

Key Highlights – Q2FY25

- State Bank of India (SBI) in Q2FY25 posted a robust earnings result, with healthy growth in treasury income and supported by controlled opex costs.
- Reported Profit after tax stood at ₹183bn up +28% YoY/ up +8% QoQ.
- In Q2FY25, NII stood at ₹416bn rising +5% YoY/ flat QoQ with NIM (domestic) coming in at 3.3%, down -16bps YoY / -8bps QoQ.
- Overall loan book growth of +14.9% YoY/ +2.8% QoQ to ₹39,207bn was driven mainly by the domestic business growth while international business grew at slower pace compared with the overall growth during the quarter.
- Total bank deposits increased by +9.1% YoY/ +4.4% QoQ to ₹51,173bn. CASA ratio witnessed compression of -185bps YoY/ -67bps QoQ to 40.0%.
- Asset Quality further strengthened with GNPA / NNPA falling to 2.1% / 0.5% in Q2FY25.
- During the quarter, Return on equity improved to 22% and Return on Assets increased to 1.2%.

Important Statistics

Nifty	23,883
Sensex	78,675
M.CAP (₹ tn)	~7.25
52 Week H/L (₹)	912.00/555
NSE Code	SBIN
BSE Code	500112
Bloomberg Code	SBIN:IN

Shareholding Pattern (%) Sep'24

Promoters	57.51
FIIIs	10.71
DII	24.10
Public	7.68

Key takeaways from Q1FY25 result

- **Profitability**
 - SBIN posted an all-round performance reporting healthy numbers on all fronts. Deposit growth recovered from last quarter's lows, however, CASA moderation continued. Credit cost remained well below management guidance. Opex cost was kept well within control.
 - In Q2FY25, net interest income stood at ₹416bn up +5% YoY/ flat QoQ on the back of decline in NIMs during the quarter by -8bps sequentially (-12bps YoY) to 3.4%. Sequential fall in NIM was witnessed with fall in credit to deposit ratio and loan re-rating cycle nearing completion.
 - Interest income rose +12% YoY/ +2% QoQ to ₹1,139bn with yields on advances remaining largely flat YoY and QoQ during the quarter at 8.9%. Higher cost of deposits at 5.0% up +38bps YoY/ +3bps QoQ led to interest expense rising +17% YoY/ +3% QoQ to ₹723bn.
 - Employee costs stood at ₹148bn coming down by -22% YoY/-4% QoQ. Operating expenses increased by +7% YoY/+23%QoQ to ₹128bn. Controlled opex growth resulted cost-income ratio falling to 48.5%.
 - For the quarter, provisions stood at ₹45bn up from ₹34bn in Q1FY25, thus credit cost coming in at 0.43% increasing +16bps YoY/-5bps QoQ. Management anticipates credit cost to remain ~0.5% in FY25.
 - Resultantly, reported profit after tax for Q2FY25 came in at ₹183bn up +28% YoY/ +8% QoQ.
 - During the quarter, RoE expanded +80bps QoQ(-79bps YoY) to 22%, while, RoA grew by +16bps QoQ(+7bps YoY) to 1.2%.

Financials

Segment (Rs bn)	Q2FY24	Q2FY25	YoY %
Retail Personal	12,434	13,966	12.3%
Agri	2,739	3,222	17.7%
SME	3,890	4,565	17.4%
Corporate	9,777	11,572	18.4%
Domestic	28,840	33,325	15.6%
Overseas	5,272	5,882	11.6%
Total Advances	34,113	39,207	14.9%

Source: Company, Way2wealth Research

Relative Performance

Return (%)	1Yr	3Yr	5Yr
SBI	41%	64%	157%
Nifty 50	21%	30%	99%
Sensex	20%	28%	94%

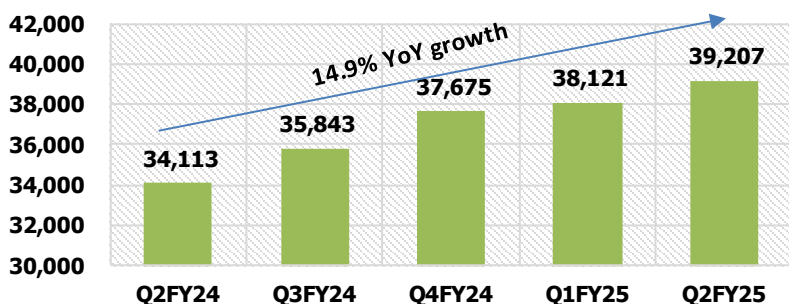
Source: Company, Way2wealth

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Gross Advances (₹ bn)



Source: Company, Way2wealth Research

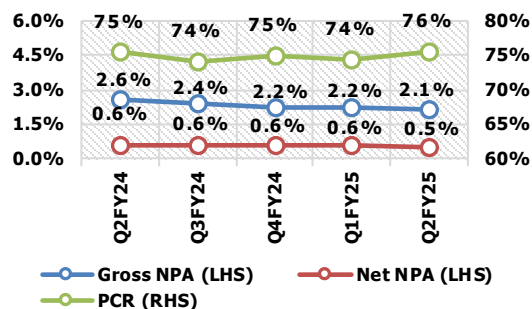
➤ **Advances and Deposits**

- Gross advances were up +14.9% YoY/+2.8% QoQ to ₹39,207bn with domestic advances growing +15.6% YoY/+2.3% QoQ. Overseas business grew at a slightly muted pace of +11.6% YoY/+6.4% QoQ.
- During the quarter, domestic lending business was led by healthy +18.4% YoY/+1.6% QoQ growth in corporate segment to ₹11,572bn while retail personal loan segment grew at a muted pace of +12.3% YoY/+2.1% QoQ growth to ₹13,966bn. SME segment grew at a robust +17.4% YoY/+2.9% QoQ to ₹4,565bn.
- For the quarter, deposit base grew by +9.1% YoY/+4.4 QoQ to ₹51,173bn. It was driven by growth in term deposits increasing +13% YoY/+6% QoQ to ₹29,446bn while CASA growth remained subdued at +4.2% YoY/+2.7% QoQ to ₹19,659bn.
- Resultantly, CASA ratio in Q1FY25 stood at 40.0%, down -185ps YoY/-67bps QoQ.

➤ **Asset quality**

- Improvement in bank's asset quality continued as GNPA contracted -42bps YoY/-8bps QoQ to 2.1% while NNPA fell -11bps YoY/-4 QoQ to 0.5%. PCR improved by +21bps YoY/+125bps QoQ at 76%.
- No notable movement in Xpress Credit Card asset quality was observed during the quarter. As the bank largely focuses on salaried customer base while sanctioning unsecured loans, it reduces risk of the portfolio.
- Slippages in Q2FY25 rose +27.1% YoY but down -38.4% QoQ to ₹49bn, while Slippage Ratio came at 0.7% down -2bps YoY and -16bps QoQ.

Asset Quality

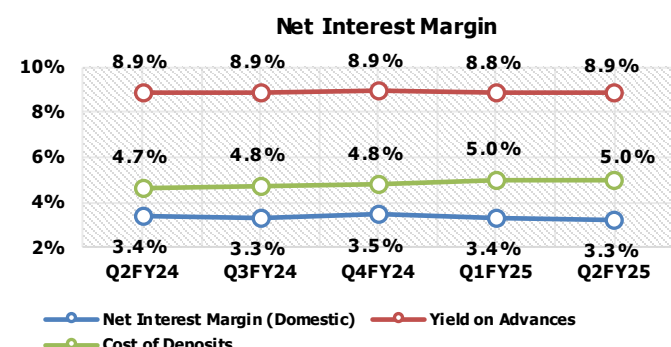
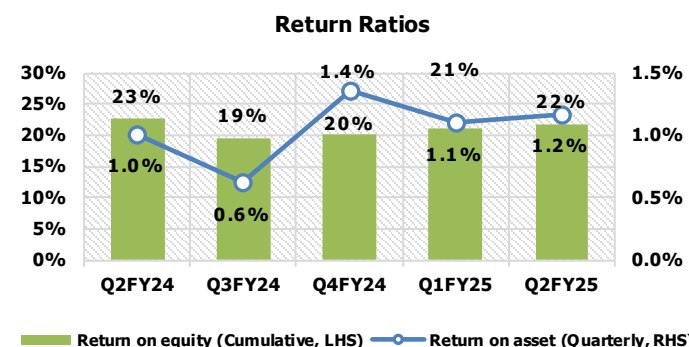
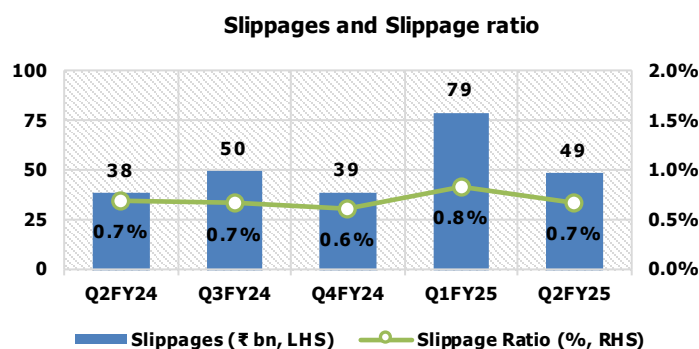
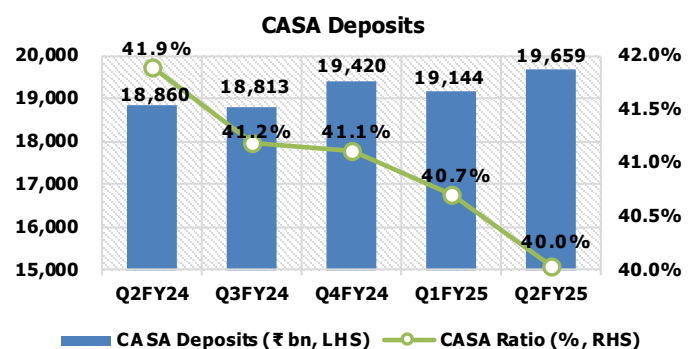
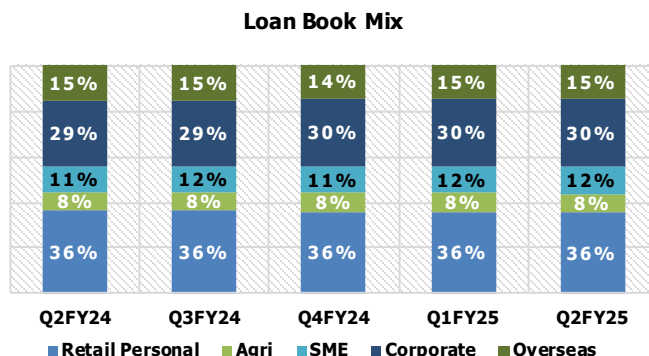
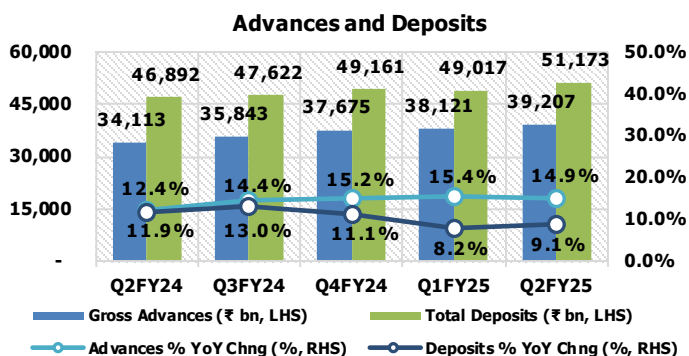


Source: Company, Way2wealth Research

➤ **Capital Adequacy**

- In Q2FY25, the Capital Adequacy Ratio (CAR) fell -52bps YoY / -10bps QoQ to 13.76%.

Story in Charts



Source: Company, Way2wealth Research

View

State Bank of India posted an all-round performance with healthy earnings performance aided by treasury gains and well-controlled opex costs. During the quarter, advances growth and deposit mobilization also remained robust. Though, NIM compression was witnessed during the quarter, it was in tandem with the industry trends and the management expects to maintain it at current levels. Asset quality improvement continued and the commentary did not pointed to any kind of red flags on the SMA front. Guidance has largely remained the same on all front and the bank is well on track to achieve the same in FY25. **We remain bullish on the bank's structural story and maintain our BUY rating on the stock which trading currently at CMP of ₹827, ~1.7x its FY26e P/Bk.**

Financials

(₹ bn)

Particulars (₹ bn)	Q2FY25	Q2FY24	% YoY Chng	Q1FY25	% QoQ Chng	1HFY25	1HFY24	% YoY Chng
Interest/ discount on advances / bills	815	703	16%	787	4%	1,602	1,374	17%
Income on investments	280	270	4%	283	-1%	563	520	8%
Interest on balances with RBI & other inter-bank funds	10	13	-24%	11	-8%	20	26	-23%
Others	33	28	18%	35	-5%	68	53	29%
Interest earned	1,139	1,014	12%	1,115	2%	2,254	1,974	14%
Interest expended	723	619	17%	704	3%	1,427	1,189	20%
Net Interest Income	416	395	5%	411	1%	827	784	6%
Other income	153	108	42%	112	37%	264	229	16%
Total income	569	503	13%	523	9%	1,092	1,013	8%
Employee costs	148	189	-22%	155	-4%	303	355	-15%
Operating expenses	128	119	7%	104	23%	232	210	10%
Core Profit	293	194	51%	264	11%	557	447	25%
Provisions and contingencies	45	1	3809%	34	31%	80	26	204%
Profit before tax	248	193	28%	230	8%	478	421	14%
Tax expense	65	50	30%	60	8%	124	109	14%
Net profit	183	143	28%	170	8%	354	312	13%
Exceptional items	-	-		-		-	-	
Reported PAT	183	143	28%	170	8%	354	312	13%
Earnings per share (EPS)	21	16	28%	19	8%	40	35	13%
NIM (Overall)	3.1%	3.3%	-15 bps	3.2%	-8 bps	3.2%	3.3%	-13 bps
NIM (Domestic)	3.3%	3.4%	-16 bps	3.4%	-8 bps	3.3%	3.5%	-14 bps
Cost to Income ratio	48.5%	61.4%	-1,288 bps	49.4%	-91 bps	48.9%	55.8%	-690 bps
Cost to Assets	1.8%	2.2%	-41 bps	1.7%	9 bps	1.7%	2.0%	-28 bps

Source: Company, Way2wealth Research

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Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
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