

# State Bank of India

## SBI has answers for capital and ECL questions

### Result Highlights

- ✓ **Asset quality:** Gross NPA additions amounted to Rs 34.58 bn (annualized NPA addition ratio of 0.4%) and recoveries and upgrades were healthy at Rs 42.0bn
- ✓ **Margin picture:** Whole bank NIM at 3.60% was up 10bps/45bps QoQ/YoY, sequentially higher due to yield on advances moving up faster than cost of deposits
- ✓ **Asset growth:** Whole bank advances grew 4.3%/16% QoQ/YoY driven sequentially by Corporate, Retail and Agri. loans
- ✓ **Opex control:** Total opex grew 22.3%/27.3% QoQ/YoY, employee cost grew 19.4%/40.3% QoQ/YoY and other operating cost rose 26.7%/12.1% QoQ/YoY
- ✓ **Fee income:** Core fee income grew/de-grew 35%/-0.2% QoQ/YoY, higher sequentially due to higher Loan processing fees and Misc. fee income.

### Our view – SBI has answers for capital and ECL questions

Management alluded to ECL speculation being futile at this stage but assessed that, if implemented, the impact could be absorbed: The bank is carrying non-NPA provisions and, in the bank's assessment, the incremental ECL provision impact would be much below this number, presumably, the non-NPA provision number of Rs 355.75bn stated on the presentation and that too, the said impact would be spread over 5 years.

Management averred that the current capital provides sufficient headroom for normal growth: The CET1 ratio improved from 9.94% as of March 2022 to 10.27% as of March 2023 and the bank has, thus, been able to plough back profits and accrete capital. The bank's current capital adequacy is sufficient to support Rs 7.1trn of loan growth without equity capital raise.

Management guided for a loan growth of 12-14% in FY24: Regarding the international business, management explained that there will be huge manufacturing export happening from India. Hence, SBI's focus on global presence is more of a strategic move to capture that prospective opportunity.

Management stated that the bank does not have to grow deposits at a very fast pace: A key reason for this is significant excess SLR amounting to Rs 4 trn. The bank has had elbowroom to not hike deposit rates significantly and, in fact, did not hike deposit rates in the same manner as other players. There is still some cushion in terms of MCLR to move up.

We maintain 'Buy' rating on SBI with a revised price target of Rs 795: We value the bank at 1.4x FY24 P/BV for an FY24E/25E RoE profile of 15.6/16.3%. We assign a value of Rs 208 per share to the subsidiaries, on SOTP.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

### Exhibit 1: Result table

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Total Interest Income	929,511	866,160	7.3	707,333	31.4
Interest expended	(525,586)	(485,474)	8.3	(395,354)	32.9
Net Interest Income	403,925	380,686	6.1	311,979	29.5
Other income	139,614	114,677	21.7	118,802	17.5
Total Income	543,539	495,364	9.7	430,780	26.2
Operating expenses	(297,328)	(243,171)	22.3	(233,612)	27.3
PPoP	246,211	252,193	(2.4)	197,168	24.9
Provisions	(33,157)	(57,606)	(42.4)	(72,375)	(54.2)
PBT	213,054	194,587	9.5	124,794	70.7
Tax	(46,109)	(52,534)	(12.2)	(33,659)	37.0
PAT	166,945	142,053	17.5	91,135	83.2

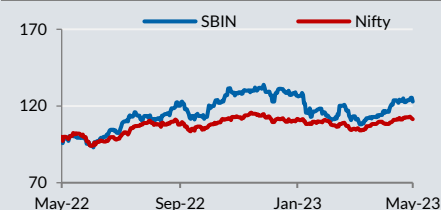
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 574
Target Price	: Rs 795
Potential Return	: 38%

### Stock data (as on May 18, 2023)

Nifty	18,130
52 Week h/l (Rs)	630 / 431
Market cap (Rs/USD mn)	5232500 / 63389
Outstanding Shares (mn)	8,925
6m Avg t/o (Rs mn):	8,157
Div yield (%):	1.2
Bloomberg code:	SBIN IN
NSE code:	SBIN

### Stock performance



	1M	3M	1Y
Absolute return	5.2%	8.1%	25.4%

### Shareholding pattern (As of Mar'23 end)

Promoter	56.9%
FII+DII	34.8%
Others	7.3%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	795	775

### Financial Summary

(Rs mn)	FY23	FY24E	FY25E
NII	1,448,405	1,600,896	1,809,662
PPOP	837,130	1,012,870	1,213,471
Net Profit	502,325	560,644	687,278
Growth (%)	58.6	11.6	22.6
EPS (Rs)	56.3	59.8	73.3
BVPS (Rs)	367	419	481
P/E (x)	6.5	6.1	5.0
P/BV (x)	1.0	0.9	0.8
ROE (%)	16.5	15.6	16.3
ROA (%)	1.0	1.0	1.1
Tier-1 (%)	12.1	12.5	12.2

### Δ in earnings estimates

Rs. bn	FY23	FY24E	FY25E
EPS (New)	NA	59.8	73.3
EPS (Old)	NA	57.8	72.4
% change	NA	3.6%	1.3%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

#### ✓ Provisions

- **ECL provisions**
  - Till RBI makes an announcement in this regard, there are no ramifications from this.
  - The bank is carrying non-NPA provisions and, in the bank's assessment, the incremental ECL provision impact would be much below this number (presumably, the non-NPA provision number of Rs 355.75bn stated on the presentation) and that too spread over 5 years.
- **P&L provisions**
  - Non-tax provisions for the quarter were Rs33.2bn, down by -42.4% QoQ and -54.2% YoY.
  - This contained a roughly Rs 26bn discretionary standard asset provision made on weak corporate accounts as a matter of prudence.
- **Credit cost**
  - Credit cost for the year amounted to 32 bps.
- **Provision coverage**
  - The PCR stood at 76.4%, excluding AUCA.
  - Including AUCA, the PCR stood at 91.9%.

#### ✓ Slippages and other NPA movement

- **Slippages**
  - Gross NPA additions amounted to Rs 34.58bn for 4QFY23, translating to an annualized slippage ratio of 0.4% for the quarter. (Gross NPA additions had amounted to Rs 32.09bn during 3QFY23.)
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 42.0bn for 4QFY23, implying net NPA deletion of -Rs 7.42bn for the quarter.

#### ✓ Restructured book

- The outstanding restructured advances including restructuring 1.0 and 2.0 stood at Rs 243 bn or 0.7% of gross advances.

#### ✓ Xpress credit

- These personal loans are only given to corporate salary customers and its asset quality is better than the secured book.
- 83% of customers are armed forces and government employees and a further 12% are employees of well-rated corporates.

### Capital adequacy

- ✓ The current capital provides sufficient headroom for normal growth.
- ✓ The CET1 ratio improved from 9.94% as of March 2022 to 10.27% as of March 2023.
- ✓ The bank has, thus, been able to plough back profits and accrete capital.
- ✓ The bank's current capital adequacy is sufficient to support Rs 7.1trn of loan growth without equity capital raise.
- ✓ The bank should not look at the market to raise equity capital.

(Con call takeaways continue on the next page)

## Loan growth

- ✓ **Loan growth guidance**
  - Management guided for a loan growth of 12-14% in FY24.
- ✓ **Loan growth performance**
  - The domestic advances growth was 15.4% YoY.
  - This was driven by retail advances growth of 17.6% YoY.
  - Corporate advances grew 12.5% YoY.
  - SME advances have grown 17.6% YoY.
  - Agri advances growth is 13.3% YoY.
- ✓ **International business**
  - There will be huge manufacturing export happening from India.
  - Hence, SBI's focus on global presence is more of a strategic move to capture that prospective opportunity.
- ✓ **Corporate lending**
  - There are projects worth Rs 1.7 trn in the pipeline.
  - **Lending to NBFCs**
    - The loan book to NBFCs has risen from Rs 2.71trn last year to Rs 3.57trn.
    - These are public sector NBFCs or well-rated corporates.

## Deposits growth

- ✓ **Deposits strategy**
  - Management stated that the bank does not have to grow deposits at a very fast pace.
  - A key reason for this is significant excess SLR amounting to Rs 4 trn.
  - **Rupee-dollar swap**
    - In FY21, the bank continued to mobilise deposits even as other banks were not interested in doing so.
    - Then the bank created factoring as a product in the international market and made money on that.
    - When the lending opportunity in India improved, the bank unwound the rupee-dollar swaps and brought money back, even as other banks were finding deposit mobilization difficult.
    - Thus, the bank took a strategic call at the right time and benefited from it.
- ✓ **Deposit growth performance**
  - Whole bank deposits growth was 9.2% YoY.
  - Within this, CASA deposits growth was 5% YoY.

## Net interest margin

- ✓ **Deposit rates**
  - The bank has had elbowroom to not hike deposit rates significantly and, in fact, did not hike deposit rates in the same manner as other players.
  - As and when the interest rates start to decline, the bank will not be required to reduce rates as much as other banks might.
  - There is no plan to increase savings account interest rate.

(Con call takeaways continue on the next page)

## ✓ Yield on advances

- There is still some cushion in terms of MCLR to move up.

## ✓ NIM for the quarter

- NIM for the quarter was 3.6%, up 10bps QoQ and 45bps YoY

## Operating expenses

### ✓ Total opex

- Total opex, at Rs. 297.3 bn, is up by 22.3% QoQ and 27.3% YoY.
- Consequently, cost/income ratio came in at 54.7%, up by 47 bps YoY.
- The annual cost to income ratio was above 53% but, adjusted for one-offs, it would have been closer to 50%.

### ✓ Staff expenses

- The YoY increase in total opex is driven by 40.3% YoY increase in staff opex.
- **Wage provision**
  - The incremental wage provision impact is about Rs 5bn per month since November.
  - The total cost over 5 months has amounted to Rs 24.98bn.
  - The incremental wage revision cost in 4Q amounted to Rs 4.98bn compared with 3Q.
- **Pension cost**
  - The incremental pension cost amounted to Rs 13.59bn in 4Q compared with 3Q and this is linked to yield movement.
- **Performance-linked incentive (PLI)**
  - The provision for PLI amounts to Rs 6bn.
  - For every 10% increase in operating profit, the PLI increases by 10%.

### ✓ Non-staff expenses

- There was an increase of 12.1% YoY in other opex.
- Non-staff expenses growth was driven by tech spends and higher DICGC premium due to growth in deposits.

## Fee income

- ✓ Loan processing fee is going to be a major source of fee income.
- ✓ Cross sell, which has seen a growth of 27%, is something the bank plans to grow to Rs 70-80bn compared with Rs 36bn today.
- ✓ Forex income, which has grown 25-26% is going to be another major area of fee income.
- ✓ There will be an effort to syndicate international loans, which will help garner fees.

## Subsidiaries

- ✓ There is no immediate plan to list unlisted subsidiaries.

## Return ratios

### ✓ Return on assets

- RoA in FY23 is up 29 bps YoY to 0.96%.

(Con call takeaways continue on the next page)

# State Bank of India

- The RoA in 4Q amounted to 1.23%.
- RoA is above 1% for 3 quarters running.

✓ **Return on equity**

- RoE in FY23 is up 551 bps YoY to 19.43%.
- This is despite and MTM loss of Rs 70bn in 1Q.

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy	Q4 FY23*	chg qoq*	chg yoy*
Gross Advances	32,692,420	31,335,650	4.3	28,186,710	16.0	100.0	0bps	0bps
Corporate	9,797,680	9,250,380	5.9	8,707,120	12.5	30.0	45bps	-92bps
SME	3,592,700	3,506,490	2.5	3,055,170	17.6	11.0	-20bps	15bps
Retail	11,791,520	11,245,190	4.9	10,023,030	17.6	36.1	18bps	51bps
Home Loan	6,406,800	6,131,960	4.5	5,616,510	14.1	19.6	3bps	-33bps
Auto Loan	975,230	933,190	4.5	791,480	23.2	3.0	1bps	18bps
Xpress Credit	3,039,890	2,880,270	5.5	2,477,140	22.7	9.3	11bps	51bps
Gold Loan	287,050	271,880	5.6	230,630	24.5	0.9	1bps	6bps
Others	1,082,550	1,027,890	5.3	907,270	19.3	3.3	3bps	9bps
Agriculture	2,586,120	2,469,990	4.7	2,282,290	13.3	7.9	3bps	-19bps
International	4,924,400	4,863,600	1.3	4,119,100	19.6	15.1	-46bps	45bps
Total Deposits	44,237,778	42,135,571	5.0	40,515,341	9.2	100.0	0bps	0bps
Domestic	42,535,710	40,481,490	5.1	39,202,010	8.5	96.2	8bps	-61bps
Term	23,906,670	22,474,720	6.4	21,451,170	11.4	54.0	70bps	110bps
SA	15,814,660	15,729,670	0.5	15,132,050	4.5	35.7	-158bps	-160bps
CA	2,814,380	2,277,100	23.6	2,618,790	7.5	6.4	96bps	-10bps
International	1,702,068	1,654,081	2.9	1,313,331	29.6	3.8	-8bps	61bps
Investments	15,703,662	15,692,020	0.1	14,814,455	6.0	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	32.9	33.9	-99bps	35.1	-222bps	NA	NA	NA
Borrowings	4,931,352	5,501,410	(10.4)	4,260,434	15.7	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	10.0	11.5	-152bps	9.5	51bps	NA	NA	NA

Source: Company, YES Sec – Research, \*Share in Total and change in share

## Exhibit 3: Key quarterly ratios

(%)	Q4 FY23	Q3 FY23	chg qoq	Q4 FY22	chg yoy
Global Net interest margin	3.60	3.50	10bps	3.15	45bps
Cumm. Yield on advances	8.10	7.87	23bps	7.58	52bps
Cumm. Cost of Deposits	3.99	3.90	9bps	3.83	16bps
Domestic CASA	43.8	44.5	-69bps	45.3	-148bps
Loan to Deposit ratio	72.3	72.6	-26bps	67.5	484bps
Non-int. income / Total Income	25.7	23.2	254bps	27.6	-189bps
Fee Income/Avg. Total Assets	0.6	0.5	14bps	0.7	-6bps
Cost to Income	54.7	49.1	561bps	54.2	47bps
Opex/Avg. Total Assets	2.2	1.8	35bps	1.9	29bps
RoA (Annualised)	1.2	1.1	15bps	0.7	49bps
Annualised Slippage Ratio, %	0.4	0.4	2bps	0.5	-9bps
Provision coverage ratio	91.9	91.5	39bps	90.2	171bps
Gross NPA	2.8	3.1	-36bps	4.0	-119bps
Net NPA	0.7	0.8	-10bps	1.0	-35bps
Capital adequacy ratio	14.7	13.3	141bps	13.8	85bps
Tier I capital ratio	12.1	10.8	126bps	11.4	64bps
Common equity tier 1 capital ratio	10.3	9.3	101bps	9.9	33bps

Source: Company, YES Sec – Research

## Exhibit 4: Segmental NPA

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Corporate	347,740	404,510	(14.0)	519,010	(33.0)
Corporate NPA (%)	3.6	4.4		6.0	
SME	170,930	182,410	(6.3)	200,080	(14.6)
SME NPA (%)	4.8	5.2		6.6	
Agriculture	296,750	297,240	(0.2)	304,310	(2.5)
Agriculture NPA (%)	11.5	12.0		13.3	
Retail - Per Segment	74,340	79,190	(6.1)	74,180	0.2
Retail Per segment NPA (%)	0.6	0.7		0.7	
International	19,510	20,120	(3.0)	22,650	(13.9)
Overseas NPA (%)	0.4	0.4		0.6	

Source: Company, YES Sec - Research

## Exhibit 5: Fund based outstanding of industrial sectors

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy	% Share*
Infrastructure	3,733,290	3,519,260	6.1	3,566,550	4.7	13.4
Power	1,923,000	1,864,480	3.1	1,922,370	0.0	6.9
Telecom	398,510	288,990	37.9	416,170	(4.2)	1.4
Roads & Ports	1,055,670	1,022,710	3.2	914,490	15.4	3.8
Others	356,110	343,070	3.8	313,520	13.6	1.3
Services	3,573,010	3,263,520	9.5	2,718,580	31.4	12.9
Iron & Steel	467,170	464,830	0.5	401,040	16.5	1.7
Aviation & Airports	167,310	142,870	17.1	132,540	26.2	0.6
Tourism & Hotels	110,890	110,830	0.1	101,140	9.6	0.4
Textiles	347,110	329,980	5.2	356,960	(2.8)	1.3
Petroleum & Petrochemicals	503,310	497,350	1.2	501,490	0.4	1.8
Engineering	213,230	237,720	(10.3)	233,020	(8.5)	0.8
Commercial Real Estate	478,440	445,440	7.4	427,630	11.9	1.7
Other Industries	3,796,630	3,745,060	1.4	3,323,340	14.2	13.7

Source: Company, YES Sec - Research, \*Share in total domestic advances for latest quarter

## Exhibit 6: Quarterly Actuals Vs Estimates

Q4FY23 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	403,925	398,254	1.4
Pre-Prov. Operating Profit	246,211	265,033	(7.1)
Profit After Tax	166,945	151,300	10.3

Source: Company, YES Sec - Research

## Exhibit 7: Operating Expense Break-up

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Employee Expense (A)	176,160	147,570	19.4	125,560	40.3
Salary	103,300	93,280	10.7	95,860	7.8
Provisions for Employees	72,860	54,290	34.2	29,700	145.3
Other Operating Expense (B)	121,160	95,600	26.7	108,050	12.1
Business Dev. Expenses	13,340	9,920	34.5	9,880	35.0
Others	107,820	85,680	25.8	98,170	9.8
<b>Total Operating Expense (A+B)</b>	<b>297,320</b>	<b>243,170</b>	<b>22.3</b>	<b>233,610</b>	<b>27.3</b>

Source: Company, YES Sec – Research

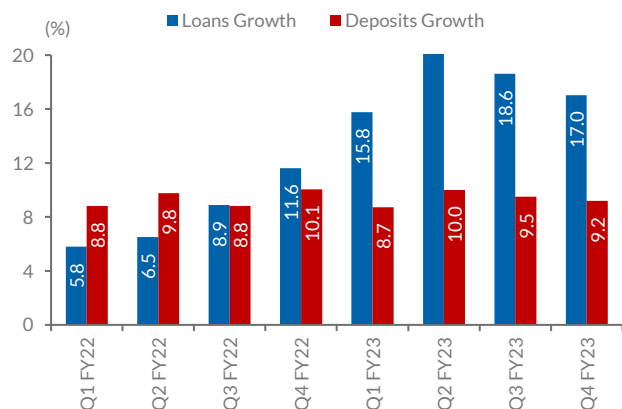
## Exhibit 8: Non-Interest Income Break-up

(Rs mn)	Q4 FY23	Q3 FY23	% qoq	Q4 FY22	% yoy
Total Fee Income (A)	80,030	59,280	35.0	80,220	(0.2)
Loan Processing Charges	14,050	10,330	36.0	15,260	(7.9)
Commission on Govt. Business	8,860	9,880	(10.3)	8,470	4.6
Commission on LC/BG	8,180	7,580	7.9	9,170	(10.8)
Cross Selling	11,320	10,370	9.2	9,750	16.1
Remittance, Collection, etc.	19,990	15,640	27.8	21,490	(7.0)
Misc. Fee Income	17,630	5,480	221.7	16,080	9.6
<b>Total Other Income (B)</b>	<b>59,580</b>	<b>55,400</b>	<b>7.5</b>	<b>38,570</b>	<b>54.5</b>
Trading profits	18,000	29,380	(38.7)	1,780	911.2
Forex	(290)	13,880	(102.1)	15,210	(101.9)
Others	41,870	12,140	244.9	21,580	94.0
<b>Total Non-Interest Income (A+B)</b>	<b>139,610</b>	<b>114,680</b>	<b>21.7</b>	<b>118,790</b>	<b>17.5</b>

Source: Company, YES Sec – Research

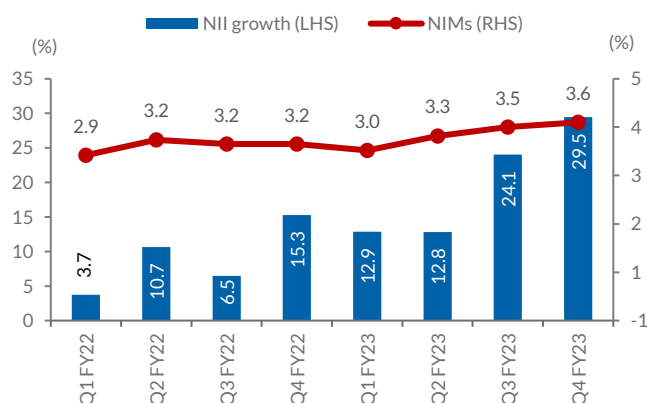


**Exhibit 9: Loans and Deposits growth (YoY %)**



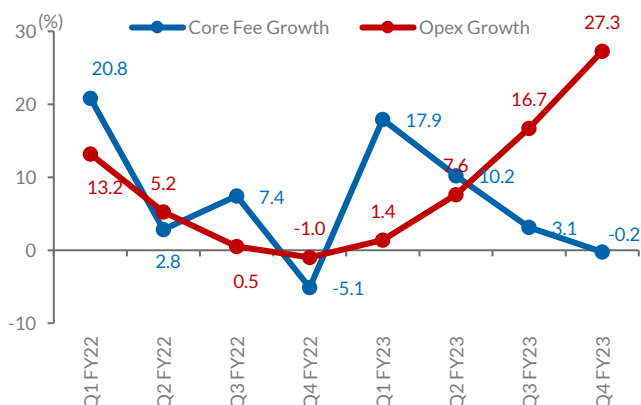
Source: Company, YES Sec – Research

**Exhibit 10: NII growth (YoY %) and NIM (%)**



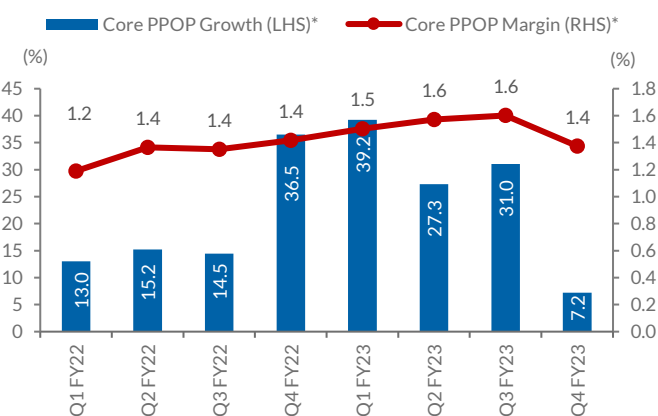
Source: Company, YES Sec – Research

**Exhibit 11: Core Fee and Opex growth (YoY %)**



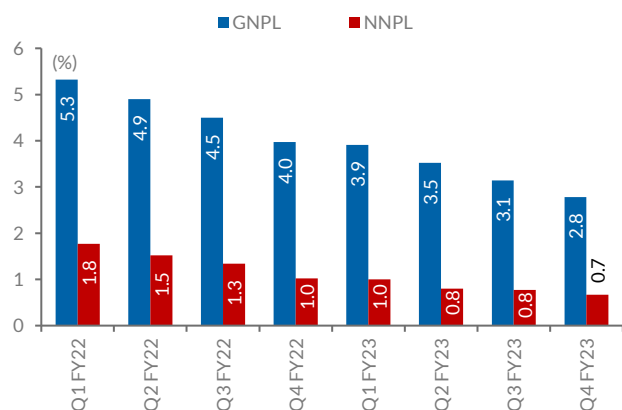
Source: Company, YES Sec – Research

**Exhibit 12: Core PPOP growth (YoY %) and Core PPOP margin (%)**



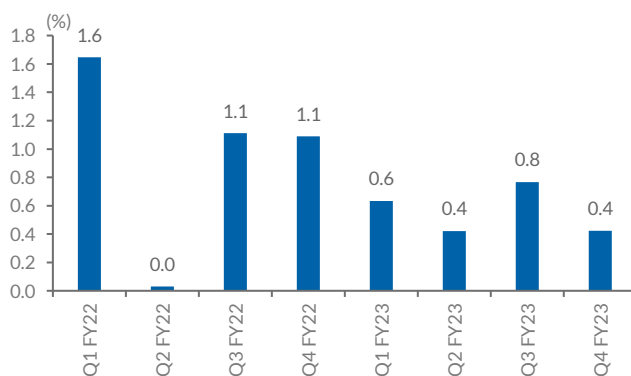
Source: Company, YES Sec – Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 13: Gross NPA and Net NPA (%)**



Source: Company, YES Sec – Research

**Exhibit 14: Provisions/Average Advances (%)**



Source: Company, YES Sec – Research

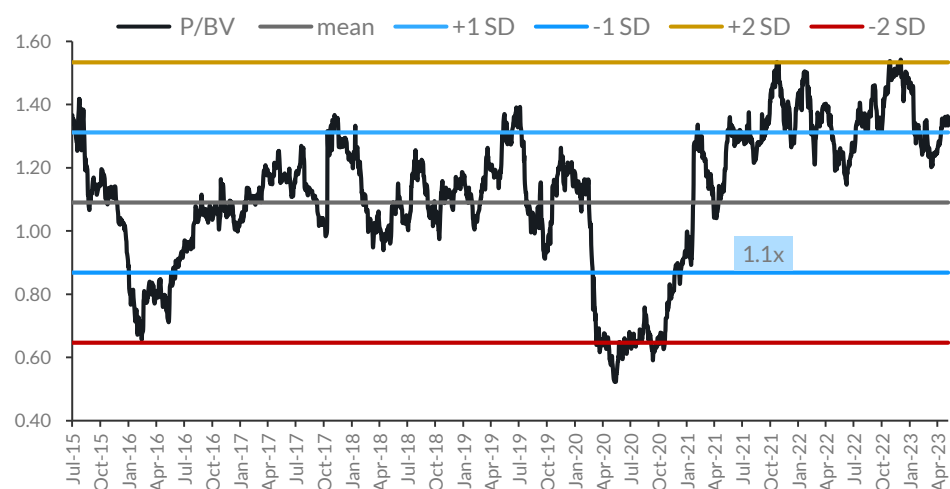
# State Bank of India

**Exhibit 15: 1-year rolling P/BV band**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 16: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

## ANNUAL FINANCIALS

### Exhibit 17: Balance sheet

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Total cash & equivalents	3,430,387	3,945,523	3,078,996	3,253,657	3,644,096
Investments	13,517,052	14,814,455	15,703,662	18,323,777	20,445,369
Advances	24,494,978	27,339,666	31,992,693	36,151,743	40,489,952
Fixed assets	384,192	377,082	423,818	423,818	423,818
Other assets	3,517,687	3,399,249	3,970,616	3,573,554	3,216,199
<b>Total assets</b>	<b>45,344,296</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,726,550</b>	<b>68,219,434</b>
Net worth	2,538,752	2,800,881	3,276,085	3,929,885	4,511,273
Deposits	36,812,771	40,515,341	44,237,778	49,436,590	55,293,173
Borrowings	4,172,977	4,260,434	4,931,352	5,579,820	5,739,320
Other liabilities	1,819,797	2,299,318	2,724,572	2,780,255	2,675,669
<b>Total liabilities incl. Equity</b>	<b>45,344,296</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,726,550</b>	<b>68,219,434</b>

Source: Company, YES Sec – Research

### Exhibit 18: Income statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Interest income	2,651,506	2,754,573	3,321,031	3,703,760	4,196,141
Interest expense	(1,544,406)	(1,547,497)	(1,872,626)	(2,102,864)	(2,386,479)
<b>Net interest income</b>	<b>1,107,100</b>	<b>1,207,076</b>	<b>1,448,405</b>	<b>1,600,896</b>	<b>1,809,662</b>
Non-interest income	434,964	405,639	366,156	459,751	538,958
<b>Total income</b>	<b>1,542,064</b>	<b>1,612,715</b>	<b>1,814,561</b>	<b>2,060,647</b>	<b>2,348,619</b>
Operating expenses	(826,522)	(859,791)	(977,431)	(1,047,777)	(1,135,148)
<b>PPoP</b>	<b>715,542</b>	<b>752,924</b>	837,130	1,012,870	1,213,471
Provisions	(440,130)	(244,521)	(165,073)	(263,646)	(295,018)
<b>Profit before tax</b>	<b>275,411</b>	<b>434,219</b>	<b>672,056</b>	<b>749,223</b>	<b>918,453</b>
Taxes	(71,307)	(117,459)	(169,732)	(188,580)	(231,175)
<b>Net profit</b>	<b>204,105</b>	<b>316,760</b>	<b>502,325</b>	<b>560,644</b>	<b>687,278</b>

Source: Company, YES Sec – Research

## Exhibit 19: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Interest income	6.2	5.8	6.3	6.3	6.5
Interest expense	-3.6	-3.3	-3.6	-3.6	-3.7
<b>Net interest income</b>	<b>2.6</b>	<b>2.5</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>
Non-interest income	1.0	0.9	0.7	0.8	0.8
<b>Total income</b>	<b>3.6</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>
Operating expenses	-1.9	-1.8	-1.9	-1.8	-1.7
<b>PPoP</b>	<b>1.7</b>	<b>1.6</b>	1.6	1.7	1.9
Provisions	-1.0	-0.5	-0.3	-0.5	-0.5
<b>Profit before tax</b>	<b>0.6</b>	<b>0.9</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>
Taxes	-0.2	-0.2	-0.3	-0.3	-0.4
<b>Net profit</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>

Source: Company, YES Sec – Research

## Exhibit 20: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
SBI Cards	838,820	BV	77,527	10.8	69.1%	579,205	64.9
SBI Life Insurance	1,153,730	EV	396,200	2.9	55.5%	639,743	71.7
SBI General Insurance	25,312	PAT	1,312	19.3	70.0%	17,718	2.0
SBI Capital Markets	50,955	PAT	3,397	15.0	100.0%	50,955	5.7
Bank	451,450	BV	337,419	1.3	26.1%	118,009	13.2
SBI AMC	717,161	AUM	7,171,607	10%	62.9%	450,951	50.5
<b>Value of Subsidiaries</b>						<b>1,856,581</b>	<b>208.0</b>

Source: Company, YES Sec – Research

## Exhibit 21: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Net Interest Income	NA	1,600,896	1,809,662	NA	1,617,776	1,849,704	NA	(1.0)	(2.2)
Pre-Prov. Operating Profit	NA	1,012,870	1,213,471	NA	984,539	1,198,443	NA	2.9	1.3
Profit after tax	NA	560,644	687,278	NA	541,376	678,590	NA	3.6	1.3

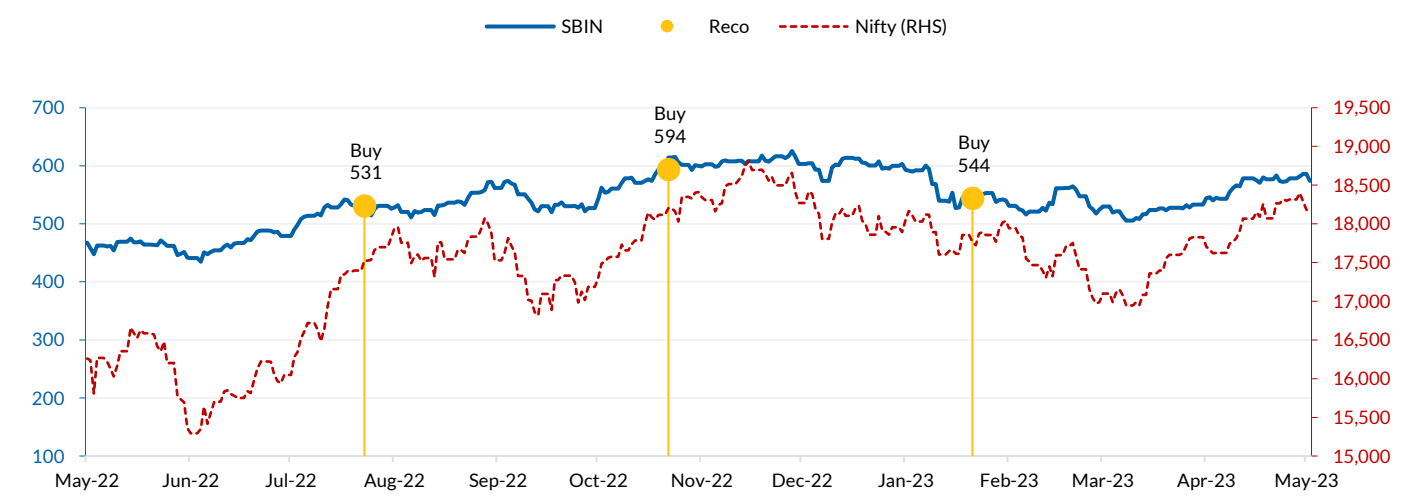
Source: Company, YES Sec – Research

## Exhibit 22: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
<b>Growth matrix (%)</b>					
Net interest income	12.9	9.0	20.0	10.5	13.0
PPoP	5.0	5.2	11.2	21.0	19.8
Net profit	40.9	55.2	58.6	11.6	22.6
Loans	5.3	11.6	17.0	13.0	12.0
Deposits	13.6	10.1	9.2	11.8	11.8
<b>Profitability Ratios (%)</b>					
Net interest margin	3.0	3.1	3.4	3.3	3.3
Return on Average Equity	8.4	11.9	16.5	15.6	16.3
Return on Average Assets	0.5	0.7	1.0	1.0	1.1
<b>Per share figures (Rs)</b>					
EPS	22.9	35.5	56.3	59.8	73.3
BVPS	284	314	367	419	481
ABVPS	217	256	317	369	428
<b>Valuation multiples</b>					
P/E	16.0	10.3	6.5	6.1	5.0
P/BV	1.3	1.2	1.0	0.9	0.8
P/ABV	1.7	1.4	1.2	1.0	0.9
<b>NIM internals (%)</b>					
Yield on loans	7.2	6.6	7.5	7.5	7.5
Cost of deposits	4.1	3.7	3.8	3.9	4.0
Loan-deposit ratio	66.5	67.5	72.3	73.1	73.2
CASA ratio	45.4	44.5	43.9	43.9	44.2
<b>Opex control (%)</b>					
Cost/Income ratio	53.6	53.3	53.9	50.8	48.3
Cost to average assets	1.9	1.8	1.9	1.8	1.7
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	11.4	11.4	12.1	12.5	12.2
<b>Asset quality (%)</b>					
Slippage ratio	1.2	1.0	0.6	1.0	1.0
Gross NPL ratio	5.0	4.0	2.8	2.8	2.7
Credit cost	1.1	0.5	0.3	0.7	0.7
Net NPL ratio	1.5	1.0	0.7	0.7	0.7

Source: Company, YES Sec – Research, Valuations are the implied value of standalone entity net of subsidiaries

## Recommendation Tracker



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Name of the Research Analyst: Shivaji Thapliyal, Siddharth Rajpurohit

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