



State Bank of India – Q2FY25

“Excellent all round performance by the largest bank of the Country with total business of over Rs. 90.00 lakh Crores”

Ajcon Global's observations & views

1. The bank has recouped most of the shortfall of 1st quarter in income & business growth front in the 2nd quarter and expect the same to grow further in second half of FY25.
2. We have watched very closely the growth journey of the bank under the leadership of various Chairmen and are not only sure but confident that the new Chairman Mr C.S. Setty will continue to provide excellent leadership as is reflected in the September quarter results.
3. The bank has a very strong top management team with a large dedicated executives & staff and has very robust systems & processes capable of producing continued excellent results making it the most profitable Company of the Country, a crowning jewel in the listed space.

Q2FY25 RESULT ANALYSIS

- 1) **Net interest income** rose by 1.20% QoQ and 5.37% YoY at Rs. 41,620 Crores in Q2FY25 against Rs. 41,125 Crores in Q1FY25 and Rs. 39,500 crores in Q2FY24.
- 2) **Operating profit** is up by 10.76% QoQ and 50.87% YoY at Rs. 29,294 Crores in Q2FY25 against Rs. 26,449 Crores in Q1FY25 and Rs. 19,417 Crores in Q2FY24.
- 3) **Net Profit** grew by 7.61% QoQ and 27.92% YoY at Rs. 18,331 crores in Q2FY25 against Rs. 17,035 Crores in Q1FY25 and Rs. 14,330 crores in Q2FY24.
- 4) **NIM** (whole bank) decreased to 3.14% in Q2FY25 against 3.22% in Q1FY25 and 3.29% in Q2FY24.
- 5) **Domestic cost of deposits** increased to 5.03% in Q2FY25 (4.65% in Q2FY24) against 5.00% in Q1FY25. Domestic yield on Advances gone up to 8.87% in Q2FY25 (8.86% in Q2FY24) against 8.83% in Q1FY25.
- 6) **Total Non-Interest Income** rose by 36.81% QoQ and 41.52% YoY at Rs. 15,271 Crores in Q2FY25 against Rs. 11,162 Crores in Q1FY25 and Rs. 10,791 Crores in Q2FY24.
- 7) **Fee based income** declined by 1.27% QoQ at Rs. 6,834 Crores in Q2FY25 against Rs. 6,922 Crores in Q1FY25 but it increased by 4.56% YoY from Rs. 6,536 Crores in Q2FY24.
- 8) **Cost/Income ratio** reduced to 48.51% in Q2FY25 (61.39% in Q2FY24) against 49.42% in Q1FY25.
- 9) **Gross Advances** rose to 2.84% QoQ and 14.93% YoY at Rs. 39,20,719 crores in Q2FY25 against Rs. 38,12,087 Crores in Q1FY25 and Rs. 34,11,252 Crores in Q2FY24.
- 10) **Total deposits** increased to Rs. 51,17,285 Crores in Q2FY25 against Rs. 49,01,726 Crores in Q1FY25 and Rs. 46,89,218 crores in Q2FY24.
- 11) **CASA ratio** decreased to 40.03% in Q2FY25 against 41.88% in Q2FY24.
- 12) **C/D ratio** (Domestic) decreased to 67.87% in Q2FY25 against 69.28% in Q1FY25.
- 13) **Return on assets (ROA)** increased to 1.17% in Q2FY25 against 1.10% in Q1FY25 and 1.01% in Q2FY24.
- 14) **Fresh slippages** decreased to Rs. 4871 Crores in Q2FY25 against Rs. 7903 Crores in Q1FY25 and Rs. 3831 crores in Q2FY24. Recovery + Upgradation decreased to Rs. 2,600 Crores in Q2FY25 as against Rs. 3,666 Crores in Q1FY25 and Rs. 4,015 Crores in Q2FY24.
- 15) **Gross NPA** ratio improved to 2.13% in Q2FY25 against 2.21% in Q1FY25 and 2.55% in Q2FY24. Net NPAs ratio improved to 0.53% in Q2FY25 against 0.57% in Q1FY25 and 0.64% in Q2FY24.
- 16) **Credit cost** decreased to 0.43% in Q2FY25 against 0.48% in Q1FY25 and it increased from 0.27% in Q2FY24.
- 17) **Provision Coverage ratio** (Incl. AUCA) rose to 92.21% in Q2FY25 against 91.76% in Q1FY25 and 91.93% in Q2FY24.
- 18) **Capital Adequacy ratio** decreased to 13.76% in Q2FY25 against 13.86% in Q1FY25 and 14.28% in Q2FY24.

KEY FINANCIAL INDICATORS - Q2FY25

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|--------------------------------------|------------------------|
| CMP (12.11.2024) | : Rs. 826.70 |
| Face Value | : Rs. 1 |
| Book value per share | : Rs. 410.35 |
| Market Capitalisation | : Rs. 7,37,796.68 Crs. |
| Capital Adequacy Ratio | : 13.76% |
| C/D ratio | : 67.87% |
| CASA ratio | : 40.03% |
| Net Interest Margin (NIM) | : 3.14% |
| Cost / Income ratio | : 48.51% |
| Gross Non Performing Assets | : 2.13% |
| Net Non Performing Assets | : 0.53% |
| PCR (Incl. AUCA) | : 92.21% |
| Slippage ratio | : 0.68% |
| Credit cost | : 0.43% |
| Return on Assets (Annualised) | : 1.17% |

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Management Comments

- 19) Mr. C.S. Setty, the new Chairman the Bank mentioned in his opening remarks that SBI has dominant presence in large risk adjusted profitable lending in India. It has special focus to improve liability side by increasing CASA share with maintaining its leadership position in saving bank deposits by increasing customers and branch network.
- 20) Replying to an analyst’s concern on credit growth, Mr. Setty replied that the bank will have good corporate credit growth this year as it has a strong pipeline of sanctions and proposals under processing aggregating to about Rs. 6 lakh Crores. Also, the bank expects to have good agriculture credit growth in second half of this financial year. The bank is getting broad based credit demand mostly from Infrastructure, renewable energy, thermal power, roads, petrochemical, aviation sectors etc., added Mr Setty.
- 21) Further expanding his reply to an analyst’s query the Chairman, expressed confidence to maintain its deposit growth with overall market share and accordingly achieving credit growth target with increasing deposits. The Chairman maintained the credit growth guidance of 14-16% and more than 10% deposit growth in FY25.
- 22) For SME financing the bank is moving to non collateralized cashflow based lending. It has introduced Business Rule Engine up to Rs. 5 Crores limit assessment. The bank has done Rs. 30000 Crores loans under BRE since its inception, added the Chairman.
- 23) The Chairman also spoke on query raised by an analyst on the margin front and rate cut outlook that the first rate cut is most likely to happen in February 2025 of 25 bps. The bank’s more than 40% of loan book is MCLR based so overall margins will not be majorly affected by rate cut and if it happens in December, then the bank has 20 bps cushion for the same, said the chairman.
- 24) Elaborating on various initiatives taken by the bank to increase its current account share, Mr Setty stated that the Bank has opened transaction banking hubs across the country, increased relationship management teams for standalone current account customers, provided multi services to the current account holders and many more new initiatives touching to its 50 Crores customers.