoQ / up 12.4% YoY. Growth was led by the RAM (Retail, Agriculture, MSME) segment and strong traction in foreign office advances. However, it missed the management's earlier guidance of 14-16% YoY growth. Gross Deposits stood at Rs. 53,82,189 crores, up 2.9% QoQ / up 9.5% YoY, supported by consistent growth in current account and term deposits. Capital Adequacy Ratio (CAR) stood at 14.25%, up 122bps QoQ / down 3bps YoY. Gross NPA (GNPA) stood at 1.82%, down 25bps QoQ / down 42bps YoY. Net NPA (NNPA) stood at 0.47%, down 6bps QoQ / down 10bps YoY. Overall, asset quality remains strong with improvements across key credit metrics. The company has declared a dividend of Rs. 15.90 per equity share for the financial year ending March 31, 2025. The record date to determine eligible shareholders is Friday, May 16, 2025, and the dividend will be paid on May 30, 2025. The Company proposes to raise equity capital of up to Rs. 25,000 crores (including share premium) in one or more tranches during the financial year 2025-26. The capital may be raised through Qualified Institutions Placement (QIP), Follow-on Public Offer (FPO), or any other permissible mode, or a combination thereof, as deemed appropriate.

Valuation and Outlook

State Bank of India (SBI), the country's largest public sector bank, delivered a subdued performance in Q4FY25, with elevated provisions weighing on profitability. While we had anticipated 14% credit growth in FY25 amid a growing share of unsecured loans, the bank missed this target. For FY26, SBI has guided for a slower credit growth of 12-13%, which trails industry expectations. Margins remained under pressure due to the prevailing interest rate environment, and management has indicated that margin compression will likely continue into FY26, though the quantum of decline was not specified. However, asset quality was a bright spot in the quarter. SBI reported improvements across key indicators like Gross and Net NPAs, and also saw strong recoveries, even in the unsecured retail segment which has been under scrutiny. This suggests the credit portfolio is strengthening. Overall, while the outlook on growth and margins remains conservative, the steady improvement in asset quality provides some comfort. We remain watchful but maintain a positive bias going into FY26.

Key Highlights

Particulars (Rs. crores)	Q4FY25	Q3FY25	QoQ (%)	Q4FY24	YoY (%)
Net Interest Income	42,775	41,446	3.2%	41,655	2.7%
PPOP	31,286	23,551	32.8%	28,748	8.8%
Net Profit	18,643	16,891	10.4%	20,698	-9.9%
NIM (%)	3.00	3.01	-1bps	3.47	-47bps
RoA (%)	1.12	1.04	8bps	1.36	-24bps
GNPA (%)	1.82	2.07	-25bps	2.24	-42bps
NNPA (%)	0.47	0.53	-6bps	0.57	-10bps
CASA (%)	39.90	39.20	70bps	41.11	-121bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	790
BSE code	500112
NSE Symbol	SBIN
Bloomberg	SBIN IN
Reuters	SBI.BO

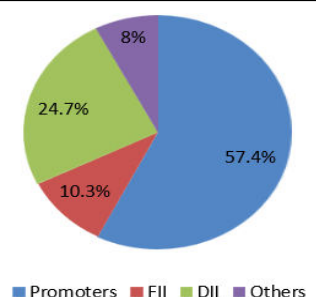
Key Data

Nifty	24,461
52 Week H/L (Rs.)	912 / 680
O/s Shares (Mn)	8,925
Market Cap (Rs. bn)	7,050
Face Value (Rs.)	1

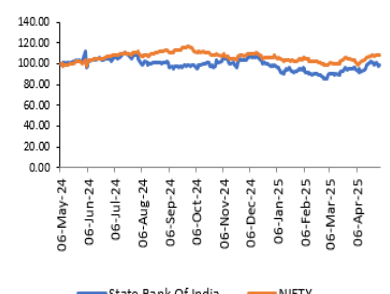
Average Volume

3 months	1,24,36,600
6 months	1,25,02,700
1 year	1,56,17,420

Share Holding (%)



Relative Price Chart



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Key Concall Highlights

- SBIN has prioritized liability franchises and improved underwriting standards.
- The bank has taken a Board approval for a capital raise amounting to Rs. 250bn with a period validity of 12 months. This resolution is for augmenting CET-1 capital and SBIN does not need immediate growth capital but will raise capital as and when the environment is conducive.

"The bank aims to maintain ROA at 1% levels on an annual basis (with some quarterly variances)."

Advances and deposits

- Advances growth stood at 12% YoY, driven by growth across all segments. The domestic CD ratio is sufficient for future growth requirements.
- Total deposits grew by 9.5% YoY, with robust growth in Term deposits and continued strong Current Account (CA) growth.
- The domestic CD ratio stood at 69.7%. PCR remains strong at 74.4%.
- The bank has completely revamped the whole part of extending Xpress credit, but growth will come back as the credit profile of borrowers will improve mainly due to revised tax norms.
- Moderation in treasury yields will help the market to perform better. With the rate cycle moderating, yields will go down, and hence the bank will be positive both on the MTM and treasury fronts.

"The bank expects credit growth to remain at 12-13%."

Yields, Margins, and Opex

- SBIN aims to reduce the cost-to-income ratio, with focus on improving income levels.
- Domestic NIMs stood at 3.15% in Q4. SBIN expects the NIMs to be under strain, but the impact will be lower as out of the total loans, 29% of the loans are EBLR-linked.
- Factoring in another 50bps rate cut and with certain levers on the cost front, SBI expects some moderation in NIMs.
- Employee expenses: SBIN takes majority of the employee provisions on account of PLI in Q4 (an annual phenomenon).
- Sequential increase in miscellaneous income is on account of Rs. 13.4bn of dividend income.

"The bank aims to keep the C/I ratio below 50-51%."

Asset quality

- Bank has got Rs. 33bn recovery from a large account, out of which 15% i.e. Rs. 5bn is shown as NPA reduction, and the remaining has gone into the treasury.
- Slippage ratio stood at 0.55% and credit cost at 0.38%.
- Net NPA improved by 10bps, with improved PCR at ~74%.
- NARCL pool: SBIN has transferred a pool of Rs. 1.5tn to NARCL.
- Recovery from written-off pool: SBIN is having these recoveries from small accounts and not lumpy accounts. It has strengthened its recovery process.

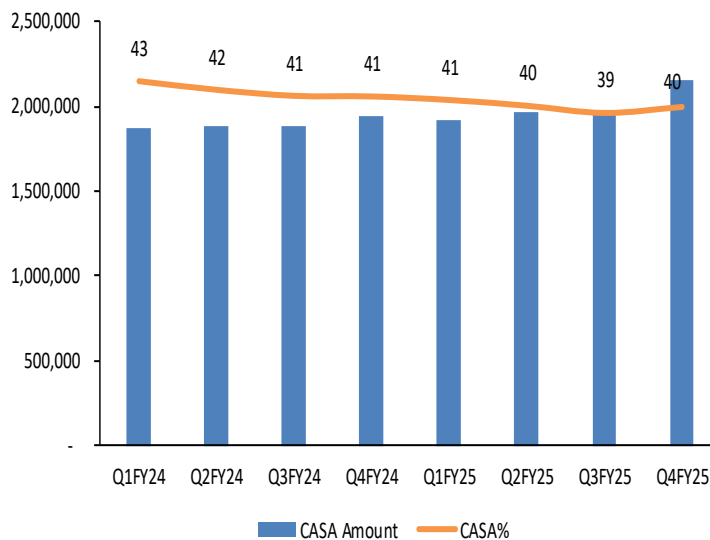
"SBI doubles every 6-7 years and if it grows only 11-12% in BS, then it will grow double."

Other Highlights

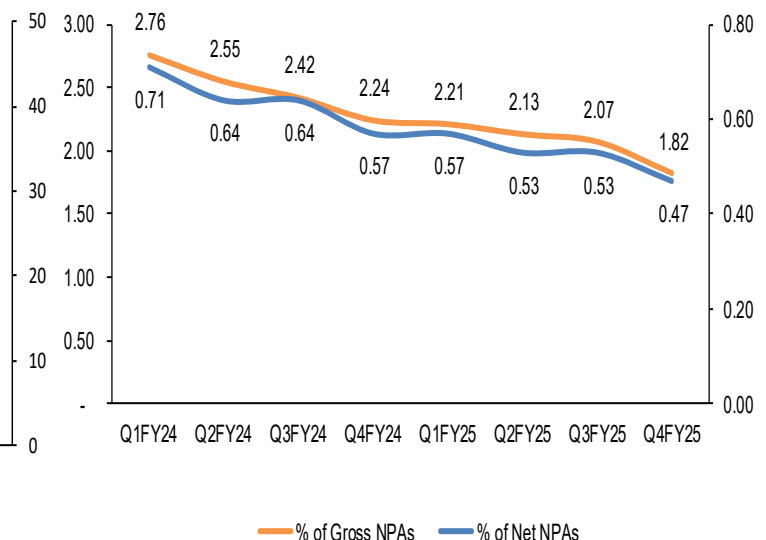
- ROE to be maintained above +15% across business cycles.
- SA rate cut: SBIN does not aim to cut SA rate any further. It expects some re-adjustment on term deposit in short-tenor loans.
- Branch additions overseas: The US and Bahrain are the geographies having local credit demand. The ECB business is largely done in GIFT-city, Dubai and Hongkong and SBIN is extensively using GIFT-city due to tax benefits.

Quarterly Snapshot (Rs. crores)

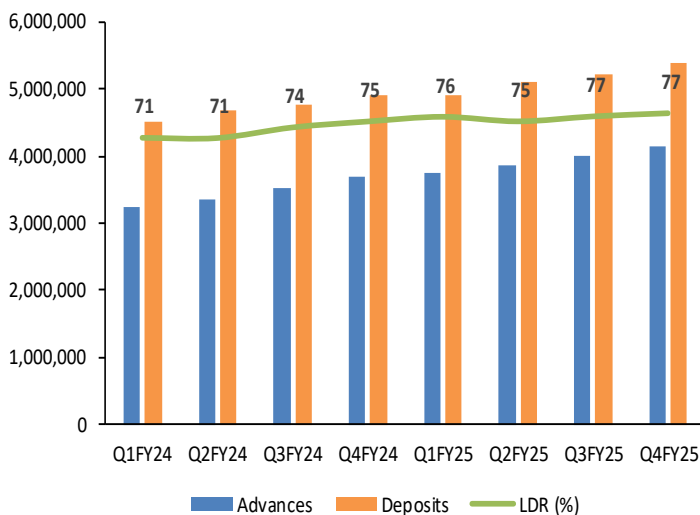
CASA



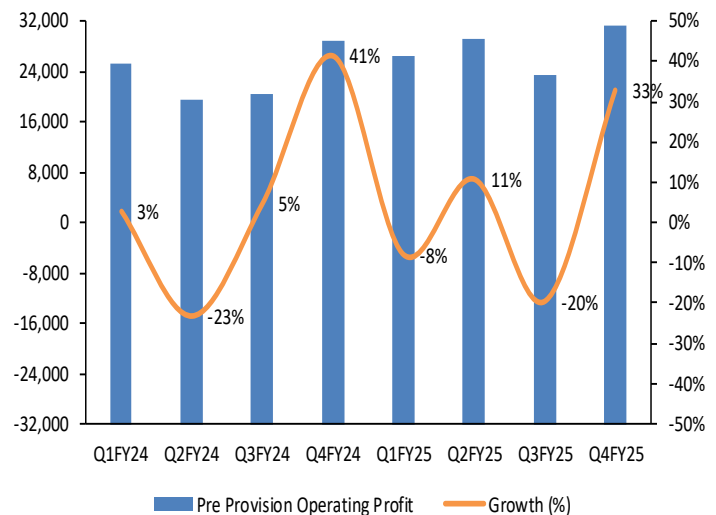
NPA Ratios (%)



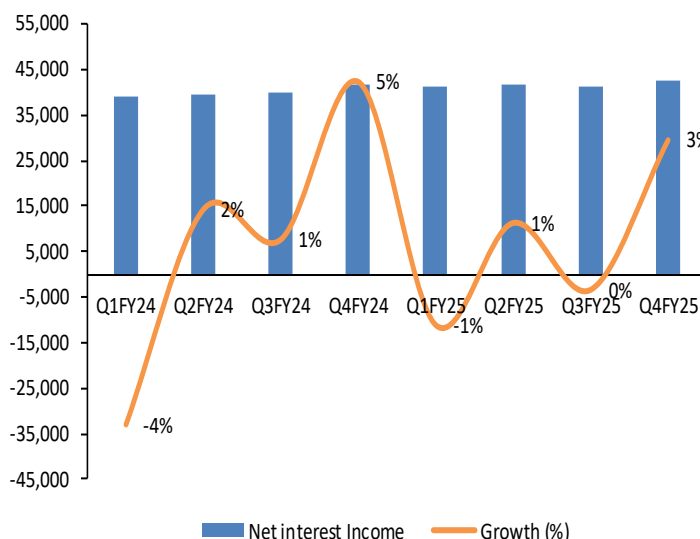
Loan - Deposit Ratio (%)



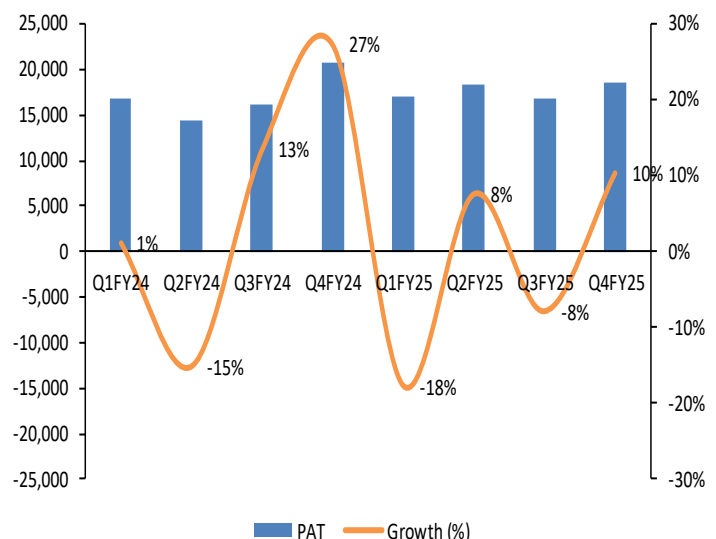
Pre-Provision Operating Profit



Net Interest Income

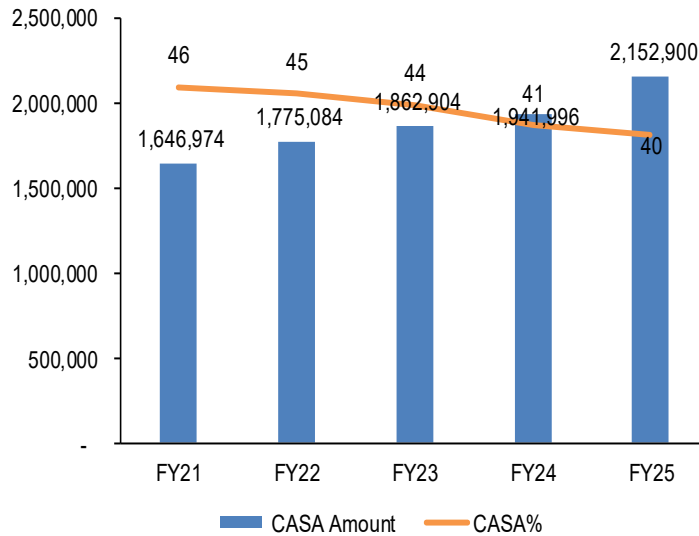


Profit After Tax

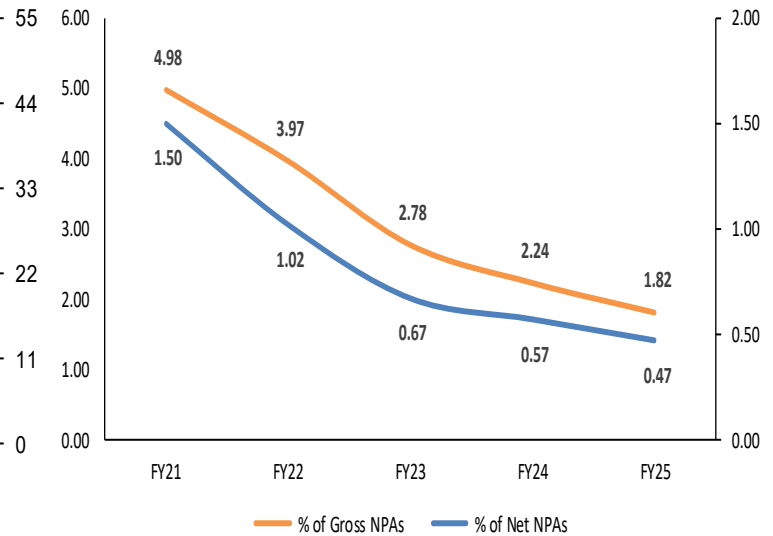


Yearly Snapshot (Rs. crores)

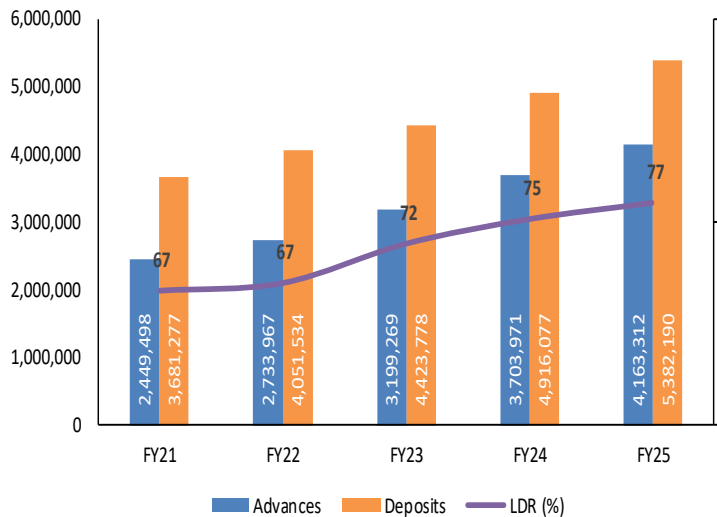
CASA



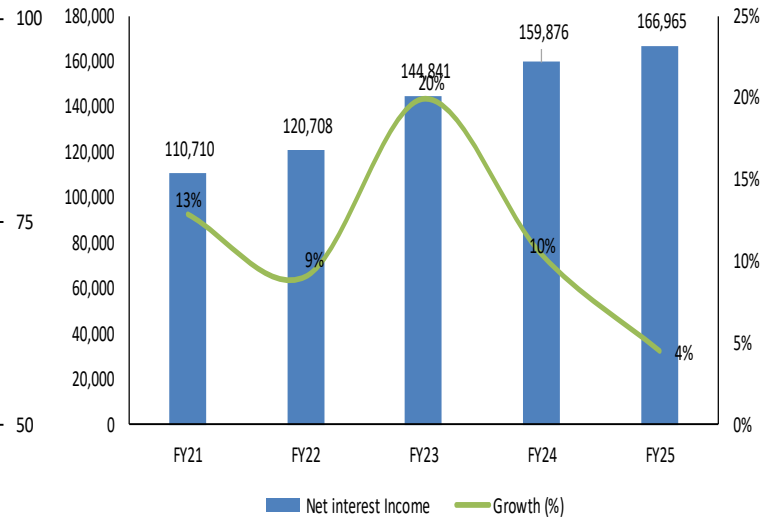
NPA Ratios (%)



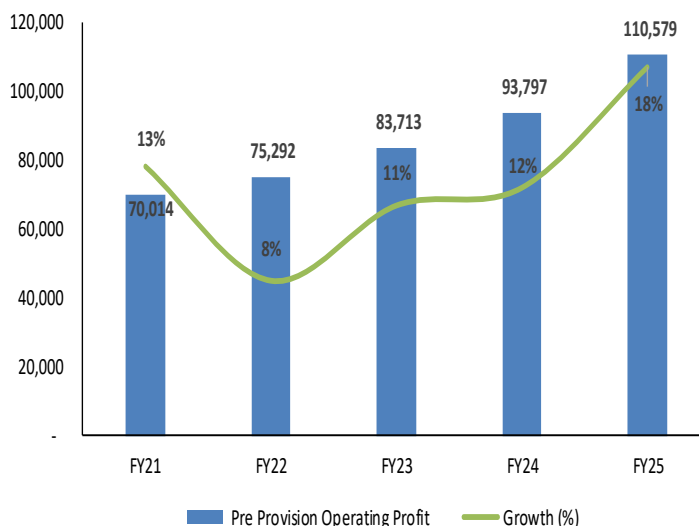
Loan - Deposit Ratio (%)



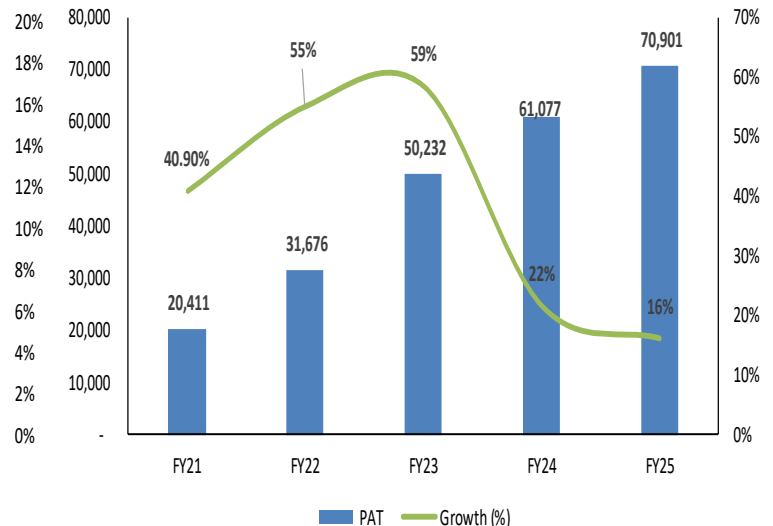
Net Interest Income



Pre-Provision Operating Profit



Profit After Tax



Key Financials

YE March (Rs. crores)	FY21	FY22	FY23	FY24	FY25
Net Interest Income	1,10,710	1,20,708	1,44,841	1,59,876	1,66,965
<i>Growth %</i>	<i>12.90%</i>	<i>9.00%</i>	<i>20.00%</i>	<i>10.40%</i>	<i>4.40%</i>
PPOP	71,554	75,292	83,713	93,797	1,10,579
<i>Growth%</i>	<i>5.00%</i>	<i>5.20%</i>	<i>11.20%</i>	<i>12.00%</i>	<i>27.5%</i>
Net Profit	20,410	31,676	50,232	61,076	70,900
<i>Growth %</i>	<i>40.90%</i>	<i>55.20%</i>	<i>58.60%</i>	<i>21.60%</i>	<i>16.10%</i>
EPS	22.9	35.5	56.3	68.4	79.4

Profitability & Valuation

NIM (%)	3.26%	3.36%	3.58%	3.30%	2.90%
RoA (%)	0.48%	0.67%	0.96%	1.02%	1.10%
RoE (%)	9.91%	13.92%	19.40%	20.34%	18.60%
BV per Share (Rs.)	241	269	310	364	439
P/E (x)	34.5	22.3	14.0	11.5	9.9
P/BV (x)	3.3	2.9	2.5	2.2	1.8

Key Operating Metrics

CASA %	46	45	44	41	40
CASA Amount	1,646,974	1,775,084	1,862,904	1,941,996	2,152,900
Deposits	3,681,277	4,051,534	4,423,778	4,916,077	5,382,190
<i>Growth%</i>	<i>13.6%</i>	<i>10.1%</i>	<i>9.2%</i>	<i>11.1%</i>	<i>9.5%</i>
Advances	2,449,498	2,733,967	3,199,269	3,703,971	4,163,312
<i>Growth%</i>	<i>5.3%</i>	<i>11.6%</i>	<i>17.0%</i>	<i>15.8%</i>	<i>12.4%</i>
LDR (%)	67	67	72	75	77

Source: Company, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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