StaG

REPORT | SEPTEMBER 2025

SENORA
ASSET MANAGEMENT

SBI STABLE & BANKABLE IDEA

A transformed giant at the forefront of India's credit growth

- BANKING BUSINESS IS TRADING AT JUST ~6X CORE PROFITS
- SUBSIDIARY VALUATIONS IMPLY SBI IS AVAILABLE AT ~1X P/B
- WITH ROA AT 1% AND ROE AT ~20%, SBI IS NOW COMPARABLE TO LEADING PRIVATE BANKS
- GROWTH TRAJECTORY: DELIVERING IN LINE WITH PRIVATE PEERS
- ASSET QUALITY: NOW STRONGER THAN THE BEST IN THE INDUSTRY
- CAN THIS VALUATION MISMATCH CONTINUE FOR LONG? 👉 SURELY NOT.

This report presents a comprehensive deep-dive into the State Bank of India (SBI), India's largest and most influential bank. It traces SBI's journey from a traditional public sector lender to a modern, technology-augmented institution, benchmarked against private peers. We assess its business model, market positioning, financial performance, and strategic levers that reinforce its dominance. The report also places SBI within the larger context of India's evolving banking sector, highlighting the opportunities and risks shaping its growth trajectory.

Banking Business: Overview

At its foundation, a bank's role is simple: **mobilizing deposits, extending credit, and enabling payments and transactions.** Over time, however, banks have transformed into **multi-dimensional financial institutions,** leveraging their vast customer bases to diversify revenue streams, expand service portfolios, and strengthen profitability. Today, banks operate as integrated financial ecosystems, balancing traditional functions with modern innovations.

Core Banking Businesses

Deposit Mobilization (Liability Franchise): Current accounts, savings accounts, and term deposits.

Lending (Asset Side): Retail loans (home, auto, personal, credit cards), corporate loans (working capital, term loans, overdrafts), MSME & agri lending, and gold loans.

Treasury Operations: Liquidity management, trading gains, and investments in money markets and government securities (for SLR compliance).

Non-Core Businesses

Fee-Based Services: Distribution of insurance, mutual funds, wealth products, advisory, and investment banking.

Fintech & Digital Platforms: Cross-selling beyond banking through digital ecosystems and super-apps.

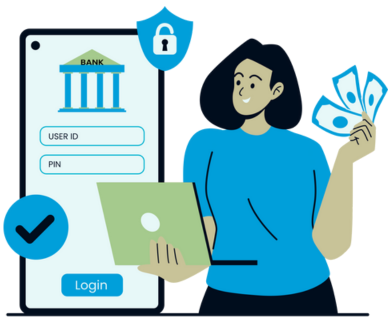
Payments & Transactions: UPI, payment gateways, trade finance, forex, remittances, and digital payment solutions.

Subsidiary Businesses

Asset Management: Mutual funds, portfolio management, and wealth services.

Insurance: Life and general insurance via bancassurance partnerships.

Other Services: Stock broking, investment banking, and capital market solutions.



USP for Banks

STATE BANK OF INDIA (SBI)

- **Scale & Trust:** India's largest bank, commanding **~23% of assets** and **~25% of loans/deposits,** underpinned by sovereign credibility.
- **Unmatched Reach: 22,000+ branches, 65,000+ ATMs,** and a customer base of **500+ million.**
- **Rural Penetration:** Flagship **YONO Krishi platform** empowers farmers with multilingual services. SBI's legacy and physical presence provide unrivalled access to semi-urban and rural India, critical for the country's next growth phase.

HDFC BANK

- **Market Leader:** Top private sector bank by assets; 10th largest globally by market cap.
- **Strategic Integration:** Merger with HDFC Ltd. strengthens housing finance and enhances cross-sell synergies.
- **Retail Focus:** Strong orientation towards retail lending across segments.
- **Premiumization Play:** Tiered offerings like Classic & Imperia deepen HNI loyalty and drive profitability.

ICICI BANK

- **B2B & Digital Edge:** ICICI STACK embeds banking into client ecosystems, supply chains, employees, and partners.
- **Product Innovation:** Flagship solutions like InstaOD Plus and Trade Emerge enhance stickiness, making ICICI a strategic partner.
- **Technology Leadership:** Pioneer in internet banking, cardless EMI, blockchain applications; supported by robust, diversified subsidiaries.

AXIS BANK

- **AI-Driven Productivity:** Tools like Siddhi & Adi elevate employee efficiency and customer experience.
- **Diversified Strength:** India's 3rd-largest private bank, with strong momentum in Small Business Banking (SBB), SME, and Mid-Corporate segments.
- **Resilient Asset Quality:** Adjusted Gross NPA at 1.41% (Technical Impact basis) signals stronger underlying portfolio health.

KOTAK MAHINDRA BANK

- **Prudent Expansion:** Selective entry into unsecured lending with stringent risk controls.
- **Profitability Focus:** Prioritizes higher-yield opportunities, ensuring profitable and sustainable growth.

SBI = Scale & Trust | **HDFC** = Retail Growth Engine | **ICICI** = Digital Innovator
Axis = Diversified Challenger | **Kotak** = Prudent & Profitable

Balance Sheet Size and Business Mix for each of the banks & Top Management			
Bank	**Balance Sheet Size (₹ Cr)**	**Business Mix**	**Top Management**
State Bank of India (SBI)	₹66,76,053	Retail ~35.7% of advances; balance in corporate, SME, agri.	Shri S. S. Setty (Chairman), Shri A. Bhatia (MD), Shri S. S. Mallikarjuna Rao (MD)
HDFC Bank	₹39,10,199	Post-HDFC Ltd merger: diversified across retail, large corporate, treasury (detailed splits not disclosed).	Shri S. Chaudhuri (MD & CEO), Shri D. Shah (Deputy CEO)
ICICI Bank	₹21,18,240	Retail ~52.4% (+8.9% YoY); ~47.6% corporate, SME, business banking.	Shri Sandeep Bakhshi (MD & CEO), Shri A. A. Rajadhyaksha (Deputy CEO)
Axis Bank	₹16,09,930	Integrated retail + wholesale/commercial banking. Strong SBB/SME growth (+8–14% YoY).	Shri A. Chaudhry (MD & CEO), Ms. D. Joshi (CFO & ED), Ms. S. Raje (COO & ED)
Kotak Mahindra Bank	₹8,79,774	Retail ~₹3,95,971 cr; Corporate/Wholesale ~₹2,44,022 cr (45% vs 28% of assets). Vehicle finance ~2%, insurance ~10%.	Shri A. Vaswani (MD & CEO), Ms. S. Ekambaram (Deputy MD), Mr. J. Hansraj (ED)
Bank of Baroda (BoB)	₹17,81,247	Retail ~26% of loans (+18% YoY); Corporate/Commercial ~74%; strong Agriculture/Rural (RAM) segment.	Shri C. Shah (MD & CEO), Smt. B. Vaheed (ED), Shri S. Mudaliar (ED)

Investor Takeaways – Leading Banks (FY25)	
Bank	**Investor Takeaway**
State Bank of India (SBI)	The undisputed scale leader with unmatched rural penetration and PSU-backed trust.
HDFC Bank	A retail growth engine, strengthened by the HDFC Ltd merger and premium customer franchise.
ICICI Bank	A digital innovator, embedding banking into ecosystems with sticky, tech-led products.
Axis Bank	A diversified challenger, leveraging SME/SBB growth and AI-driven efficiency.
Kotak Mahindra Bank	A prudent & profitability-focused player, selective yet strong in high-yield segments.
Bank of Baroda (BoB)	A turnaround PSU story, balancing retail growth with strong rural and agri positioning.

India's Banking Sector

BUILDING THE ENGINE OF TOMORROW'S ECONOMY

India's banking sector is undergoing a profound transformation, shaped by evolving customer expectations, rapid digitization, and proactive regulatory reforms. While the push for financial inclusion has laid a strong foundation, the industry now stands at a pivotal inflection point, ready to scale its capabilities and anchor the next phase of India's economic growth.

FY25 results: Banking industry snapshot

Source: BCG Report

Business	Total Deposits	Total Net Advances	Retail Advances[1]	MSME[2] Advances
	₹229.3L Crore 11% YoY	₹184.6L Crore 12% YoY	₹63.6L Crore 13% YoY	₹33.3L Crore 14% YoY

Profitability	Total Income	Net Interest Income	Non-Interest Income	PAT
	₹24.7L Crore 13% YoY	₹8.5L Crore 8% YoY	₹3.4L Crore 14% YoY	₹3.7L Crore 16% YoY

Key Ratios	NIM (%)	Cost-Income	ROA	CASA Ratio	GNPA (%)
	3.1% 11 bps YoY	48.8% 86 bps YoY	1.3% 4 bps YoY	37.0% 174 bps YoY	2.2% 54 bps YoY

KEY STRUCTURAL TRENDS

TECHNOLOGY & INNOVATION
Explosive UPI adoption, CBDC pilots, digital KCC loans, and RBI's Public Tech Platform redefining financial infrastructure.

FINANCIAL INCLUSION
Flagship initiatives like PMJDY, DBT transfers, and NSFI (2019–24), along with fintech-driven digital access, expanding reach to the underserved.

CONSOLIDATION & EFFICIENCY
Strategic mergers enhancing scale, driving operational efficiency, reducing NPAs, and enabling stronger credit growth.

PAYMENTS GROWTH
Robust expansion in RTGS, NEFT, and IMPS volumes with 24x7 availability positioning India as a global payments leader.

NEW INVESTMENT AVENUES
RBI's Retail Direct Scheme broadening participation in government securities, opening markets to retail and NRI investors.

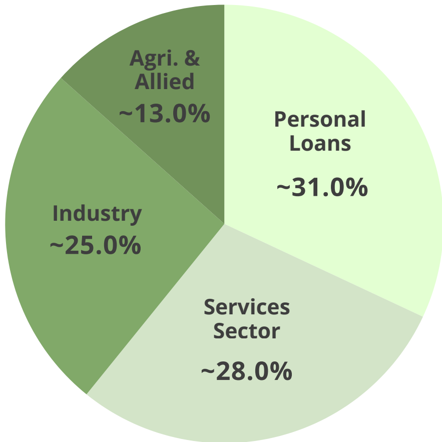
SCALE OF INDIAN BANKING (FY25)

India's banking sector has reached unprecedented scale, underpinned by structural growth in deposits, lending, and digital adoption.

- **Deposits & Loans:** Total deposits stood at **~₹230 lakh crore**, while outstanding loans reached **~₹185 lakh crore** as of March 2025.
- **Market Structure:** The system comprises **13 public sector, 21 private sector, and 44 foreign banks.** Public Sector Banks (PSBs) retain dominance with **59.5% of assets** and **72.9% share** of the industry in 2024.
- **Digital Leadership:** India is now the world's largest real-time payments market, with UPI contributing **48.5% of global volumes.**
- **Housing Credit Surge:** Outstanding housing loans touched **₹27.2 lakh crore** (March 2025), forming nearly half of the personal loan book. Personal loans overall grew **14% YoY.**
- **Future Growth:** The housing finance market, currently **~₹33 lakh crore (US$380 bn)**, is projected to grow at 15–16% CAGR to reach **₹77–81 lakh crore (US$886–932 bn)** by 2030.

LOAN MIX

Share of Total Bank Credit (Mar '25)



- **Personal Loans** (Housing, vehicle, credit card, consumer durables, education, other personal)
- **Services Sector** (IT/telecom, banking/insurance, trade, education, health, professional services and other non-industrial activities)
- **Industry** (Pharmaceuticals, automobiles, chemicals, engineering, construction, etc.)
- **Agriculture and Allied activities**

Share of Top 10 Banks (FY25)

Rank	Bank	Market Cap (₹ Cr)	Total Assets (₹ Cr)	Deposits (₹ Cr)	Share of Assets	Share of Deposits	ROA	ROE	CAR (Basel III)
1	**SBI**	**7,50,111**	**66,76,053**	**53,82,190**	**23.2%**	**23.7%**	**1.1%**	**19.9%**	**14.3%**
2	HDFC Bank	4,64,472	39,10,199	27,14,715	13.6%	12.0%	1.9%	14.6%	19.6%
3	ICICI Bank	9,97,586	21,18,240	16,10,348	7.4%	7.1%	2.4%	18.0%	16.6%
4	PNB	1,19,986	18,18,171	15,66,623	6.3%	6.9%	1.0%	19.3%	17.0%
5	BoB	1,23,296	17,81,247	14,72,035	6.2%	6.5%	1.2%	17.0%	17.2%
6	Canara Bank	98,262	16,82,850	14,56,883	5.9%	6.4%	1.1%	18.2%	16.3%
7	Axis Bank	3,27,125	16,09,930	11,72,952	5.6%	5.2%	1.7%	16.5%	17.1%
8	Union Bank	97,977	14,99,856	13,09,750	5.2%	5.8%	1.3%	17.2%	18.0%
9	Bank of India	51,705	10,42,582	8,16,541	3.6%	3.6%	0.9%	15.3%	17.8%
10	Indian Bank	90,313	8,73,411	7,37,154	3.0%	3.2%	1.3%	20.8%	17.9%

Collective Impact: The top 10 banks account for **80.1%** of total assets and **80.4%** of total deposits in the system, underscoring the concentrated nature of Indian banking**.**

RECENT MACRO TRENDS

India's macroeconomic environment continues to provide a strong foundation for banking sector growth.

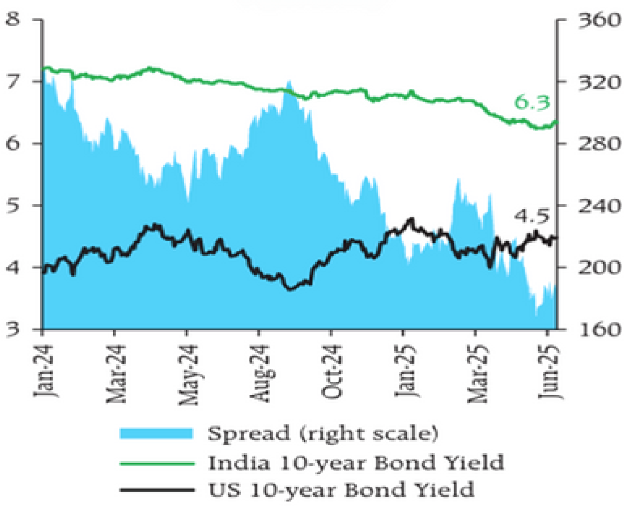
- **Growth Outlook:** GDP expected to expand at 6.4–6.5% in FY26, driven primarily by resilient domestic demand. This momentum positions India to become the **world's 3rd-largest domestic banking** sector by 2050.
- **Monetary Policy:** On 6 June 2025, the RBI reduced the repo rate by **50 bps** (6.0% → 5.5%) to stimulate growth.

Implications of the Rate Cut	
Aspect	**Impact**
Borrowing Costs	Banks cut repo-linked lending rates by 50 bps → cheaper credit availability.
Housing & MSMEs	Affordable loans fuel housing demand and MSME growth.
Economic Stimulus	Lower rates encourage consumption and investments → GDP boost.
Liquidity	CRR cut releases funds, expanding credit supply.
Bond & Debt Markets	Lower yields lift bond prices and enhance debt fund returns.

NBFC ADVANTAGE
Historically, NBFCs outperform banks in rate-cut cycles due to quicker transmission, higher yields, and flexible funding models.

YIELD CURVE INSIGHT
India's 10-year G-Sec yield stands at 6.3%; the spread with US Treasuries has narrowed to an all-time low, suggesting limited further scope for RBI rate cuts.

Spread between India and US 10-Year yields
(Per cent, left scale; spread in basis points, right scale)



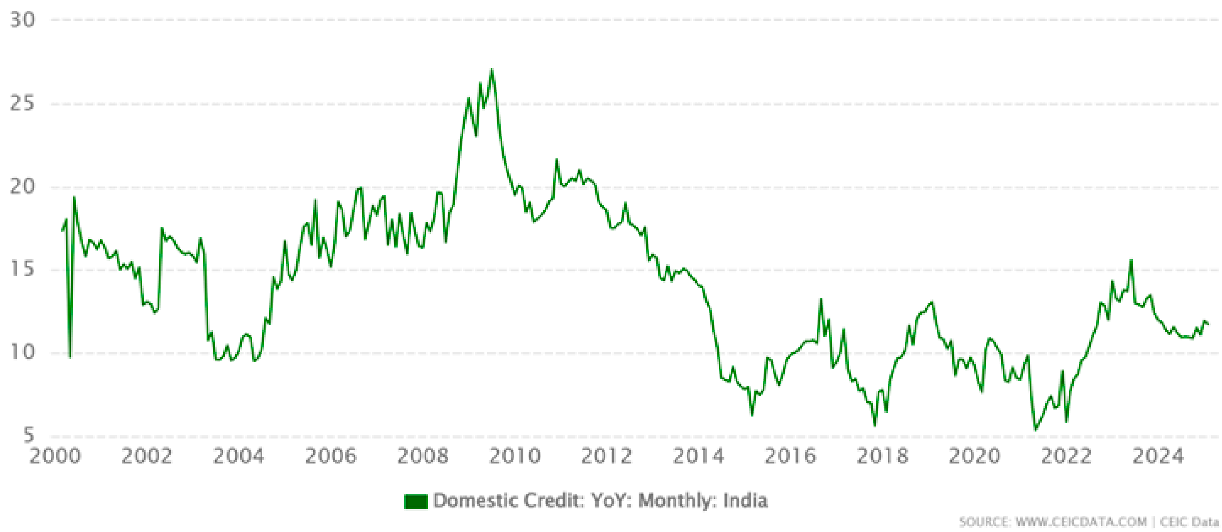
IMPLICATIONS
- Narrower spreads limit RBI's ability to cut rates further without triggering capital outflows.
- Reflects strong global investor confidence in Indian debt markets, even at lower yield differentials.
- Supports bond market performance in the near term, with limited downside in yields.

Key Insight: The narrowing India-US yield spread signals less room for additional monetary easing and highlights the increasing integration of Indian markets with global capital flows.

Source: RBI Financial Stability Report, June 2025

INDIA'S CREDIT CYCLE: PEAKS, TROUGHS & A NEW BALANCE

India's credit growth story has undergone a structural shift over the past 15 years, moving from an industry- and corporate-led cycle to one increasingly driven by retail and services.



- **Historical Volatility:** Credit growth peaked at 27.1% in 2009 (post-Global Financial Crisis stimulus) and fell to a trough of 5.4% in 2021 amid deleveraging and pandemic stress.
- **Current Rebound:** As of June 2025, credit growth stands at 10.2%, reflecting a healthier, more balanced expansion.
- **Household Credit Depth:** Household credit-to-GDP in India is 42%, almost double over the past decade, but still well below peers such as China (60%), the US (69%), and advanced economies (100%+).

Implications

- India's credit market remains structurally underpenetrated, offering significant headroom for growth.
- With rising consumption, financialization of savings, and digital lending platforms, retail and SME credit will be the key drivers of the next expansion cycle.
- Unlike saturated global credit markets, India's trajectory suggests a long runway for sustainable double-digit growth.

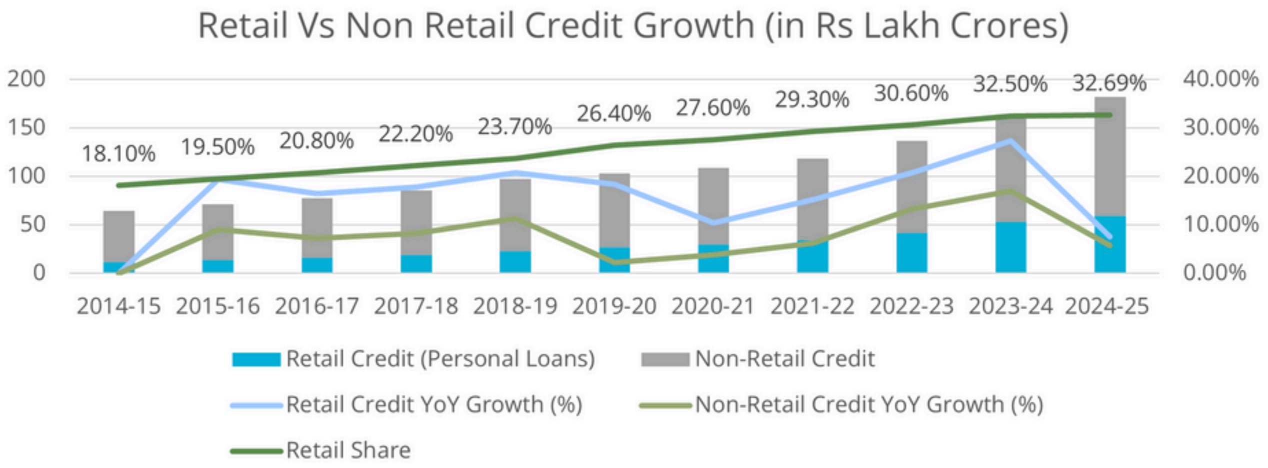
Global Household Credit-to-GDP (Dec 2024)

Country	% of GDP
Switzerland	125%
Australia	112%
Canada	100%
South Korea	90%
United Kingdom	76%
United States	69%
Japan	65%
China	60%
India	42%
South Africa	34%

India's credit cycle is entering a new phase:
Healthier, retail-driven, and with decades of headroom still ahead.

CREDIT MIX: THE RISE OF RETAILIZATION

India's credit landscape is undergoing a **structural transformation.** With corporates reducing their reliance on bank credit, the vacuum has been filled by retail and services-led lending, marking a phenomenon best described as the **"retailization" of bank balance sheets.**



Retail Growth: Retail share of total bank credit has risen from 18.1% in FY15 to nearly 33% in FY25, a secular shift in the credit mix.

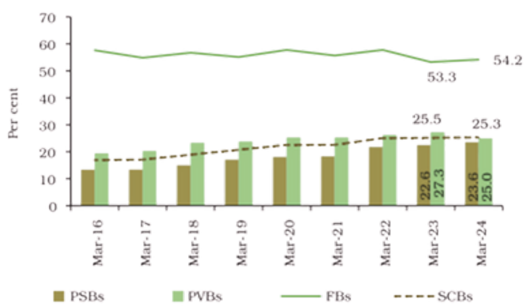
Unsecured Lending Surge:

- As of March 2023, unsecured personal loans comprised **one-third of the ₹41 lakh crore personal loan book.**
- Share of unsecured loans in SCB credit rose from ~18% (2016) to **25.5% (Mar 2023)** before moderating slightly to **25.3% (Mar 2024)** following RBI's November 2023 prudential tightening.
- Growth has been driven by personal loans and card debt, with the highest reliance seen among borrowers earning **<₹5 lakh p.a.**

Demographic Drivers: Gen Z and millennials are leading the adoption of digital, small-ticket loans, supported by urbanization, higher purchasing power, and e-commerce growth.

Forward View: While demand for unsecured credit remains strong, growth will likely shift toward well-capitalized banks and fintechs with advanced risk models, ensuring healthier portfolio quality.

Bank Group-wise Unsecured Advances



Retailization is not a temporary cycle but a structural rebalancing of Indian banking, **powered by demographics, digital adoption, and rising consumer aspirations.**

FUTURE GROWTH PROSPECTS

India's banking sector is poised for a **multi-decade growth runway**, fueled by demographics, digital adoption, and financial deepening.

Household Financialization: According to Goldman Sachs, Indian households are projected to channel ~US$9.5 trillion into financial assets over the next decade. A significant portion is expected to flow into bank deposits, mutual funds, and insurance, creating a powerful multiplier effect for banks.

Digital Lending Boom: The digital consumer lending market is expected to exceed US$720 billion by 2030, growing at a 39.5% CAGR. By then, 60% of India's fintech market will be driven by digital lending.

Demographics & Income Growth: A young, aspirational population and rising income levels will expand the banking customer base and accelerate demand for credit and financial services.

Supportive Macro Tailwinds: With inflation at 2.1% (a 6-year low) and recent RBI rate cuts, borrowing costs are easing, repayment capacity is improving, and credit demand is set to rise.

Structural Headroom: India's household credit-to-GDP ratio (42%) remains far below global peers, signaling substantial untapped potential. Expansion will be supported by government schemes like PMJDY and MUDRA, alongside fintech-led financial inclusion.

Long-Term Outlook: While near-term growth may face liquidity constraints, the medium- to long-term outlook points to sustained high-teens credit growth, anchored by demographics, urbanization, and a robust digital ecosystem.

Future Growth Prospects: India's Multi-Decade Runway

Household Financial Assets The Scale

US$9.5 trillion projected inflows into financial assets (next decade)

Flows into deposits, mutual funds, insurance → direct multiplier for banks

Digital Lending The Disruption

Digital consumer lending to cross US$720 bn by 2030 (CAGR 39.5%)

60% of fintech market to be driven by digital lending → retailization & inclusion

Credit-to-GDP Headroom The Opportunity

Text: India's household credit-to-GDP at 42% vs China 60%, US 69%

Significant structural headroom for sustained double-digit growth

India stands at a critical inflection point, with the next 20 years offering a unique window to leverage its scale, demographics, and digital momentum to build enduring global banking leadership.

State Bank of India (SBI)

INDIA'S PREEMINENT BANKING POWERHOUSE

State Bank of India has firmly established itself as the **flagship of India's public sector banking system.** Once defined solely by its unmatched legacy network, SBI has successfully evolved into a **technology-driven, diversified financial institution,** balancing scale, trust, and digital innovation.

Business Model & Offerings

Accounts & Deposits: Savings, current, fixed, and recurring deposits; NRI-specific accounts; government-backed schemes like Sukanya Samriddhi.

Retail Lending: Comprehensive portfolio, home, auto, personal, education, loans against property/gold; specialized products for agriculture & SMEs.

Corporate & Business Banking: Working capital finance, project loans, trade finance, treasury, customized corporate accounts, and forex solutions.

Cards & Payments: Debit, credit, prepaid cards; robust digital offerings via UPI, YONO Cash (cardless withdrawals), and online/mobile banking.

Digital Platforms: YONO super-app integrates banking, investments, insurance, and e-commerce, driving adoption across younger demographics.

Wealth & Investment Services: Bancassurance (insurance & MF distribution), Demat accounts, broking, and tailored wealth management.

Other Services: Locker facilities, international banking (corporate & NRI), and treasury operations.

Key Highlights

- **Market Leadership:** India's largest and oldest public sector bank with 23% share of assets and 25% of total loans and deposits.
- **Strong Promoter Base:** Government of India holds 57.5% and LIC 9%, reinforcing public trust and low-cost liability mobilization.
- **Retail Anchor:** Home loans form 23.5% of the loan book, offering stability and long-tenure growth.
- **Capital Strength:** Balance sheet fortified by a recent ₹25,000 crore QIP, enhancing growth capacity.
- **Profitability Leader:** India's #1 profit-making company for the last 3 years; ranked 27th globally in pre-tax profits.

SBI today combines the **credibility** of a state-backed institution with the **agility** of a modern, digital-first bank, making it a cornerstone investment in India's financial growth story.

Why SBI?

Unmatched Scale & Reach
- Largest distribution network with 22,937 branches, 77,251 CSPs, and 63,791 ATMs/ADWMs.
- Global footprint: 29 countries, 244 overseas offices, providing access to international markets.

Distribution Powerhouse
- Extensive customer base and branch reach act as a low-cost distribution engine for subsidiaries (insurance, mutual funds, cards), enhancing cross-sell and boosting non-interest income.

Government Business Leadership
- Holds 63% share in Central Government business, including collections and disbursements.
- Positioned to directly benefit from rising government capex and infrastructure spending.

Retail & SME Focus
- Market leader in high-growth retail segments: home loans, education loans, personal loans, SHG lending.
- Recent ₹25,000 crore QIP strengthens capital for targeted growth in retail & SME lending, segments that offer higher yields and lower concentration risk than large corporates.

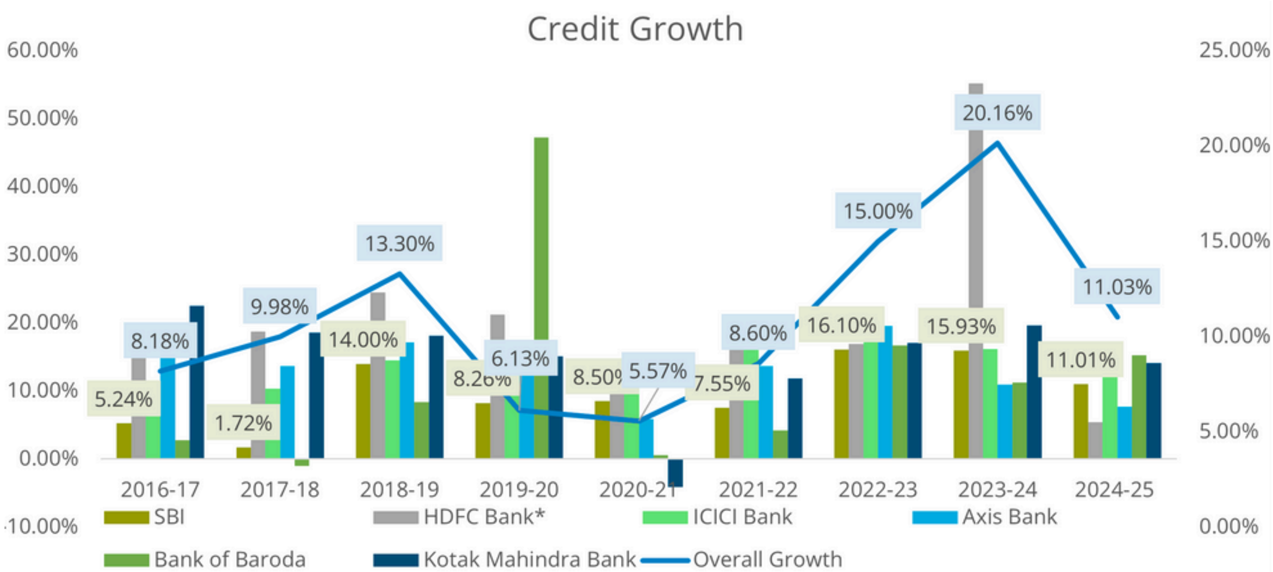
Digital Differentiation
- YONO super-app is a cornerstone of SBI's digital strategy, with 9.04 crore users.
- Drives customer acquisition, 66% of new savings accounts in Q1 FY26 were opened digitally via YONO.
- Positions SBI as the leading PSU bank in digital-first banking adoption.

Credibility & Management Execution
- Strong track record of meeting or exceeding guidance across key metrics.
- Proven ability to balance growth with asset quality.

Public Sector Advantage
- SBI's PSU status provides unique strengths in financial inclusion, agricultural lending, government schemes, and green finance, areas less accessible to private peers.
- Creates a durable competitive moat in underserved and high-potential markets.

India's Credit Growth Trajectory

SBI's growth path benchmarked against major PSBs and private peers.



SBI is not just India's largest bank, it is the most strategically positioned, balancing sovereign-backed trust, unrivalled scale, and digital-first execution to capture the next wave of retail and SME-led credit growth.

Investment Thesis

Core Banking Strength: State Bank of India (SBI) delivers performance on par with top private peers in growth, asset quality, and return ratios. Yet, its core banking operations trade at roughly **a 50% discount** to private banks on P/E and P/B multiples.

Embedded Value of Subsidiaries:

- **SBI Life Insurance:** Market cap **~₹1.84 trillion** (July 2025)
- **SBI Cards & Payment Services:** Market cap **~₹775 billion** (July 2025)
- **SBI Mutual Fund (AMC):** AAUM **~₹11 trillion,** demonstrating strong earnings potential (not listed)

Management's Value Creation: An initial **₹6,500 crore investment** in these subsidiaries has grown to an estimated **₹4 trillion** in aggregate value, highlighting significant latent upside.

Core Banking Valuation Discount: Excluding subsidiary value, SBI's banking operations are valued at roughly **₹5 lakh crore** (after a **20% holding company discount**), still at a **~50% discount** to private sector peers despite equivalent performance.

This combination of robust core banking strength and underappreciated subsidiary value presents a compelling investment opportunity.

SBI Leadership Across Segments (as of March 2025)

Category	Segment	Market Share
All Scheduled Commercial Banks (ASCBs)	Deposits	22.5%
	Credit	19.4%
	Retail Loans	25.2%
	Home Loans	27.3%
	Auto Loans	20.2%
	Agri Loans	14.9%
	Gold Loans (Personal)	23.9%
	Infrastructure Loans	30.2%
Channels	ATMs	29.1%
	Debit Card Spends	24.8%
	Mobile Banking Transactions	26.9%
	UPI – Remitter Bank	25.9%
Social Security Schemes (PSBs)	PMJDY	35.3%
	APY	32.5%
	PMSBY	40.1%
	PMJBY	47.3%

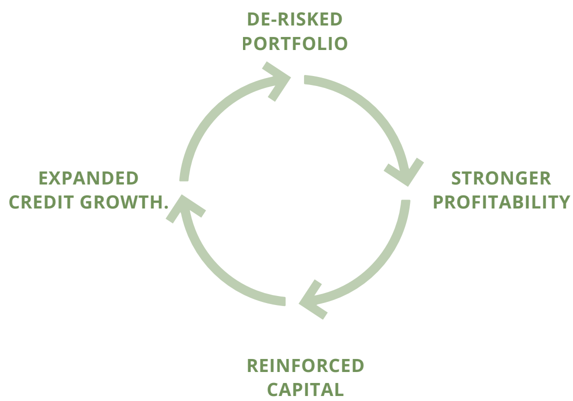
SBI - Dominant Across Sectors

A New Era for SBI

Policy and legislative reforms between **2015 - 2018** laid the foundation for SBI's transformation. Since then, the bank has undergone a **remarkable clean-up of its balance sheet,** coupled with stronger provisioning and capital buffers.

- **Net NPA ratio** has declined sharply from **1.5% (FY21) to just 0.47% (FY25),** a level comparable with the best private sector peers.
- This transformation signals a **fundamental shift in SBI's narrative:** from a struggling PSU to a **re-engineered market leader.**
- Beyond numbers, SBI's **scale, reach, and structural dominance** uniquely position it to mobilize deposits and extend credit across India, especially in rural and semi-urban markets that remain beyond the grasp of private peers.

A virtuous cycle has been created:



SBI's dominance is not just financial, it is structural.
With unmatched reach, leadership across key credit categories, channels, and social security schemes, SBI stands as the systemic anchor of Indian banking.

Financial Highlights & Comparison

STRONG FINANCIAL PERFORMANCE – Q1 FY26

SBI continues to deliver resilient financial results, supported by strong balance sheet growth, improving asset quality, and stable profitability despite margin pressures.

Key Highlights (₹ crore)								
Metric	**Q1 FY25**	**Q2 FY25**	**Q3 FY25**	**Q4 FY25**	**Q1 FY26**	**YoY (%)**	**QoQ (%)**	**FY25**
Interest Earned	1,11,521	1,13,871	1,17,427	1,19,666	1,17,996	+5.8%	-1.4%	4,62,489
Interest Expenses	70,401	72,251	75,981	76,892	76,923	+9.3%	+0.04%	2,95,124
Net Interest Income (NII)	41,125	41,620	41,446	42,775	41,073	-0.1%	-4.0%	1,66,965
Global NIMs (reported)	3.22%	3.14%	3.01%	3.00%	2.90%	-32 bps	-10 bps	2.82%
Non-Interest Income	11,162	15,271	11,041	24,210	17,346	+55.4%	-28.4%	61,683
Operating Expenses	25,839	27,596	28,936	35,699	27,874	+7.9%	-21.9%	1,18,469
Pre-Provisioning Profit	26,449	29,294	23,551	31,286	30,545	+15.5%	-2.4%	1,10,580
Provisions & Contingencies	3,449	4,506	9,178	6,442	5,821	+68.8%	-9.6%	24,575
PBT	22,999	24,788	22,640	24,844	25,785	+12.1%	+3.8%	95,271
Net Profit	17,035	18,331	16,891	18,643	18,959	+11.3%	+1.7%	70,900
Gross NPA (%)	2.21%	2.13%	2.07%	1.82%	1.83%	-38 bps	+1 bp	1.82%
Net NPA (%)	0.57%	0.53%	0.53%	0.47%	0.47%	-10 bps	Stable	0.47%
Deposits (₹ bn)	49,017	51,173	52,949	53,822	54,733	+11.7%	+1.7%	53,822
Net Advances (₹ bn)	37,491	38,574	40,046	41,633	42,062	+11.9%	+0.8%	41,633

Peer Comparison

Key Insights

- SBI's **deposit and credit growth** remains in line with or above industry averages.
- **Asset quality** now at par with leading private banks, a major turnaround from its PSU legacy.
- While private peers enjoy higher NIMs (ICICI/HDFC ~3.6–4%), SBI's advantage lies in **scale, low-cost liabilities, and government business leadership.**

SBI's financials reflect a transformed institution, de-risked, profitable, and competitive with private peers, while retaining its unmatched scale and trust advantage.

Quarterly Comparison
(Q1 FY26 vs Q4 FY25)

Net Profit: ₹18,959 cr vs ₹18,643 cr (+1.7% QoQ)
NII: Declined to ₹41,073 cr (-4% QoQ), reflecting margin pressure.
Non-Interest Income: ₹17,346 cr (-28% QoQ) post-strong Q4 gains.
NIMs: Moderated to 2.90% from 3.0%.
Asset Quality: Stable with GNPA at 1.83% and NNPA at 0.47%.

Quarterly Comparison

Q1 FY26	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	1.14%	1.93%	2.44%	1.47%	1.94%	1.03%
ROE	19.70%	14.70%	17.10%	13.14%	10.94%	15.05%
NIM	2.90%	3.35%	4.34%	3.80%	4.65%	2.91%
CASA		34.00%	38.70%	38.40%	40.90%	39.33%
Yield on Advances	8.61%	8.10%	9.53%	9.40%	9.50%	8.10%
Cost of Funds	4.91%	4.80%	4.85%	5.39%	5.01%	5.10%
Credit Cost		0.56%	0.40%	1.38%	0.93%	0.55%
Asset Quality						
GNPA	1.83%	1.40%	1.67%	1.57%	1.48%	2.28%
NNPA	0.47%	0.47%	0.41%	0.45%	0.34%	0.60%
Slippages (% of advances)	0.75%	0.34%	0.46%	3.13%	0.41%	1.16%

Q4 FY26	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA		1.94%	2.49%	1.83%	2.19%	1.16%
ROE		14.40%	18.20%	16.98%	13.12%	17.49%
NIM	3.09%	3.46%	4.41%	3.97%	4.96%	2.98%
CASA	40.00%	35.00%	38.40%	41.00%	43.00%	39.97%
Yield on Advances	8.92%	8.30%	9.86%	9.57%	10.00%	8.76%
Cost of Funds	4.93%	4.90%	5.00%	5.50%	5.09%	5.33%
Credit Cost	0.38%	0.48%	0.26%	0.50%	0.64%	0.44%
Asset Quality						
GNPA	1.82%	1.30%	1.67%	1.28%	1.42%	2.26%
NNPA	0.47%	0.40%	0.39%	0.33%	0.31%	0.58%
Slippages (% of advances)	0.55%	0.29%	0.38%	1.90%	0.35%	1.00%

Yearly Comparison
(FY21–FY25)

- Consistent decline in **GNPA** from ~4.98% (FY21) to 1.82% (FY25).
- **Net NPA** down from 1.5% (FY21) to 0.47% (FY25).
- **ROA & ROE** steadily improving, reflecting stronger efficiency and profitability.
- Credit & deposit growth in **double digits,** sustaining market leadership.

Year Wise Comparison

FY25	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	1.10%	1.91%	2.40%	1.74%	2.70%	1.16%
ROE	19.87%	14.60%	17.95%	16.52%	15.20%	16.96%
NIM	3.09%	3.48%	4.32%	3.98%	4.96%	3.02%
CASA	39.97%	34.80%	39.00%	41.00%	43.00%	37.82%
Yield on Advances	7.09%	8.52%	9.76%	9.86%	9.31%	8.04%
Cost of Funds	5.11%	5.21%	5.10%	5.46%	5.10%	5.27%
Credit Cost	0.38%	0.49%	0.28%	0.73%	0.84%	0.63%
Asset Quality						
GNPA	1.82%	1.33%	1.73%	1.28%	1.42%	2.26%
NNPA	0.47%	0.99%	0.39%	0.33%	0.31%	0.58%
Slippages (% of advances)	0.55%	1.28%	1.68%	1.16%	1.49%	0.76%

FY24	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	1.04%	1.98%	2.37%	1.83%	2.70%	1.17%
ROE	20.32%	16.10%	18.71%	18.86%	15.10%	18.95%
NIM	3.28%	3.53%	4.53%	4.07%	5.32%	3.18%
CASA	41.11%	38.20%	40.40%	42.99%	45.50%	38.53%
Yield on Advances	7.07%	8.41%	9.83%	9.89%	9.42%	8.01%
Cost of Funds	4.81%	4.87%	4.86%	5.25%	4.81%	5.12%
Credit Cost	0.29%	0.43%	0.07%	0.38%	0.45%	1.09%
Asset Quality						
GNPA	3.53%	1.24%	2.26%	1.43%	1.39%	2.92%
NNPA	0.40%	0.63%	0.42%	0.31%	0.34%	0.68%
Slippages (% of advances)	0.62%	1.73%	1.82%	0.64%	1.33%	0.95%

FY23	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	0.96%	2.07%	2.16%	1.82%	2.60%	1.03%
ROE	19.43%	17.40%	17.28%	18.38%	14.40%	18.34%
NIM	3.37%	4.08%	4.48%	4.02%	5.33%	3.31%
CASA	43.80%	44.40%	39.70%	47.16%	52.80%	39.47%
Yield on Advances	6.35%	7.60%	8.94%	9.00%	8.49%	7.17%
Cost of Funds	3.99%	3.80%	3.66%	4.28%	3.71%	4.08%
Credit Cost	0.32%	0.74%	-0.03%	0.40%	1.43%	1.81%
Asset Quality						
GNPA	2.78%	1.12%	2.87%	2.02%	1.78%	3.79%
NNPA	0.67%	0.27%	0.48%	0.39%	0.37%	0.89%
Slippages (% of advances)	0.65%	1.17%	2.10%	0.44%	1.25%	1.15%

FY22	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	0.67%	2.03%	1.84%	1.21%	2.40%	0.60%
ROE	13.92%	16.90%	14.77%	12.91%	13.40%	11.86%
NIM	3.12%	3.96%	3.96%	3.47%	4.61%	3.03%
CASA	45.28%	48.20%	40.10%	45.03%	60.70%	41.46%
Yield on Advances	6.27%	7.03%	8.27%	8.03%	7.43%	6.49%
Cost of Funds	3.83%	3.56%	3.53%	3.86%	3.23%	3.64%
Credit Cost	0.55%	0.74%	0.70%	0.74%	1.74%	3.55%
Asset Quality						
GNPA	3.97%	1.17%	3.76%	2.82%	2.34%	6.61%
NNPA	1.02%	0.32%	0.76%	0.73%	0.64%	1.72%
Slippages (% of advances)	0.99%	2.35%	2.52%	0.85%	0.81%	1.74%

FY21	SBI	HDFC	ICICI Bank	Axis Bank	Kotak Mahindra	Bank of Baroda
ROA	0.48%	1.97%	1.42%	0.70%	2.20%	0.07%
ROE	9.94%	16.60%	12.21%	7.55%	12.80%	1.50%
NIM	3.04%	4.10%	3.73%	3.53%	4.41%	2.71%
CASA	46.13%	46.10%	41.40%	45.52%	60.40%	40.15%
Yield on Advances	5.93%	7.64%	8.76%	8.62%	7.70%	6.98%
Cost of Funds	4.20%	NA	4.25%	4.48%	3.80%	4.01%
Credit Cost	0.92%	1.01%	1.34%	1.96%	2.11%	3.23%
Asset Quality						
GNPA	4.98%	1.32%	5.33%	3.70%	3.25%	8.87%
NNPA	1.50%	0.40%	1.10%	1.05%	1.21%	3.09%
Slippages (% of advances)	1.20%	1.61%	2.37%	2.77%	3.65%	2.66%

Conclusion & Investment View on SBI

KEY STRENGTHS SUPPORTING THE INVESTMENT CASE

- **Asset Quality Transformation:** GNPA down from **5% in FY21 to 1.8% in FY25;** NNPA at just **0.47%** now aligned with private peers.
- **Profitability Improving: ROA at 1.1%** and **ROE at ~20%,** reflecting a strong turnaround.
- **Dominant Franchise: 23%+ market share** in assets and deposits; leadership in retail, SME, government business, and social inclusion schemes.
- **Digital Edge:** YONO with **90mn+ users** is driving low-cost, sticky customer acquisition.
- **Capital Positioning: ₹25,000 crore QIP** provides growth capital to capture retail & SME credit demand.
- **Valuation & Outlook:**
  - SBI trades at a meaningful discount to private peers (P/B multiple), offering a margin of safety.
  - With India's credit cycle turning and retailization accelerating, SBI is poised to deliver sustained double-digit credit growth, stable margins, and rising return ratios.
  - In our view, SBI remains the best play on India's banking sector transformation a large-cap compounder with both structural growth drivers and valuation comfort.

Senora's View

State Bank of India has successfully transitioned from a legacy-driven PSU to a structurally stronger, technology-led financial powerhouse. Over the past five years, SBI has cleaned up its balance sheet, strengthened capital, and built a diversified, high-quality loan portfolio. Today, it combines the scale and trust of a public sector bank with the profitability levers of private peers.

SBI offers a rare blend of scale, improving efficiency, and digital-led growth. We see it as a long-term outperformer and a core holding for investors looking to participate in India's banking and financial deepening story.