The Listing Department,
BSE Limited,
Phiroje Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400001

BSE SCRIP Code: 500112

The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, C / 1, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

NSE SCRIP Code: SBIN

CC/S&B/AND/2024-25/966 28.03.2025

Madam / Sir,

Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015
Fitch Credit Rating

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we advise that Fitch Ratings has affirmed State Bank of India's (SBI) Long-Term Issuer Default Rating (IDR) at 'BBB-'. Fitch has also affirmed the Bank's Viability Rating (VR) at 'bb' and its Government Support Rating (GSR) at 'bbb-'. Their outlook on SBI remains stable. (Report attached)

Particulars	To	From
Long-Term IDR	BBB-	BBB-
Short-Term IDR	F3	F3
Viability	bb	bb
Government Support	bbb-	bbb-
Long-Term IDR (xgs)	BB(xgs)	BB(xgs)
Short-Term IDR (xgs)	B(xgs)	B(xgs)
Senior unsecured: Long-term	BBB-	BBB-
Senior unsecured: Long-term (xgs)	BB(xgs)	BB(xgs)

Yours faithfully,

ARUNA N DAK Digitally signed by ARUNA N DAK Date: 2025.03.28 16:13:09 +05'30'

भारतीय स्टेट बैंक / S.B.I. शेयर एवं बाण्ड विभाग Shares & Bonds Dept. कॉर्पोरेट केंद्र/CORPORATE CENTRE

(Aruna Nitin Dak)
DGM (Compliance & Company Secretary)

Encl: A/a

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms State Bank of India at 'BBB-'; Outlook Stable

Fri 28 Mar, 2025 - 12:19 AM ET

Fitch Ratings - Singapore/Mumbai - 28 Mar 2025: Fitch Ratings has affirmed State Bank of India's (SBI) Long-Term Issuer Default Rating (IDR) at 'BBB-'. The Outlook is Stable. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb' and Government Support Rating (GSR) at 'bbb-'. A full list of rating actions is below.

KEY RATING DRIVERS

Government Support Underpins IDR: SBI's IDR and GSR are equalised with India's sovereign rating (BBB-/Stable), reflecting Fitch's view that SBI has the highest probability of extraordinary state support among Indian banks, if required. This takes into consideration SBI's market position as the country's largest bank, the state's 56.9% controlling ownership and its broader policy role than peers. The Stable Outlook on the IDR mirrors that on the sovereign IDR.

Supportive Operating Environment: India's strong medium-term growth potential and its large, diversified economy are reflected in Fitch's operating environment (OE) score of 'bb+', which is above the agency's implied 'b' category score. Fitch projects GDP growth of over 6% in the financial years ending March 2025 (FY25) and FY26, driven by domestic demand, government capex and improving capacity utilisation. The growth will support Indian banks' ability to sustain profitable business in the medium term, if risks are effectively managed.

India's Largest Bank: SBI has the highest business profile score among Indian banks, reflecting its dominant market position and domestic reach that enables consistent business generation through cycles, despite the sector's limited pricing power. SBI demonstrates better risk management than peer state banks, but government influence can still weigh on its traditional business model and risk appetite, similar to other state banks.

Above-Average Growth Appetite: SBI's exhibits a higher growth appetite than is typical for a bank with its market position, reflected in its loan growth of 13.5% yoy in 9MFY25. This was slightly lower than the 15.2% in FY24, but above the sector's 11.5% growth. We attribute SBI's better portfolio selection than at peers to its scale, brand loyalty and widespread presence. However, its risk appetite impacted performance during the previous challenging OE and could weigh on the VR if new risks are not effectively managed.

Improved Asset Quality: The impaired-loan ratio decreased by 20bp in 9MFY25 to 2.1%, as loan growth, recoveries and write-offs offset fresh bad loans. Loan impairment charges rose slightly to 0.4% of loans (FY24: 0.3%), however, Fitch expects SBI to achieve its 0.5% credit cost guidance, supported by low restructured (0.3% of loans) and overdue loans (30-90 days; 0.2% of loans).

Profitability Has Peaked: Profitability is likely to normalise over the next two years on margin pressure and rising credit costs; trends that are already being observed. The operating profit/risk-weighted asset (RWA) ratio fell to 2.6% in 9MFY25, down 13bp from FY24, due to margin contraction and slightly higher loan impairment charges.

Modest Capital Buffers: SBI's common equity Tier 1 (CET1) ratio rose to about 11% in 9MFY25 after including quarterly earnings, up 60bp from FY24. Fitch expects an additional 25bp in FY25, due to reduced regulatory risk weights on non-bank exposures, although the ratio is likely to remain below 11.5% over the next two years without a fresh equity injection. Risks to core capital have eased, given a single-digit net impaired loans/CET1 ratio, but capital can be vulnerable to stress given SBI's risk appetite and modest buffers over the minimum required 8.6%.

Deposits Dominate Funding: Funding and liquidity are strengths for SBI's intrinsic credit profile. High depositor confidence underpins the stability of customer deposits, which comprised 88% of total funding. The loan/customer deposit ratio increased marginally to about 78% in 9MFY25, per preliminary disclosures, from 77% at FYE24. Balance sheet liquidity remains robust, with a liquidity coverage ratio of 136% and net stable funding ratio of 112%.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

IDRs AND GOVERNMENT SUPPORT RATING

The IDR and GSR are most sensitive to Fitch's assessment of the government's propensity and ability to support SBI, based on the bank's size, systemic importance and linkage to the state. A weakening of the government's ability to provide extraordinary support - reflected by negative action on India's sovereign rating - would lead to similar action on the Long-Term IDR. Negative action on the Long-Term IDR is also likely should Fitch perceive any material reduction in the government's propensity to extend timely support, which would lead to a reassessment of the GSR and the bank's Long-Term IDR, although that is not our base case.

The Short-term IDR is mapped to the Long-term IDR, in line with Fitch's criteria, and will face negative action if the Long-term IDR is downgraded.

VIABILITY RATING

Fitch expects the VR to remain stable in the near term, but the rating could be downgraded upon a significant deterioration in the OE or if a heightened risk profile becomes a more binding constraint on SBI's moderate capital buffers. Deterioration in the OE could manifest through a weakening in all of the following key financial metrics, assuming our assessment of the business profile remains unchanged:

- a drop in the CET1 ratio to below 10% (9MFY25: 11%), irrespective of SBI's capital fungibility or flexibility and without a credible plan to restore it above the 'bb' CET1 ratio threshold;

- four-year average of the impaired-loan ratio approaching 5.0% (9MFY25: 2.8%); and

- four-year average of the operating profit/RWA ratio being sustained below 1.25% (9MFY25: 2.4%).

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

IDR AND GOVERNMENT SUPPORT RATING

Positive sovereign rating action would lead to corresponding changes to SBI's Long-Term IDR, provided the sovereign's propensity to provide support remains unchanged. An upgrade of the GSR is more probable upon a sovereign upgrade than for the other large state banks. However, an upgrade of the sovereign rating appears unlikely in the near term.

The Short-Term IDR may be upgraded if the sovereign's Short-Term IDR is upgraded. If the Long-Term IDR is upgraded based on a strengthening of the VR, any upgrade of the Short-Term IDR would be contingent on the funding and liquidity score being at least 'bbb+', which is two notches above the current assessment. Fitch does not foresee this possibility in the medium term.

VIABILITY RATING

A VR upgrade is likely if there is a sustainable improvement in SBI's asset quality and capitalisation. This could manifest through the following stronger key financial metrics, assuming no changes to Fitch's OE assessment:

- SBI sustaining a four-year average impaired-loan ratio closer to 1%;

- a fresh equity injection that supports the accumulation and sustaining of capital buffers at or above 15%.

Evidence that SBI can sustain recent reductions in its risk appetite while generating stronger earnings, such as a four-year operating profit/RWA ratio sustained above 2%, without compromising its risk profile, could be positive for its VR. The VR could also move up if the OE score is revised up to 'bbb-'.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

The bank's medium-term note programme and senior notes are rated at the same level as its Long-Term IDR, in line with Fitch's criteria. The notes constitute the bank's direct, unsubordinated and unsecured obligations and rank equally with all its other unsecured and unsubordinated obligations.

The Long-Term IDR (xgs) is driven by the VR, while the Short-Term IDR (xgs) is in accordance with the Long-Term IDR(xgs) and the short-term rating mapping outlined in Fitch's criteria. The senior unsecured long-term ratings (xgs) are assigned at the level of the Long-Term IDR (xgs).

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

SBI's programme rating and senior debt rating will move up or down in tandem with the IDR, although we believe an upgrade is unlikely in the near term.

The Long-Term IDR (xgs) will move in tandem with the VR.

The Short-Term IDR (xgs) is primarily sensitive to changes in the bank's Long-Term IDR (xgs) and would be mapped as per Fitch's criteria. A change in the Long-Term IDR (xgs) would lead to a similar change in the senior unsecured long-term ratings (xgs).

VR ADJUSTMENTS

The OE score of 'bb+' is above the implied category score of 'b' for the following adjustment reasons: economic performance, and size and structure of the economy (positive).

The capitalisation and leverage score of 'bb-' is above the implied category score of 'b' for the following adjustment reason: capital flexibility and ordinary support (positive).

The funding and liquidity score of 'bbb-' is above the implied category score of 'bb' for the following reason: deposit structure (positive).

Sources of Information

The principal sources of information used in the analysis are described in the applicable criteria.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

SBI's IDRs are driven by India's sovereign rating. A change in sovereign's IDRs would be reflected in SBI's IDRs.

ESG CONSIDERATIONS

SBI has an ESG Relevance Score of '4' for Governance Structure, in line with similarly rated Indian state banks. This reflects Fitch's assessment that key governance aspects - particularly board independence and effectiveness, ownership concentration, and protection of creditor and stakeholder rights - are of moderate influence, yet are negative for SBI's credit profile and are relevant to the ratings in conjunction with other factors.

Fitch views SBI's governance to be less developed, similar to other state banks, as evident from significant lending to higher-risk borrowers and segments. This had led to above-average levels of impaired loans and credit losses. The board is also dominated by government appointees and the bank's business models often focus on supporting government policy, while it already has a healthy appetite for risk. Lending could be directed towards socioeconomic and economic policies and may include lending to government-owned companies. These factors also drive Fitch's view of the bank's state linkages, which influence support prospects and drive the long-term ratings.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit
www.fitchratings.com/topics/esg/products#esg-relevance-scores

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
State Bank of India	LT IDR	BBB-	Affirmed	BBB-
	ST IDR	F3	Affirmed	F3
	Viability	bb	Affirmed	bb
	Government Support	bbb-	Affirmed	bbb-
	LT IDR (xgs)	BB(xgs)	Affirmed	BB(xgs)
	ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)

senior unsecured	LT	BBB-	Affirmed	BBB-
senior unsecured	LT (xgs)	BB(xgs)	Affirmed	BB(xgs)

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

Bank Rating Criteria (pub. 22 Mar 2025) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

State Bank of India EU Endorsed, UK Endorsed

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