State Bank of India (SBIN IN)

FUNDAMENTAL VIEW [1]

As of 07 Oct 2025

- State Bank of India (SBI) is the largest state-owned bank in India and is in some respects the country's flagship bank. Given the bank's ~57% government ownership and systemic importance, government support for SBI is very strong.
- The bank's capital buffers are relatively low, but we take comfort in the strong government support.

RISKS & CATALYSTS

As of 07 Oct 2025

- SBI does not have a strong buffer vs. the regulatory minimum of 8%, but its size, systemic importance and majority government shareholding confer particularly strong government support. But consequentially, any deterioration in the sovereign ratings will also affect the bank's credit.
- Rate cuts will feed through to the NIM in FY26, but improved system liquidity will provide some support for the NIM and loan growth.
- Asset quality is trending well despite a stretched urban middle and lower-middle class consumer class, as SBI's personal unsecured loans book is ~95% to salaried employees of top tier corporates and the government.
- Pro-forma for SBI's recent equity raise in July, its first in seven years and through which it raised INR 250 bn through India's largest QIP (Qualified Investor Placement), the standalone CET1 ratio (including profits) is 0.7 ppt higher at 12.3%.

CREDIT QUALITY SCORE (CQS)[2]

As of 31 Oct 2025

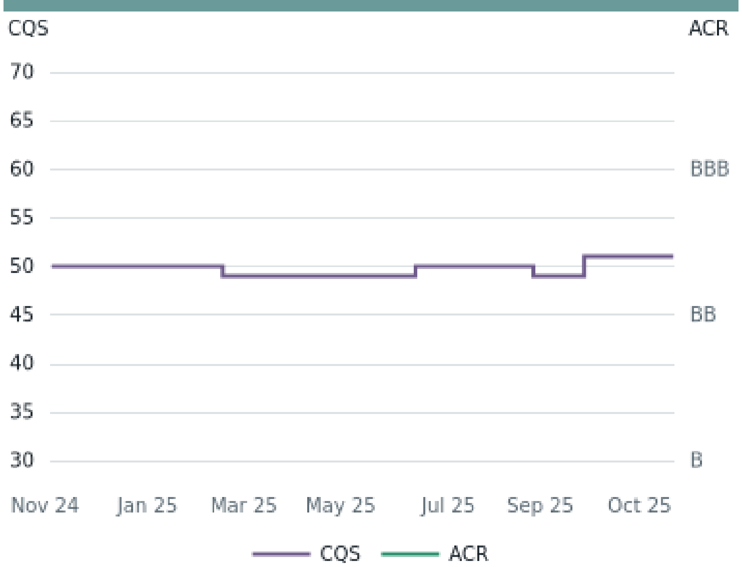
CURRENT CQS

51

CQS OUTLOOK [3]

NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)[4] VS CQS



KEY METRICS

As of 07 Oct 2025

INR MN	FY22	FY23	FY24	FY25	1Q26
NIM	3.12%	3.37%	3.28%	3.09%	2.90%
ROAA	0.67%	0.96%	1.04%	1.10%	1.14%
ROAE	11.9%	16.5%	17.3%	17.3%	16.8%
Equity to Assets	5.6%	5.9%	6.1%	6.6%	6.9%
CET1 Ratio	10.3%	10.6%	10.6%	11.1%	11.3%
Gross NPA Ratio	3.97%	2.78%	2.24%	1.82%	1.83%
Provisions/Loans	0.91%	0.54%	0.14%	0.38%	0.45%
PPP ROA	1.58%	1.59%	1.60%	1.72%	1.82%

BUSINESS DESCRIPTION

As of 07 Oct 2025

- State Bank of India is the largest commercial bank in India. Its predecessor banks date back to the 19th century. In the early 20th century, they merged to form the Imperial Bank of India, which became the State Bank of India after India gained independence in 1947.
- The Government of India remains the largest shareholder with a 55.03% stake. Per the SBI Act, the government's shareholding cannot fall below 55%.
- SBI's merged with its 5 associate banks and Bharatiya Mahila Bank in 2018. The merger catapulted SBI into one of the world's 50 largest banks.
- The bank has 85% of its loans in the domestic market, and has steadily increased its international business too over the past few years with offices across all international business centres. The domestic book is split 43% retail, 33% corporates, ~14% SMEs and ~10% to the agri segment as of June 2025.
- It has diversified its operations with well regarded subsidiaries in the areas of fund management, credit cards, insurance, and capital markets.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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